PARLIAMENTARY DEBATES

(HANSARD)

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HOUSE OF COMMONS

OFFICIAL REPORT

FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2008–2009

COMPRISING PERIOD
26 January 2009—12 February 2009

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(FORMED BY THE RT. HON. GORDON BROWN, MP, JUNE 2007)

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OFFICIAL REPORT

IN THE FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 487**

THIRD VOLUME OF SESSION 2008-2009

House of Commons

Monday 26 January 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CHILDREN, SCHOOLS AND FAMILIES

The Secretary of State was asked—

Testing and Assessment

1. **Mr. Adam Holloway** (Gravesham) (Con): What recent assessment he has made of the effectiveness of the educational testing and assessment regime. [250608]

The Minister for Schools and Learners (Jim Knight): Ofqual monitors standards of qualifications and assessments. It reported in July that standards are being maintained. As a result of the unacceptable problems with the delivery of last year's national curriculum tests, we set up the Sutherland inquiry, and we expect to respond shortly to Lord Sutherland's report. We have also established an expert group to advise on improvements to assessment arrangements, and we are trialling new ways of assessing key stage 2 pupils through the Making Good Progress pilots.

Mr. Holloway: Can the Minister tell us what effective contingency plans he has put in place for this coming summer?

Jim Knight: The procurement for this summer's key stage 2 tests has gone well, as has been reported to the House, and it has now been awarded to Edexcel. The hon. Gentleman will know that Edexcel operated the standard assessment tests contract between 2005 and 2007, delivering double the number of SATs that it will have to deliver this summer. I am confident that we have everything in place to ensure that we have a successful round this summer.

Andrew Mackinlay (Thurrock) (Lab): Does the Minister understand that a lot of Members of Parliament across the political spectrum have sympathy for the teachers and head teachers who think that the Ofsted regime is run by people who could never hold down a classroom and who have been promoted out of their positions? I am talking about all those people from the chief inspector downwards. They ought to be obliged to return to a teaching situation for a year, every two years, before they can make any reasonable and valid assessment of the qualities of their peers who are struggling in the profession. This needs to be looked at, because some of the assessments that are being made are grossly unfair.

Jim Knight: Naturally, I listen carefully to the concerns of head teachers and teachers. I also listen carefully to what the Select Committee says. Ofsted is a non-ministerial department, as my hon. Friend knows, and it is accountable through the Select Committee. I have every confidence in the work of the chief inspector and, as my right hon. Friend the Secretary of State has just whispered to me, to suggest that she should go back into the classroom every two years would be like suggesting that Alex Ferguson should go back to playing football every couple of seasons.

Damian Green (Ashford) (Con): May I ask the Minister also to consider the means of assessment and, in particular, the use of course work for GCSEs and AS-levels? As a parent of teenagers, I know that many of them regard this form of assessment as laughable. It might be assessing the candidates, but it might also be assessing the work of their elder sibling, their parents or their friends—no

one can be confident that it is assessing the work of the candidates themselves. Will the Minister accept that this experiment is failing, because it is not providing fair assessment, and look again at how best to obtain accurate results in these important exams for young people?

Jim Knight: The hon. Gentleman is right to say that they are important exams. Indeed, my son is currently doing his course work for his second year of A-levels. He is taking the work extremely seriously—I hope—and this is the subject of much discussion. Course work is important, and it is important that it is completed properly. It varies between different subjects, and we have reduced the amount of course work as a component of certain GCSEs. I am confident that we have now struck the right balance in each of the different subjects. For example, as someone who studied geography to degree level, I know that course work is a really important element in that subject, and it should remain so.

Mr. Brian Jenkins (Tamworth) (Lab): My right hon. Friend will realise that SATs for 11-year-olds are not conducted in Northern Ireland, Wales or Scotland. What is the educational rationale for conducting them in England, when we know how disruptive they are for 11-year-olds? Would an alternative not be better? Will he accept the recommendations and findings of the expert group, including those that head teachers are now putting forward?

Jim Knight: Obviously we are looking forward to hearing what the expert group has to say to us. I am grateful to my hon. Friend for his question about the educational rationale, because it gives me an opportunity to say that it is about success and about what works. He will be aware that the Trends in Mathematics and Science Study—TIMMS—international evaluation of maths and science showed that our 14-year-olds are the best in Europe in those subjects, in part thanks to the test regime.

Michael Gove (Surrey Heath) (Con): May I first wish the Minister's son good luck in his A-levels? I was surprised to hear that he is sitting his A-levels, because the Minister does not look old enough to have a son in the second year of the sixth form.

The Minister mentioned the exam regulator Ofqual, which is supposed to ensure that test standards are robust. Does he support its decision to order an exam board to lower marks in the latest set of GCSEs, and to make the exams easier with a pass mark of just 20 per cent.?

Jim Knight: I would dispute the hon. Gentleman's interpretation of that particular debate. There are three examination boards, as I recall, in respect of GCSEs, and one of them had a different view from the other two. In order to carry out its function properly, Ofqual decided that it was necessary to have some consistency across the board. That was what informed its decision. It was not about dumbing down; Ofqual has been very robust about that.

Michael Gove: Ofqual was not robust enough. As the Minister knows, it deliberately told one exam board to lower its marks. That exam board did so under protest and said that GCSEs would no longer be comparable with exams taken in the past. The Minister also knows that one of our leading headmasters has said that the new science GCSE has a

"terrifying absence of real science".

Another leading headmaster said that its content had been reduced so that it was no longer appropriate for intelligent students. One hundred and eighty-seven independent schools now do not take the Government's GCSEs and they do not bother with the Government's league tables; they prefer the international GCSE, which the Government's own watchdog has acknowledged is "more demanding". We now have a system that has been compared by one headmaster to that of South Africa, where richer students can take more prestigious exams and poorer students are denied the same opportunities. Will the Minister ensure that opportunity is made more equal and insist that state schools can offer the more robust IGSCEs?

Jim Knight: I remind the hon. Gentleman that Ofqual has been clear that it is confident that standards have been maintained across the GCSEs. I also remind him that the study and taking of GCSEs in science in single subjects has doubled in recent years. I further remind him—and hope he celebrates the fact—that our 14-year-olds are the best in Europe at science, thanks to the education they receive in our maintained schools. As far as the IGCSE is concerned, the jury is still out. As I recall, the maths IGSCE, which is very popular among certain members of the independent sector, does not have a non-calculator paper, whereas I think it is important that we assess mental arithmetic and give people that sort of rigour, free of the calculator.

Apprenticeships

2. **Anne Moffat** (East Lothian) (Lab): What steps he plans to take to increase the number of apprenticeships for 16 and 17- year-olds. [250609]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): In 2007-08, a record 225,000 people started apprenticeships, and 107,000 of those were aged 16 to 18. Provisions in the forthcoming Children, Skills and Learning Bill will guarantee an apprenticeship place for all suitably qualified young people by 2013 and are key to delivering our ambition for one in five young people to be in an apprenticeship by the end of the next decade.

Anne Moffat: I thank my hon. Friend for that answer, which is in sharp contrast to what is happening in Scotland. Is she aware that third and fourth year time-served apprentices are being laid off in my East Lothian constituency and throughout Scotland, and are unable to complete their training. Does she agree that the Scottish Executive and the First Minister need to prioritise jobs, training and skills and follow the example of Northern Ireland, where apprentices are guaranteed to finish their training no matter what?

Sarah McCarthy-Fry: It is certainly a disappointment that the Scottish Executive are not taking the situation of young apprentices seriously. We have recently announced an additional £140 million, which will provide an additional 35,000 apprentice places this year, many of which we

hope will be for 16 to 18-year-old apprenticeships. It is a pity about the proposed cuts by the Opposition parties, as if they were to be felt in the apprenticeships.

Mr. Speaker: Order. *[Interruption.]* When I tell the hon. Lady to stop, she must stop.

Tony Baldry (Banbury) (Con): I am slightly confused, so I want to ask the Minister a question that is genuinely about seeking knowledge. Should I be encouraging youngsters—and employers on their behalf—in towns like Bicester to stay on at school to do a diploma in engineering, or should I be encouraging them to leave school at 16 to try to find an apprenticeship? I am just a bit confused by the overlap between diplomas and apprenticeships in vocational qualifications.

Sarah McCarthy-Fry: What we want to do is ensure that young people have the information, advice and guidance they need to know what options are available to them. Either of those two options is a route towards a higher-level degree. The route is either through an apprenticeship, which is occupation-specific, or through a diploma, which is wider and more sector-specific. It is important to give the right advice and guidance to young people to enable them to choose the correct route for them. Either route is acceptable to a university: we have already been told by Oxford and Cambridge this year that they will accept the advanced diploma in engineering as a qualification for their undergraduate courses.

Mary Creagh (Wakefield) (Lab): I visited TEi engineering in Wakefield this summer. The company, through apprenticeship schemes, is training the next generation of welders to build the next generation of eco-power stations. May I invite my hon. Friend to visit TEi, where apprenticeships have trebled? What assessment has she made of proposals to increase the Department's budget by just 1 per cent. this year, which would cut 100,000 apprenticeship places nationally?

Sarah McCarthy-Fry: Unlike other parties, we are certainly not proposing to restrict growth to just 1 per cent. this year and it would be a real shame if we were cutting 100,000 places for 16 to 18-year-olds, which we do not intend to do. We will increase the number of apprenticeships available. I have a number of visits going forward this year, and I always like to visit places where I can see quality apprenticeships for young people.

John Bercow (Buckingham) (Con): Given that the Government intend to raise the education leaving age to 18 by 2015, what steps is the Minister taking to ensure that children and young people with special educational needs and disabilities have access in terms of apprenticeships and other opportunities to courses that will mean that the change of policy benefits rather than hurts them?

Sarah McCarthy-Fry: It is certainly my intention that we ensure that children with special educational needs and disabilities are fully able to take advantage of all the pathways that we have on offer. The foundation learning tier that we are developing will enable people to get on to the first level and to get on to those pathways. I am also ensuring in my talks with employers who work in partnership with schools that they pay specific attention to how they will include children with special educational needs and disabilities in those programmes.

Secondary Schools (Bury)

3. **Mr. David Chaytor** (Bury, North) (Lab): What plans he has to rebuild and refurbish secondary schools in Bury. [250610]

The Secretary of State for Children, Schools and Families (Ed Balls): I start by commending all those schools around the country that are this week engaged in activities to commemorate Holocaust memorial day, which is tomorrow. I encourage all Members to sign the condolences book, which is on offer in the House.

On the subject of Building Schools for the Future, in the coming month we will publish updated plans for all areas, including the 70 that are coming into the programme for the first time. I can confirm that that will include Bury.

Mr. Chaytor: I thank my right hon. Friend for that reply and for visiting Bury the other week, when he listened so carefully to the case made by the local authority. I thank him in particular for his visit to my old primary school, the excellent East Ward primary. Can he see anything that would put at risk the plans put forward by the local authority in Bury for the rebuilding and refurbishment of its secondary school estate?

Ed Balls: I commend the plans, which Bury has submitted, and also commend Broad Oak college and East Ward primary for the innovative proposal that they have put in as part of those plans. I also congratulate Broad Oak college on its acceptance into the trust programme and on the large jump in results in the last year, which has taken it above our 30 per cent. threshold. As we discussed when I visited the school, there is nothing in our plans that would mean those schools not going ahead, because we are not committed to a £4.5 billion cut to the Building Schools for the Future programme, which would mean hundreds of schools not going ahead. I can reassure my hon. Friend that Labour Members will not be taking forward cuts on that scale.

Mr. David Laws (Yeovil) (LD): But does the Secretary of State not accept that in Bury and elsewhere there are many concerns about the Chancellor's plans to bring forward capital expenditure? Just weeks after his announcement in the pre-Budget report in November, the Learning and Skills Council put on hold future college capital building, and we now learn that many schools are affected by the hold-ups in private finance initiative transactions. Will he assure us that he will get together with the Secretary of State for Innovation, Universities and Skills to ensure that the money that was promised to be brought forward in colleges and schools does actually materialise?

Ed Balls: I would encourage local authorities around the country to work with us to bring forward those capital projects in the school building system. That is a vital thing to do to support the economy at this time. On PFI, the evidence, which was set out last week by the Minister for Schools and Learners, is that we have a number of PFI providers coming forward to support

the market at what is a difficult time. In the case of the FE sector, there is no freeze on capital projects; in fact, there has actually been an increase in the number of projects that have been coming through. It is important that they are assessed properly, but there has not been a freeze. This party will not be cutting schools building or FE capital building. We will be expanding them, and I only wish we had cross-party support on that.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): My right hon. Friend will know that following the Select Committee's meeting last week, some people in Bury may have been temporarily rather worried about the future of their school building programme. What he has said today has provided some reassurance, but is it not the case that many of the projects involving both further education and schools are aimed at regeneration, and that to stop them now would have an enormous effect on the regeneration of our towns and cities?

Ed Balls: That is exactly why it is important for us not to stop the plans but to accelerate them, and that is what we are doing with Building Schools for the Future, with FE capital and with the primary capital programme. It is vital that we provide those programmes, and that we support the PFI market at this time. I hope that the prospect of a loan of £300 million from the European Investment Bank will also be welcomed.

Because the FE schemes are important, they must be assessed properly by the Learning and Skills Council, and the proper finance needs to be in place. However, along with the Department for Innovation, Universities and Skills, we are committed to doing all that we can to proceed with those projects so that we can continue to support our economies and, as my hon. Friend suggests, support regeneration.

Mrs. Maria Miller (Basingstoke) (Con): I listened carefully to the Secretary of State's detailed reply to the question from the hon. Member for Bury, North (Mr. Chaytor), but will he give a clear answer to this question? Despite warnings from the construction industry last week that the Government's plans to refurbish schools through Building Schools for the Future had ground to a halt, and although just two new PFI schemes have been agreed in the past six months, is he sure—and can he give us a guarantee—that not a single one of the 115 PFI school projects that are due to be delivered next year, including those in Bury, will be delayed any further?

Ed Balls: The fact is that we are ahead of schedule with Building Schools for the Future. We have already reached the 50th school, which is ahead of the objective that we set. As I said, a £300 million EIB loan is being discussed, and six new lenders are coming forward. The real threat to school building in our country comes not from our plans to expand school building, but from the £4.5 billion cut proposed by the Conservative party. Conservative Members do not like talking about that, but it is the reality on the ground for schools and governing bodies around the country.

Apprenticeships

4. **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): What his Department's budget for apprenticeships for 14 to 16-year-olds is for 2009-10. [250611]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): The young apprenticeship programme for 14 to 16-year-olds is a successful pilot that has been available in selected areas since 2004. The budget for 2009-10 is £31.75 million, and is administered by the Learning and Skills Council. The programme will support some 9,000 learners.

Dr. Blackman-Woods: Is the Minister aware that secondary schools in my constituency are aligning their timetables to provide a wider range of vocational opportunities for young people, partly by playing to the strengths of each school? Can she confirm that funding will continue for initiatives of that kind as well as for young apprenticeships, at least under the present Government?

Sarah McCarthy-Fry: My hon. Friend is a good advocate for her local authority and for young people in her local school.

Partnership working is key to all parts of our education system, but is particularly relevant to the 14-to-19 and 14-to-16 age groups. The young apprenticeship programme brings together employers and young people while they are learning at school. We are also piloting young apprenticeship schemes alongside diplomas, which, as we roll out new lines, will offer even more mechanisms for partnership working.

Miss Julie Kirkbride (Bromsgrove) (Con): In her earlier answer, the Minister acknowledged that there were almost 100,000 fewer apprenticeships this year than the Prime Minister had anticipated in his announcement in 2003. If we can only achieve a figure of around 230,000 after the years of boom, how many apprenticeships does she think there will be next year, during the years of bust?

Sarah McCarthy-Fry: I assure the hon. Lady that we intend to increase the number of apprenticeship places. I remind her that we recently announced investment of £140 million with a target of an additional 35,000 places, many of which we are trying to create in the public sector. There is an untapped opportunity there, which the Government are looking into.

Rosie Cooper (West Lancashire) (Lab): My hon. Friend is much in demand today as I, too, would like to invite her to my constituency to visit the new West Lancashire construction academy. It is a state-of-the-art facility offering training and apprenticeships in the construction industry, and we will need those skills in preparation for the return of demand in the housing market and, of course, for the building of affordable housing, especially in my constituency.

Sarah McCarthy-Fry: I agree with my hon. Friend that we must look to the future. I also agree with something that was said at a summit I attended recently: the lesson has been learned that after coming out of downturns the biggest regret has always been that people did not invest sufficiently in training. We are certainly not going to make that mistake. If I go on a regional tour, after I have been through Yorkshire I am sure it will not be too far to visit the north-west, and I will certainly try to find time to visit my hon. Friend's constituency.

Bob Spink (Castle Point) (Ind): On her tour, would the Minister care to call in at Castle Point in Essex? We should all welcome the Government's apprenticeships initiative. It is important, particularly in the current economic environment, that we invest for the future. Will the Minister be spending any additional funding to try to get employers involved in targeting this particular age group, in order to make sure they understand both that there is relevance in what they are doing and that there is a future opportunity for them with real employees on work-based schemes?

Sarah McCarthy-Fry: I thank the hon. Gentleman for his question. Unlike my right hon. Friend the Minister for Schools and Learners, I did not study geography at A-level, but even I would struggle to think of Essex as on the way from Wakefield up through the north-west. On the hon. Gentleman's other point, however, getting employers involved is certainly crucial. Just last month we published our building stronger partnerships employer engagement strategy. It is important to get employers involved as early as possible in the education of young people. There are benefits on both sides—for schools and employers. By working closely together, we can get the benefits to which the hon. Gentleman referred.

AS and A-levels

5. **Mr. Andrew Robathan** (Blaby) (Con): What recent assessment he has made of the effectiveness of the examination regime for AS-levels and A-levels. [250612]

The Minister for Schools and Learners (Jim Knight): Changes to AS and A-levels that have been introduced this year will maintain them as highly valued and internationally recognised qualifications. We are establishing Ofqual as a fully independent regulator to ensure continued confidence in the examinations regime. We are also establishing advanced diplomas as a genuine alternative for young people who want a different learning experience.

Mr. Robathan: The Minister talked about "highly valued" and "internationally recognised" qualifications. My hon. Friend the Member for Ashford (Damian Green) said, however, that the coursework for AS-level modules was "laughable". Even more risible is the fact that if a pupil does not do particularly well, they can take them again and again until they get a good result, and that contributes to their A-level result. Please will the Minister explain why so many top private schools are starting to leave the A-level system because they do not believe A-levels give a satisfactory result, and are choosing the international baccalaureate instead? Charterhouse has done just that this weekend.

Jim Knight: I noted Charterhouse's advocacy of the pre-U, which is an international qualification with a global dimension. It is an interesting qualification, but far and away the majority of schools are still doing the A-level and they should continue to do so. It is also still an extremely popular export from this country, and we should be proud of it. We should note, too, the reforms that are taking place to the A-level, such as its moving from six to four modules, the use of the extended project, and the introduction of the A* and more open-ended synoptic questions with longer written answers—of which I am sure that, during an examination, even the hon. Gentleman might approve.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): Is the Minister as worried as we are about the growing divide in achievement at A-level and beyond? In 2007, 264 comprehensive schools failed to enter a single pupil for A-level geography, denying today's pupils the opportunity the Minister had when he was a sixth-former. Also, 47 per cent. of the A* grades in GCSE French went to pupils in the independent sector, which educates just 7 per cent. of pupils, and 45 per cent. of children qualifying for free school meals failed to achieve a single GCSE above grade D. Are not the lack of direction in the Government's education policy, the overloading of initiatives and the Government's failure to understand the core problems in our weaker secondary schools letting down the most disadvantaged children in our society and failing to ensure that education for these children is a ladder out of poverty?

Jim Knight: When I was lucky enough to sit A-level geography—

Mr. Robathan: What did you get?

Jim Knight: I got a grade A. At that time, the A-level was an elite qualification, taken by a very small proportion of the population. It was taken, disproportionately, by far more people such as myself, who came from private schools rather than the maintained sector. That has radically changed as we have opened up access to education and made the system much fairer. I am proud of the improvement in A-level results that has taken place over the past 11 years. I am particularly pleased to see the increase in the number of entrants for maths, further maths and physics. We have a really good record on A-levels, and I do not want to indulge the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) too much longer in his attempt to rubbish those achievements.

Child Abuse

6. **Annette Brooke** (Mid-Dorset and North Poole) (LD): What recent estimate he has made of the incidence of child abuse. [250613]

The Minister for Children, Young People and Families (Beverley Hughes): National data show that 29,200 children were the subject of a child protection plan at 31 March 2008. Children are given a plan where there are concerns about their safety and welfare as specified in the Government's guidance "Working Together to Safeguard Children", published in 2006. Some 45 per cent. of the plans arose from neglect, 25 per cent. from emotional abuse, 15 per cent. from physical abuse, 7 per cent. from sexual abuse and 8 per cent. from multiple abuses of children.

Annette Brooke: I thank the Minister for her reply, sad as it is. Sometimes it appears that the Government operate like a fire brigade when a crisis appears in a particular children's services department. Does she agree that regular training in safeguarding for the whole of the children's work force is crucial to ensuring that the number of incidents is reduced and that professionals recognise the early warning signs of abuse? Furthermore, what action will the Government take to give leadership to show our society that hitting and abusing children is wrong?

Beverley Hughes: I thank the hon. Lady for that question—I know that she takes a great deal of interest in, and is very knowledgeable about, these issues. She will know that following the death of Victoria Climbié and Lord Laming's review, there was a wholesale radical transformation of local arrangements, with a focus on safeguarding. Those arrangements are largely working, but they depend on effective implementation in every local area. She is right to say that that crucially depends on the quality, experience and training of the people operating the system at every level. That is why we published the work force strategy; it is why my right hon. Friend the Secretary of State announced today the taskforce that will specifically examine the training needs of, and issues associated with the work of, social workers and their managers; and it is why we announced leadership training for directors of children's services and managers, to be provided through the National College for School Leadership.

I know that the hon. Lady is alluding to smacking, but I am sure she would not wish to bracket together good parents who feel that sometimes it is necessary to smack with those who consistently abuse children. Although it is good that parents are moving away from smacking—I support that—we have no intention of criminalising the vast majority of parents, who do a very good job with their children.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): Will my right hon. Friend refer to the letter that I sent her last week about examining the failures in Birmingham's safeguarding children services? As was revealed in this weekend's *Sunday Mercury*—my local Sunday newspaper—15 children's lives have been lost over the past four years in the local authority area, and that is wholly unacceptable. Will she intervene to provide good leadership in that local authority in order to ensure that that number is reduced?

Beverley Hughes: I thank my hon. Friend for that question. One way in which the 2004 legislation transformed safeguarding arrangements was that it introduced powers for Ministers to act and intervene, and we have recently seen those powers used very publicly. My officials went into Birmingham on 17 December; they have met council officials and they will be reporting to me shortly with recommendations for action in relation to that particular local authority, which, as he said, appears to be in serious difficulty.

John Hemming (Birmingham, Yardley) (LD): Before Christmas, the Secretary of State kindly said that he would reverse the Department's policy of instructing local authorities not to give me the lists of serious case reviews following the deaths of children from suspected abuse and neglect. I thank him for that, but when will it happen?

Beverley Hughes: As far as we are aware, that instruction has been given, but I will write to the hon. Gentleman and clarify the situation for him.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Is my right hon. Friend aware that Blackpool council finds that if children are abused in families, those families also often suffer domestic violence and other problems? As a result, the council has developed inter-agency working. Will she ensure that those working not only in children's services but in other agencies that have dealings with children are aware of the importance of working together to prevent incidents of child abuse?

Beverley Hughes: Absolutely. I know that my hon. Friend takes a great interest in these issues in Blackpool, which faces particular challenges from people moving in and out of the area. Any issue that impairs an adult's ability to parent their child, whether it is domestic violence, substance misuse or a mental health problem, should raise questions about child protection or development in the minds of those working with the parent that should be explored. It is important that agencies that work with children work together with agencies that work with children and adults and that both "think family" rather than one or the other.

Sir Nicholas Winterton (Macclesfield) (Con): I deplore any case of child abuse, but on Saturday evening, as president of the Majestic theatre group in Macclesfield, I attended a pantomime production of "The Little Mermaid", in which many young children took part—something that I greatly encourage. What surprised and concerned me was the number of chaperones that the theatre had to provide so that those children could participate. Is not that overkill, and will the Minister look at the situation to see whether the burden placed on such groups might be reduced?

Beverley Hughes: I am sure that the hon. Gentleman enjoyed the performance. Unfortunately, I have not seen that production so I do not know how young the children are or how many are involved. However, I am sure that he would want to err on the side of caution, as would many parents. In the case of very young children—say, under seven—a fair few adults are needed to ensure their safety, not just because of the possibility of molestation but because there are many health and safety risks backstage. I will look at the issue and if there are matters to address, we will be happy to do so.

Mr. John Heppell (Nottingham, East) (Lab): While the massive extension of children's centres and Sure Start by the Government must have had an impact in identifying children who are abused, unfortunately many parents still do not access those services. What are we doing to try to ensure that we access them?

Beverley Hughes: Of course, one thing that we are doing is putting in additional resources for outreach workers to knock on doors and develop relationships with some of those disadvantaged families who find it difficult initially even to walk up to a children's centre. The Opposition would cut the funding for those outreach workers, and if that were to happen, the ability of children's centres to reach those families would be seriously impaired.

Mark Pritchard (The Wrekin) (Con): One would have hoped that the Minister would not try to make party political capital when talking about such serious issues.

I hope that the Minister will at least agree that the role of social workers in child protection is critical. How confident is she that the current level of training for social workers is adequate, and that the standard is the same across the country?

Beverley Hughes: In a sense, when it comes to political commitment the proof of the pudding is in the resources that political parties put into particular issues and the focus that they place on them. That is why I drew attention to the difference between the hon. Gentleman's party and mine—

Mr. Speaker: Order. I am going to give a ruling. Let us not draw attention to the party opposite. It is the job of a Minister to answer for the Department that they represent.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I am grateful to the Minister for her comments about the action that she has taken in relation to Birmingham and for her stress on children and parents in the intervention. In some parts of Birmingham, such as Quinton, where we have a safe haven system, the police and schools work together extremely successfully. Will she therefore ensure that the education authorities where police and schools work together to prevent children coming on to the at risk register in the first place roll out their good practice across the entire authority?

Beverley Hughes: My hon. Friend is absolutely right. That is the focus of the children's trusts, which we will strengthen to ensure the integration and close working together of all those agencies, which should take responsibility locally and together for whatever measures need to be taken to protect children in their area.

Tim Loughton (East Worthing and Shoreham) (Con): Let me bring the Minister back to her own policies. One of the common themes to have come out of the Baby P disaster and other child deaths has been the high level of case loads on social workers, the increasing time that they spend in front of computer screens filling in assessments and the high vacancy rate that a Unison report today described as a "ticking time bomb" that will lead to further child deaths. Today the Government start the £224 million computer project, ContactPoint. Which does she think is more likely to protect vulnerable children: investing in more permanent and appropriately trained social workers and reducing their case load or throwing money at another expensive data disaster waiting to happen, which will further take key professionals away from the sharp end of personal contact and the security of which she has declined to guarantee?

Beverley Hughes: It is not an either/or situation. That is the difference with this Government. We are committed to both those things, not one or the other. It is very important that social workers get the training that they need. Lord Laming is looking at that and the taskforce that we have set up is looking at it in detail. It is vital—this came directly from the Victoria Climbié inquiry—that when different people, such as social workers, health visitors and police officers, are working in a family, they know very quickly who else is involved so they can put their piece of the jigsaw into the whole picture. That has been the failing discovered in almost every inquiry into a child death. ContactPoint will do that—we are funding it, the Opposition will not.

Schools (East Midlands)

7. **David Taylor** (North-West Leicestershire) (Lab/Co-op): How many schools in the east midlands have applied for trust status. [250614]

The Secretary of State for Children, Schools and Families (Ed Balls): So far, eight schools in the east midlands have become trust schools under the Education and Inspections Act 2006. A further 27 are in a support programme and working towards trust status.

David Taylor: The case for trust schools still seems rather unconvincing, in that they create a further level of bureaucracy with which heads and staff have to grapple. They can potentially fragment and undermine school collaboration. Will the Secretary of State reassure the House that we are not opening doors for private individuals and organisations to exploit their curricular interests when better resourced local authorities could give the necessary advice and support to community schools to help them improve?

Ed Balls: Of course, trust schools remain maintained schools and therefore part of the local authority family. The reality on the ground is that most of the trusts that have been set up are collaborative trusts between schools. The point is that they make it possible in a more effective way for schools to work together to raise standards and use their expertise. I would say to my hon. Friend, who is a Labour and Co-operative party MP, that we are taking forward proposals for 100 co-operative trust schools, which will take the ideals of the co-op movement with extra finance to ensure that we have more co-operative trust schools. I hope that a co-operative trust school might be something that he could support in his constituency and that might help to raise standards.

Mr. Peter Bone (Wellingborough) (Con): Does the Secretary of State agree that it would be wholly wrong for a secondary school in a constituency, whether it was a trust school or another school, to be closed, demolished and not replaced if it was in a growth area?

Ed Balls: It would depend on the local authority's plans. It would also depend on the results that the school was achieving. If councils are making those decisions despite what is happening to standards, that would be entirely the wrong thing to do. If they are making the decisions as part of an overall attempt to improve the school buildings and to raise standards, that might well be the right thing to do. The hon. Gentleman will have to give me more details of the particular case so that I can give him a fuller answer.

Youth Services (Derbyshire)

8. **Tom Levitt** (High Peak) (Lab): What plans he has to allocate funds to the provision of youth services in Derbyshire. [250615]

The Minister for Children, Young People and Families (Beverley Hughes): Local authorities receive funding for youth services from Government through the formula funding. Next year, that funding will increase by 6.4 per cent. In addition, around £1.2 million is also being allocated to Derbyshire next year through the positive activities for young people programme and the youth opportunity and youth capital funds. Over £3 million has also been secured to improve youth facilities in Chesterfield through the myplace programme.

Tom Levitt: I am grateful to my hon. Friend for that answer, which is good news for children in my constituency. I only wish that such funding for youth services had been available when I was a member of Derbyshire county council between 1993 and 1997. Then, because youth services were not on a statutory footing, they were especially vulnerable to the savage cuts imposed by the Conservative Government of the day. Will my right hon. Friend give me an assurance that measures are in place to protect the funding for youth services? That funding should be on a statutory basis and so not vulnerable to the sort of behaviour that we had from the Opposition in those years long ago.

Beverley Hughes: I can tell my hon. Friend that, precisely for the reasons that he has identified, this Government have placed significant new duties on local authorities to ensure that all young people can get access to a wide range of positive activities. The Education and Inspections Act 2006 requires local authorities to secure positive activities and facilities for young people in their area, to take into account young people's views on what that provision should be, to publicise it and to consider alternative third-sector providers. Failure by local authorities to fulfil those duties could result in intervention by the Secretary of State. That is a measure of our commitment to extending the opportunities for young people.

Youth Services (Funding)

9. **Mr. Chris Mullin** (Sunderland, South) (Lab): If he will bring forward proposals for the funding of youth facilities to ensure their long-term stability; and if he will make a statement. [250616]

The Minister for Children, Young People and Families (Beverley Hughes): Through myplace, the Government are investing over £200 million of capital funding to deliver new and upgraded world-class facilities for young people. Each project will be endorsed by the local authority chief executive, so that so we can be sure of its long-term revenue sustainability. The Government already provide all local authorities with significant additional revenue funding to help them fulfil the statutory duties to which I have just referred and provide all young people with access to positive activities and youth facilities.

Mr. Mullin: With regard to the funding of youth facilities, does my right hon. Friend agree that there is a difficulty? While the amount available for new projects from both charitable and Government sources is still fairly large, the amount available for core funding is shrinking. The danger is that many very worthwhile projects, such as the Pennywell youth project in my constituency, will find themselves out of business in due course unless some long-term funding arrangements can be put in place.

Beverley Hughes: My hon. Friend is not actually correct to say that the core revenue funding is shrinking. In fact, it has increased: there will be £620 million in resource funding for youth services over this comprehensive spending review period. That is an increase on the same period in 2008 of £125 million, and it shows that substantial new revenue money is going to local authorities. One problem is that, for most of the funding streams, it is largely up to local authorities how they spend the money. I know that my hon. Friend has written to me about a particular project in the north-east and I should be happy to talk to him about it. It receives substantial local authority funding, but I think that it faces some uncertainty because other funding streams outwith the local authority have been withdrawn. I am happy to see whether we can find a solution.

Topical Questions

T2. [250668] **David Taylor** (North-West Leicestershire) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

The Secretary of State for Children, Schools and Families (Ed Balls): In written ministerial statements today, I have confirmed that ContactPoint, the online directory recommended by Lord Laming after the Victoria Climbié inquiry, has been activated today. Training has begun, as we prepare for it to be fully operational across the country by the summer. I have also announced the membership of the new social work taskforce, and more details of its reform remit. I can tell the House that I have asked the taskforce, specifically and as a priority, to carry out a review of the effectiveness of integrated children's systems, as well as of their procurement and the IT systems used in them. The aim is to help social workers to strike the right balance between keeping detailed records of their cases—as they must—and spending more time with vulnerable children.

We will publish Lord Laming's progress report on safeguarding next month. Alongside that, the actions that I have announced today will be vital to keeping children safe. I hope that we can achieve a consensus on all the reforms, not just between practitioners and children's experts but on both sides of the House.

David Taylor: The recent Sutton Trust survey found that just a quarter of teachers think that the upcoming diplomas are suitable for academically able children, while only 20 per cent. thought that they were appropriate to would-be university students. After a morning talking to admissions staff at Oxford university, may I ask the Secretary of State how we can avoid the danger of an ever-widening social divide between students of the best state and independent sector schools, who are set on academic paths, and the rest, who never get remotely close to such golden opportunities?

Ed Balls: Given the Conservative party's obsession with private schools today, may I tell my hon. Friend that I am very pleased that Wellington college will indeed offer the engineering diploma to advanced students and that Cambridge university has said the engineering diploma and its maths component will provide better preparation for engineering at Cambridge than doing maths A-level? It will take time to build up the programme—we are taking a careful step-by-step approach—but the fact is that this is our best chance to break the old two-tier divide between academic and vocational qualifications. That is why I hope that that will gain support not only from all teachers and all universities, but from all political parties—again, something that is proving elusive.

T3. [250669] **James Duddridge** (Rochford and Southend, East) (Con): The *Southend Echo* has recently highlighted that truancy in the Southend area is three times the national average in some cases. What can the Department advise Southend, looking at best practices from other areas that have had poor truancy levels and that have turned the situation around?

The Minister for Schools and Learners (Jim Knight): Certainly, we look carefully at best practice in respect of truancy. That is one of the reasons why, for example, we have introduced text-messaging software in schools with high attendance problems. That has led to a significant improvements. Sir Alan Steer, who before he retired was in a school in the east of London, perhaps not a million miles away from the hon. Gentleman's constituency, continues to do his work with us on improving behaviour generally. Obviously, attendance and learning best practice are a key part of his work.

T6. [250672] **Hugh Bayley** (City of York) (Lab): Manor Church of England secondary school had the third best exam results for a secondary state school in Yorkshire. Its brand new school, funded with more than £13 million of Government money, is nearing completion on time and to budget, thanks to the leadership of the diocesan board of education and the school itself. When the Tories were in power, they spent less than £1 million a year on capital for schools in York; this Labour Government have been spending more than £10 million a year. Will the Secretary of State come to visit that fantastic new school to see just what that money is buying for pupils and parents?

Ed Balls: I would be honoured to do so, to see the way in which our capital investment programme is improving standards right across the country, including in York, and if my hon. Friend needs to discuss any issues about that school, I will take them up at that time. We will expand capital investment in our schools. We will not cut the Building Schools for the Future programme.

T4. [250670] **Mr. Andrew Robathan** (Blaby) (Con): The Minister for Schools and Learners spoke earlier with justifiable pride of his A grade in geography A-level, but is he not aware that huge numbers of academics—not just from private schools, but, for instance, the authorities at Cambridge university—are very unhappy with the devaluation of A-levels, as they see it? Does he not accept that the fact is that the devaluation of exams harms the pupils who take them, who can no longer be proud of getting an A grade, because people no longer hold them in the same regard?

Jim Knight: We are setting up Ofqual as an independent monitor of examination standards to give confidence. We are confident that the standard of the A-level is being maintained, but it is important that that should be independent of the Government. I hope that, using his offices, the hon. Gentleman will ensure that the Conservative party supports the establishment of that independent authority.

T5. [250671] **Simon Hughes** (North Southwark and Bermondsey) (LD): Are Ministers aware of the concern about the consultation on the new school admissions policy, which follows the Education and Skills Act 2008 coming into force at the end of November? The consultation deadline is 1 March, and the new admissions policy has to be in place by 15 April, so many schools are finding it difficult to hold a reasonable consultation. More widely, many parents are worried that as there will be every sort of admissions policy under the sun in one area, the system is becoming very unfriendly to parents and pupils who want to find out how to navigate a way through it.

Ed Balls: That was a problem last year, as we discussed in this House, and we strengthened the law last year. It is essential that every school consults properly and makes sure that its admissions arrangements properly comply with the code. It is the local authorities' duty to make sure that every school does that. We cannot have a situation in which parents are picked by schools; that is what happens in the private sector, where people pay for the privilege. In the state school system, we want parents to be able to choose schools, and that will happen only through fair admissions. That is our commitment.

T9. [250675] **Mr. John Heppell** (Nottingham, East) (Lab): I heard the Secretary of State give guarantees to Bury about future spending. Nottingham city council is not in the first two tranches for primary school capital expenditure. We have been reassured that the money will still be available when it is our turn, but may I ask the Minister for Schools and Learners whether that is the case? Will he give us that guarantee, and say that there is no possibility of the future capital programme being cut?

Jim Knight: Certainly, we are working closely with authorities such as Nottingham city council to ensure that its primary capital programme is up to standard, in terms of achieving the educational transformation that we want. I am grateful for this chance to encourage local authorities across England to take advantage of the opportunity that we have afforded them of bringing forward spend to invest in primary capital now, rather than having to wait until next year. We are continuing to encourage authorities to take up that offer.

T8. [250674] **Mr. Philip Hollobone** (Kettering) (Con): My constituent, Mr. Geoff Blurton, wishes to return to teaching after another career. He has four years' teacher training experience, four years' teaching experience overseas and two degrees. Despite the helpful intervention of the Minister for Schools and Learners, who looked at his case, the situation remains unresolved; Mr. Blurton is told that he has to undertake initial teacher training and go through the whole process again. As a result, he is considering taking up a teaching post in the private sector, rather than going back into state education.

Ed Balls: I cannot comment on that particular case, but I hope that we can persuade the hon. Gentleman's constituent to stay in the state system. I want to make sure that we do everything that we can to bring in all the people who want to do so, and who have the qualifications, to teach in our schools system. I hope that the hon. Gentleman was pleased with his meeting this morning with the Schools Minister—*[Interruption.]* I apologise; it is happening this afternoon. The meeting is to discuss the teaching of ocarina-playing in state schools. Following

popular demand—people had no idea what an ocarina was in our last topical questions—I have brought one along to demonstrate. This is an ocarina.

Ms Celia Barlow (Hove) (Lab): With regard to what my right hon. Friend the Secretary of State said about ContactPoint, is he aware of, and does he give support to, the broad coalition of supporters of that important measure, which includes Barnardo's, Action for Children, and the Association of Chief Police Officers? Can he give me any indication of whether that support among professionals who work with children and wish to keep them safe will be reflected by support on both sides of the House?

Ed Balls: We will invest hundreds of millions of pounds in ContactPoint, which is designed to keep children safe. That is why it was proposed by Lord Laming, and is supported by Barnardo's, the Association of Chief Police Offices, the chair of the Children's Inter-Agency Group—which includes the Local Government Association, the National Society for the Prevention of Cruelty to Children, and the Royal College of Paediatrics and Child Health—and the Youth Justice Board. In fact, it is supported by practitioners and voluntary organisations across the children's world. It is only the Conservatives and the Liberal Democrats who are out of step on this important child safety issue.

Ann Winterton (Congleton) (Con): Will the Government encourage the regular, informal classroom testing of children? It has a good track record in instilling discipline, learning and competitiveness, and gives quick feedback to pupils, teachers and parents.

Ed Balls: The answer is of course we will. We do not give formal guidance to schools on how to do informal testing, but we give advice. It is vital that it is done, and done well. It needs to be used to track the progress of every child. It is what good leaders do to raise standards, so of course we support it.

Lynda Waltho (Stourbridge) (Lab): The project to transform special needs education in my constituency, the Thorns learning village, has been delayed owing to the bizarre decision of Dudley council not to apply for Building Schools for the Future money. Also, it has been reported that the council will not apply for money for free school dinners. What advice will my right hon. Friend give to my constituents, who are amazed by that decision—apart from advising them to vote Labour?

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): I could advise my hon. Friend to advise her local authority to apply again for the money that we have available. She should remind it that under this Government, there will be no cuts to expenditure such as she outlined, particularly on our pilots for free school meals and for special educational needs. Once again, I advise her local authority to reapply. The money is available for the particular constituents about whom my hon. Friend is concerned.

Miss Anne McIntosh (Vale of York) (Con): The Minister for Children, Young People and Families referred to youth facilities, which I understand the Thirsk Clock project will benefit from, but it is still left without permanent premises—a permanent home—and I understand that it is always difficult to get volunteers for the project. How can we work together to encourage more funding, long-term premises and a good stream of volunteers for the project, which helps homeless youngsters in Thirsk?

The Minister for Children, Young People and Families (Beverley Hughes): I am not sure whether the hon. Lady is talking about a youth facility such as a youth centre, or a specialist facility such as a foyer. The local authority should be leading on the project and bringing the agencies together, including, importantly, as she said, voluntary sector organisations with a great deal of expertise in working with disadvantaged young people. If there is an issue with a particular project and she would like to talk to me about it, I am happy to do so, but the responsibility initially lies with the local authority to bring those people together.

Mr. Speaker: I call Diane Abbott. The hon. Lady was standing. I have called her.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): In view of the very tragic stabbing in east London last weekend, what are Ministers doing to bring down the disproportionate levels of school exclusions among young black men? There is a clear link between permanent school exclusion and gun and gang crime. We know that giving those boys and their parents the right support early on can bring down the level of exclusions, so what are the Government doing?

Ed Balls: It is always important to listen in class, Mr. Speaker. I am grateful to my hon. Friend for her question. I commend to her the work of Sir Alan Steer, who has not only made proposals and recommendations on how to tackle the issue, but in his career as a head teacher was an exemplar in reducing exclusions by motivating and supporting young men, including young black men, in his school in north-east London. He did a brilliant job, so his proposals to take those initiatives forward across the country deserve support, including from my hon. Friend.

Personal Statement

3.32 pm

Mr. Peter Hain (Neath) (Lab): With permission, Mr. Speaker, I wish to make a personal statement.

I am grateful to the Parliamentary Commissioner for Standards for his fair and accurate report and to the Committee on Standards and Privileges for its equally fair conclusions. My failure to declare to the Registrar of Members' Interests, within the time required, all the donations to my campaign for the deputy leadership of the Labour party was wrong. I note that the Committee fully accepts that I acted with "commendable speed to rectify" this once I had discovered the problem—indeed, a month before any complaint was made against me—and that there was "no intention to deceive". I have always accepted full responsibility for this honest mistake and I apologise unreservedly to the House.

BILLS PRESENTED

Pharmaceutical Labelling (Warning of Cognitive Function Impairment) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Mr. Virendra Sharma, John Austin, Clive Efford, Mike Gapes, Ms Karen Buck, Siobhain McDonagh, Judy Mallaber, Rob Marris and Mr. Chris Mullin, presented a Bill to make provision for a warning symbol to be prominently displayed on the packaging of pharmaceuticals which act on the brain and central nervous system so as to impair dangerously the consumer's ability to carry out certain activities; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 February, and to be printed (Bill 30).

Employers' Liability Insurance Bureau Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Shona McIsaac, Mr. Virendra Sharma, John Austin, Clive Efford, Mike Gapes, Ms Karen Buck, Siobhain McDonagh, Judy Mallaber, Rob Marris, Mr. Chris Mullin and Jim Sheridan, presented a Bill to make provision for the creation of an employers' liability insurance bureau comprising an electronic database and a fund of last resort; to make provision about employers' liability insurance; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 13 March, and to be printed (Bill 31).

British Museum Act 1963 (Amendment) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Mr. Edward O'Hara, Clive Efford, Siobhain McDonagh, Rob Marris, Mr. Virendra Sharma, John Austin and Ms Karen Buck, presented a Bill to amend the British Museum Act 1963 to permit the transfer of artefacts in the British Museum; to confer powers on the Secretary of State to require the transfer of artefacts in specified circumstances; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 20 March, and to be printed (Bill 32).

Damages (Asbestos-Related Conditions) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Shona McIsaac, Clive Efford, Mr. Virendra Sharma, Mike Gapes, Ms Karen Buck, Siobhain McDonagh, Judy Mallaber, Rob Marris, Mr. Chris Mullin and Jim Sheridan, presented a Bill to provide that certain asbestos-related conditions are actionable personal injuries; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 24 April, and to be printed (Bill 33).

Land Use (Gardens Protection Etc) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Shona McIsaac, Mr. Virendra Sharma, John Austin, Clive Efford, Ms Karen Buck, Siobhain McDonagh, Rob Marris and Mr. Chris Mullin, presented a Bill to make provision for the protection of gardens and urban green spaces; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 8 May, and to be printed (Bill 34).

Holocaust (Stolen Art) Restitution Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Mike Gapes, Ms Karen Buck, Siobhain McDonagh, Rob Marris, Mr. Chris Mullin, Clive Efford, John Austin, Mr. Virendra Sharma and Mrs. Louise Ellman, presented a Bill to provide for the transfer from public museum and gallery collections of arts, artefacts and other objects stolen between 1933 and 1945 by or on behalf of the Nazi regime, its members and sympathisers; to provide for the return of such artefacts and objects to the lawful owners, their heirs and successors; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 15 May, and to be printed (Bill 35).

Crown Employment (Nationality) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Dr. Tony Wright, Ms Karen Buck, Mr. Virendra Sharma, Mike Gapes, Shona McIsaac, Rob Marris, Mr. Chris Mullin, John Austin, Clive Efford and Siobhain McDonagh, presented a Bill to make provision for and in connection with the removal of general restrictions as to nationality which apply to persons employed or holding office in any civil capacity under the Crown; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 12 June, and to be printed (Bill 39).

Torture (Damages) (No. 2) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Mr. Virendra Sharma, John Austin, Clive Efford, Ms Karen Buck, Siobhain McDonagh, Rob Marris and Mr. Chris Mullin, presented a Bill to make provision for actions for damages for torture; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 19 June, and to be printed (Bill 40).

Illegally Logged Timber (Prohibition of Sale) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Mr. Virendra Sharma, John Austin, Clive Efford, Mike Gapes, Siobhain McDonagh, Judy Mallaber, Rob Marris, Mr. Chris Mullin and Barry Gardiner, presented a Bill to prohibit the sale in the United Kingdom of timber and wood products that were obtained or produced illegally in their country of origin; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 26 June, and to be printed (Bill 41).

Human Rights Act 1998 (Meaning of Public Authority) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by Mr. Virendra Sharma, John Austin, Ms Karen Buck, Clive Efford, Mike Gapes, Shona McIsaac, Siobhain McDonagh, Judy Mallaber, Rob Marris and Mr. Chris Mullin, presented a Bill to clarify the meaning of 'public authority' in section 6 of the Human Rights Act 1998.

Bill read the First time; to be read a Second time on Friday 3 July, and to be printed (Bill 42).

Armenian Genocide Remembrance Day Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Andrew Dismore, supported by John Austin, Mr. Virendra Sharma, Clive Efford, Ms Karen Buck and Rob Marris, presented a Bill to introduce a national day to learn about and remember the Armenian genocide.

Bill read the First time; to be read a Second time on Friday 16 October, and to be printed (Bill 43).

Broadcasting (Television Licence Fee Abolition) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Christopher Chope, supported by Mr. Peter Bone, Philip Davies, Mr. Mark Field and Mr. David Heathcoat-Amory, presented a Bill to make provision for the abolition of the television licence fee; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 February, and to be printed (Bill 44).

Sovereignty of Parliament (European Communities) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Christopher Chope, supported by Mr. Peter Bone, Mr. William Cash, Philip Davies, Mr. David Heathcoat-Amory, Mr. Richard Shepherd, Mr. Andrew Turner, Sir Peter Viggers, Sir Nicholas Winterton and Mr. Roger Gale, presented a Bill to provide that Community treaties, Community instruments and Community obligations shall only be binding in legal proceedings in the United Kingdom insofar as they do not conflict with a subsequent, expressly inconsistent enactment of the Parliament of the United Kingdom.

Bill read the First time; to be read a Second time on Friday 27 February, and to be printed (Bill 45).

European Union (Audit of Benefits and Costs of UK Membership) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Christopher Chope, supported by Mr. Peter Bone, Mr. William Cash, Philip Davies, Mr. David Heathcoat-Amory, Mr. Richard Shepherd, Mr. Andrew Turner, Sir Peter Viggers, Sir Nicholas Winterton and Mr. Roger Gale, presented a Bill to establish a Commission to carry out regular audits of the economic costs and benefits of the UK's membership of the European Union; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 February, and to be printed (Bill 46).

Drugs (Roadside Testing) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Christopher Chope, supported by Mr. Peter Bone, Mr. William Cash, Philip Davies, Mr. Nigel Evans, Richard Ottaway, Mr. Greg Knight, Mr. Graham Stuart, Sir Peter Viggers, Sir George Young and Sir Nicholas Winterton, presented a Bill to make provision for roadside testing for illegal drugs; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 February, and to be printed (Bill 47).

Pedlars (Amendment) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Christopher Chope, supported by Philip Davies, Mr. Ian Liddell-Grainger and Sir Paul Beresford, presented a Bill to amend the Pedlars Act 1871.

Bill read the First time; to be read a Second time on Friday 27 February, and to be printed (Bill 48).

Broadcasting (Public Service Content) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Christopher Chope, supported by Mr. Peter Bone, Philip Davies, Mr. Mark Field, Mr. David Heathcoat-Amory, Mr. Brian Binley, Mr. Roger Gale and Mr. Andrew Tyrie, presented a Bill to define public service content for the purposes of public service broadcasting.

Bill read the First time; to be read a Second time on Friday 27 February, and to be printed (Bill 49).

Safety of Medicines (Evaluation) Bill

Presentation and First Reading (Standing Order No. 57)

Dr. Ian Gibson, supported by Mr. Mike Hancock and Mr. David Amess, presented a Bill to make provision about the evaluation of methods of testing the safety of medicines; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 February, and to be printed (Bill 50).

Points of Order

3.36 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): On a point of order, Mr. Speaker. At the weekend, I received within just a few hours more than 6,000 e-mails in relation to the debate on Heathrow. They were apparently organised or encouraged by Greenpeace and came from e-mailers right across the south-east; none were from my own constituency. Will you advise me whether the Standing Orders of the House can be amended to reflect such new developments? I think that what I have described is called e-mail bombing, which is designed to overflow e-mail inboxes and interfere with the legitimate work of MPs at what for most of us are busy times. The e-mails took many hours to deal with. I am sure that you personally find the practice reprehensible, Mr. Speaker. Are there ways in which we can prevent it from happening to other Members? Indeed, it may have already happened to them; I do not know.

Mr. Speaker: My first piece of advice is this. The hon. Gentleman works hard throughout the week. Sunday is a day of rest, and he should not look at e-mails on that day. Seriously, I should say that the House authorities are looking at the matter.

Jeremy Corbyn (Islington, North) (Lab): On a point of order, Mr. Speaker. Have you had a request from any Government Minister to make a statement concerning the BBC's refusal to broadcast the Disasters Emergency Committee appeal for the people of Gaza?

Mr. Speaker: That is not a matter for the Chair.

Coroners and Justice Bill

[Relevant Document: The Second Report from the Justice Committee, Session 2008-09, on the Coroners and Justice Bill, HC 185.]

Second Reading

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Liberal Democrats.

3.38 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I beg to move, That the Bill be now read a Second time.

The measures in the Bill are designed further to strengthen and to improve confidence in our justice system, building on more than a decade of record investment and substantial cultural and institutional reform. As a result, crime is down by more than a third since 1997. This is the first Administration since the war to preside over a significant and sustained reduction in crime. The chances of being a victim are now the lowest since accurate recording began more than 25 years ago. This means that there were 4 million fewer victims of crime in 2008 than there were in 1998. Over the same period, many more offences have been brought to justice—nearly 1.5 million in the year to March 2008.

In the past, victims and witnesses fared badly within the justice system— prosecutors would barely even speak to their own witnesses, and victims and witnesses could be made to share a waiting room with the friends and family of the defendant. There was little or no help for vulnerable witnesses giving evidence. Since 1997, this Government have worked very hard to give a central voice and priority to victims and witnesses. We have increased investment threefold in support for them: for example, the amount for victim support alone has trebled. Victims have been given the legal right to minimum standards of service. There are victim personal statements in court and a victims' advisory panel to inform Government policy. We have made it easier and less traumatic for vulnerable and intimidated witnesses to give evidence in court.

Before I continue, let me say that I should have begun by welcoming the hon. and learned Member for Beaconsfield (Mr. Grieve) to his new and elevated post as shadow Justice Secretary and shadow Lord Chancellor. I first noticed his quality and judgment more than 10 years ago when he was speaking vocally and eloquently in favour of what was then the Human Rights Bill. It is fair to say that ever since he has been a consistent supporter of what is now the Human Rights Act 1998 and the incorporation of those measures into British law. We congratulate the Leader of the Opposition on his judgment in elevating the hon. and learned Gentleman to this post. May I also put on record my thanks to his predecessor, the hon. Member for Arundel and South Downs (Nick Herbert)? We sometimes had our disagreements, but we had a very constructive relationship and I wish him well in his new post.

I have set out the Government's record in giving considerable support and improvement to the position of witnesses and victims, but there is plainly scope for further improvement. This morning, I made a written ministerial statement announcing the appointment of Sara Payne as victims' champion—an appointment made

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jointly by my right hon. Friends the Home Secretary and the Attorney-General and myself. The victims' champion is there to represent the views and concerns of victims and witnesses to Government, to the media and to Parliament and to challenge criminal justice agencies further to reform policies and practices in relation to them.

Mr. Dominic Grieve (Beaconsfield) (Con): I am most grateful to the Secretary of State for his kind words of welcome.

Conservative Members welcome the appointment of a victims' champion, but would the Secretary of State care to comment on the fact that the victims' champion appears to be a temporary substitute in the absence of a victims' commissioner? I seem to recollect that a commissioner was first promised as far back as 2003 or 2004, yet we still do not have one. Is not the appointment of the champion an admission that the Government have not got their act together on this matter?[1]

Mr. Straw: No, it is not that, but I am pleased that the hon. and learned Gentleman welcomes this appointment. The Criminal Justice Act 2003 made provision for a victims' commissioner. There was a proper appointment process in 2005, but no suitable candidate was identified for the post, and it was decided that meanwhile the priority should be to build up and strengthen victims' and witnesses' services directly. I looked at the provisions in the 2003 Act and decided that they should be amended, and the Bill makes them rather lighter to ensure that less money is spent on what would amount to a bureaucracy for the commissioner. I hope that those changes commend themselves to the House and to the other place. Meanwhile, we judge that the gap should be filled by the appointment of a victims' champion. As soon as the Bill becomes law, we will take steps to begin the process for a permanent appointment of a victims' commissioner.

I shall now deal with each of the Bill's key provisions in turn, starting with coroners. In the past four decades there have been major reforms of both the civil and criminal courts, but the coronial service has so far remained unchanged. We consulted widely on the draft Bill and have listened carefully to the House, and the Bill will bring about the first major reform of the coroner service in more than 100 years. It will significantly improve the service for bereaved families, not least those of service personnel, and strengthen death certification procedures following the Shipman inquiries.

Angus Robertson (Moray) (SNP): On overseas military deaths, the Secretary of State will be aware that there is currently no provision for inquiries in Scots law, but in recent months significant progress has been made in discussions on the matter between UK and Scottish Ministers. Will he confirm that the UK Government's intention is that they may table provisions during the Bill's passage to help to update the situation?

Mr. Straw: Yes, I am happy to confirm that to the hon. Gentleman.

Paul Farrelly (Newcastle-under-Lyme) (Lab): On the deaths of service personnel, I share with many Members concern about the resurrection of private or secret inquests. They hardly seem in keeping with the Obama zeitgeist. May I give an example of a case in which the Secretary of State might have been prevailed upon to issue a certificate on the grounds of national security? In June 1994, a Chinook crashed on the Mull of Kintyre, killing four air crew and Northern Ireland intelligence experts. The families have been fighting to reverse the RAF board of inquiry's verdict of pilot error ever since. I knew Mike Tapper, the father of Flight Lieutenant Jonathan Tapper. May I urge the Secretary of State to explain fully the potential impact of private inquests on the possibility of getting to the truth about the deaths of brave servicemen and women in such cases?

Mr. Straw: I am just about to come to the Bill's provisions on the special certification procedure. I fully understand, as all of us do, the deep concern and anxieties of the bereaved families of that terrible Chinook accident in 1994, but it happened in the territory of Scotland, which is not directly covered by the Bill and where there have long been separate procedures for fatal accident inquiries.

Mr. James Gray (North Wiltshire) (Con): Does the Secretary of State agree that one aspect of military inquests about which bereaved families are deeply concerned is that the state can be represented by barristers, whereas they cannot except in exceptional circumstances and at the agreement of the Secretary of State himself? Does he agree that there should be room in the Bill for a clause allowing, or in fact requiring, families to be properly represented at inquests?

Mr. Straw: I understand the hon. Gentleman's concern, but the reason why successive Governments have resisted a general provision to make representation or legal aid available in inquests is that they are civil, inquisitorial inquiries. They are not judicial proceedings, and they work very differently even from other civil proceedings. That is why successive Governments have resisted the notion that legal aid should be made available. There are exceptions to that—I have been party to agreeing them—and although I do not give the hon. Gentleman an undertaking that we will accept an amendment on the matter, I certainly undertake that we will consider it.

Jeremy Corbyn (Islington, North) (Lab): The Secretary of State must be well aware of the hurt caused to families when there is an inquest into a death in police custody, for example, and they cannot be represented because they cannot get legal aid. They therefore feel that they have all the powers of the state against them when they are merely trying to achieve truth and justice for their loved ones. Will he think again about the policy of denying legal assistance to people who are going through a terrible crisis in their lives?

Mr. Straw: We are happy to think about it, but as I have said, there are some complexities. We must also consider the overall issue of cost, in the context that the legal aid budget for England and Wales is now the same amount that we spend on prisons, and legal aid per head in England and Wales is higher by a large margin than in any other country in the world, including common-law countries. That is the challenge that we face, but I understand the concern that has been well expressed by Members in all parts of the House.

1. *[Official Report, 11 February 2009, Vol. 487, c. 16MC.]*

I turn to the proposals in the Bill relating to coroners. There will be a new chief coroner, who will be a High Court judge and will preside over the reformed service and provide national leadership, and there will be separate independent inspection. For the first time, bereaved families and other interested parties will have access to a dedicated appeals system and will not have to rely on seeking a judicial review of an inquest. There will be far greater scope to transfer investigations from one area to another, taking into consideration the views and needs of bereaved families.

Mr. Grieve: We entirely welcome the list of proposals that the Justice Secretary has just read out. However, he knows that some anxiety has been expressed about the fact that the post of deputy chief coroner will not be available to those working in the coroners system. I am surprised about that, although it is clearly right that the chief coroner should be a High Court judge, and I hope that we can consider the matter carefully during the Bill's passage.

Mr. Straw: I have thought about the matter a lot during the Bill's drafting. I fully accept that there is much to be said in favour of what is in the Bill and also of the hon. and learned Gentleman's comments. I am open to considering amendments on the matter in Committee.

Let me now deal with what is plainly the most controversial issue in the Bill—the proposition that, in certain limited circumstances, inquests should partly be held in private. In some circumstances, it is in the interests of justice to hold such inquests partly in private—for example, to protect highly sensitive information, such as a police source or intercept evidence.

During the debate about previous proposals in the Counter-Terrorism Bill—the substance of the current proposals differs markedly from those—it was suggested that there was no need for special provisions and that we could rely, as the criminal courts do, on the public interest immunity certificate procedure. I want to outline a fundamental difference, which means that that argument cannot apply.

In a criminal prosecution, there are many occasions on which the courts receive applications for public interest immunity certificates. As Home Secretary and as Foreign Secretary, I signed several. In most cases, because they are carefully thought through, the court grants a PII and the sensitive information is thus protected and kept from the jury. However, sometimes the PII is not granted. In that case, it is open to the prosecution to withdraw altogether—that sometimes happens. The prosecution therefore has an option to proceed without the PII or withdraw in the public interest.

That option cannot arise in the case of an inquest. The need for an article 2 inquest arises when somebody has died in specific circumstances, not least, as the Bill spells out, when a person has died in the custody or the detention of the state. If the court was not willing to grant a PII, it would be improper for the state to abandon the inquest. That is why a proposal has been presented to introduce a special procedure to deal with the problem, which has become more significant in recent years because the courts have quite properly insisted that the inquests become article 2 compliant.

In a small number of cases, there has been significant difficulty in ensuring that coroners have access to all relevant information, including highly sensitive material, which cannot be made public. Agencies have used public interest immunity to refuse to disclose such material. To make the best of a difficult—and, in my view, unsatisfactory—situation, I am told that some coroners have worked with the relevant intelligence and security agencies to secure as much information as possible to ensure that a viable inquest could take place. In some circumstances, coroners have been shown withheld material in private, although they have not been able to make use of it. They have also been prevented by law from seeing any material protected by the Regulation of Investigatory Powers Act 2000, including intercept material.

We have developed the proposals because we believe that the current state of the law and process is unsatisfactory. It has resulted in two inquests being unable to proceed because the coroners cannot comply with their article 2 obligation to conduct a broad inquiry into the circumstances of deaths resulting from an act or omission of the state. Given that coroners' inquests are increasingly being used to discharge those article 2 obligations, it is likely that that will continue to pose a problem in a small number of cases in future.

I do not claim to the House that the provisions in the Bill are the last word—indeed, we are open to amendments. However, I ask hon. Members to acknowledge that there is a problem and that PII certificates will not tackle it. The state is not in the shoes of a prosecutor in respect of an inquest. As I have said, in the case of a criminal trial, the prosecution can be withdrawn, but in the case of an inquest, that cannot happen.

Part 1 of the Bill seeks to ensure that there is a proper legal basis for inquests to consider protected information. As I have already said, proposals relating to this first surfaced in the Counter-Terrorism Bill. However, the proposals in the Bill represent significant changes to those original provisions, and we have tried to take account of the criticisms that were made. We have narrowed the criteria for certification, and introduced a requirement that consideration must be given to every other way of preventing the material from being made public before the new measures can be used.

Mr. Grieve: I appreciate that this is an area of some difficulty, but I am sure that the Secretary of State will be aware that one of the reasons for holding an inquest is to satisfy the families as to the circumstances of a death. In an article 2 case, the provision and presumption is that there should be a jury. Indeed, that follows almost automatically at present. Frankly, the Government's proposals are really no different from their convening a secret internal inquiry of their own and then saying afterwards, "We are satisfied that everything is all right." The proposals, as drafted, for the secrecy clauses and for the lack of a jury completely undermine the purpose for which an inquest is convened in the first place. There must be a better way of resolving the Secretary of State's dilemma than going down that road.

Mr. Straw: If there is a better way, let us see it. I am not unsympathetic to the hon. and learned Gentleman's point, but I have looked at this matter. I am not saying that this is the last word, but this is a really difficult issue. I wholly reject his suggestion that the Bill provides

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for some kind of secret inquiry conducted by the Secretary of State. That is a parody of what it says. Moreover, as he knows, European jurisprudence—including the convention—does not require there to be a jury in any circumstances. We are very unusual, in England and Wales, in using juries as frequently as we do. That is a great strength of our system, but there is no requirement whatever, either in article 2 or in the Strasbourg jurisprudence, to do so.

David Howarth (Cambridge) (LD): The Bill does two different things. First, it removes the jury; secondly, it provides for an inquest to be held in private. Those are entirely different steps. The Secretary of State's arguments in favour of holding an inquest in private do not justify the removal of a jury, unless one believes that juries inherently represent some kind of security risk. Are not the Government taking the attitude that members of the public are incapable of keeping confidential the information that is put before them as jurors?

Mr. Straw: In extreme cases—I can think of cases in which I myself signed public interest immunity certificates—there would be a grave risk of death for some individuals if certain categories of information were to be held by more than a handful of people. That point cannot be trivialised.

Several hon. Members *rose—*

Mr. Straw: I will of course give way in a moment, but, if the House will allow me, I want to make a little progress.

We have narrowed the criteria, and there will also be a requirement that consideration must be given to every other way of preventing the material from being made public before the measures can be used. It is true that these provisions were not on the statute book at the time of the de Menezes inquest, but it was perfectly plain that every effort was made, successfully, to ensure that that inquest could take place without the need to resort to similar measures or for the inquest to be deferred. That will be the default setting, as it were, and it is set out in the Bill.

The Bill anticipates that any decision by the Secretary of State to certify an inquest will be subject to judicial review by the courts. I have no doubt that any such review would be thorough. Indeed, the provisions include a requirement for the Secretary of State to notify interested parties of such a decision, followed by a period of grace to give them the opportunity to apply for judicial review. If judicial review proceedings are brought, the Secretary of State's certificate will have no effect until they are concluded.

Last Session's Bill provided that the appointment of a coroner should be made by the Secretary of State, but there were many objections to that, which I fully understand. This Bill provides explicitly for there to be no involvement—and this is entirely correct—by a Secretary of State in the appointment, which is to be made by the Lord Chief Justice and should be of a High Court judge.

Several hon. Members *rose—*

Mr. Straw: I shall give way first to my right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth), and then to other hon. Friends.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): The hon. Member for Cambridge (David Howarth) spoke earlier about instances where the jury is removed from inquest proceedings. If, however, the case were important enough to be covered by a public interest immunity certificate—I realise that that is not what is being proposed—the information contained in it would almost by definition be of a sufficiently high level of secrecy that a jury would not be privy to it in any case.

Mr. Straw: My right hon. Friend is correct. That is the problem and it explains why we run into the difficulties that I have outlined.

Mr. Chris Mullin (Sunderland, South) (Lab): How satisfied is my right hon. Friend that, if the secrecy option had been available in the de Menezes case, it would not have been used? I say that because the default position of those in authority when a mistake of that magnitude occurs is usually secrecy. My right hon. Friend will recall that in that case, the Metropolitan Commissioner wrote to the then Home Secretary the day after the shooting occurred and asked that there be no independent inquiry into the circumstances. He was apparently unaware that the Independent Police Complaints Commission was obliged by law to hold such an inquiry. The danger is that once one opens this little gap in the law, it will be exploited.

Mr. Straw: I do not deny the temptation, but it is for that reason that under clause 11(1)(b):

> "The Secretary of State may certify an investigation... into a person's death if of the opinion that... no other measures would be adequate to prevent the matter being made public."

That is very explicit language and that provision would itself be the subject of very anxious scrutiny by the court on a judicial review of a Secretary of State's certificate.

David Davis (Haltemprice and Howden) (Con): I ask the right hon. Gentleman to come back to the issue raised by the Liberal spokesman, the hon. Member for Cambridge (David Howarth). There have been instances in the past when jury trials have been held partially in camera—I am thinking back to times when the Soviet Union still existed and we had spy trials—and under those circumstances, of course lives were at risk. It was not always British citizens' lives, as agents in the Soviet Union and so forth were sometimes involved, yet jury trials were still held. Why is it not possible to reconstitute that sort of arrangement?

Mr. Straw: There were indeed such trials, but it is also the case that in such trials, some of the evidence that was otherwise material was denied to the jury altogether by the exercise of a public interest immunity certificate. As I said to my hon. Friend the Member for Sunderland, South (Mr. Mullin), the starting point should be how to work round the existing system of having a jury, including having a hearing in camera as part of the proceedings, but one then gets to the point where, under criminal trials, including even those held in camera, the judge

agrees that certain relevant information is not disclosable to the jury. That is the difficulty. As I say, I understand the fact that the House is uncomfortable about this provision; it is not one that I am particularly comfortable with myself; it is a real difficulty. What we have to do is to try to find a way through it.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab) *rose—*

Mr. Andrew Dismore (Hendon) (Lab) *rose—*

Mr. Straw: I need to make some progress. I shall give way to my two hon. Friends, but then I must move on.

Mrs. Humble: We all understand my right hon. Friend's problems with this issue, but I would like to return to earlier questions about the impact of these measures on service families. They are constantly told that they cannot have public inquiries, because they get answers to questions about the deaths of their loved ones through the coroner's inquest system. Now, however, they are told that they may only get a partial answer. Cannot my right hon. Friend understand the dismay felt by many service families about these issues?

Mr. Straw: First, the number of such inquests would be very limited indeed—probably one or two a year, if that. I think it would be very rare for those to be held in respect of service personnel, for good reasons. I understand the concerns, and what the Bill overall does is greatly to strengthen the facilities, services and rights of bereaved families.

Mr. Dismore: One assumes that the exclusion of the public will extend to the family and relatives of the deceased. It is often difficult, even under normal processes, for such people to get closure when somebody has died in tragic and violent circumstances. In cases of the sort that we are talking about—the most sensitive of all—does my right hon. Friend really think that relatives will get closure when faced with an inquiry from which they have been excluded? Does he think that that complies with the requirements of article 2 of the European convention on human rights, particularly in the light of the case of Jordan, which said that families have to be involved in the inquest process?

Mr. Straw: The families will be involved. We are talking about exclusion from only part of the inquest in very limited and very specific circumstances, not about secret inquests. I would also say that those inquests, where held, will be conducted by an experienced High Court judge. Although I understand the concern of families that they will not get a verdict of the jury, what they will get instead, which they cannot get from a jury, is a detailed, reasoned explanation running over many pages, and a review of all the evidence, such as can be made public, as to why the learned judge has come to the view that he or she has.

Emily Thornberry (Islington, South and Finsbury) (Lab): Will my right hon. Friend give way?

Mr. Straw: If my hon. Friend does not mind, I need to make progress because this is quite a significant Bill.

May I go on to other aspects of the Bill? Part 2 deals with—

Anne Snelgrove (South Swindon) (Lab): Before my right hon. Friend moves on, will he give way?

Mr. Straw: Yes.

Anne Snelgrove: I want to raise a point about the way that coroners have dealt with incidences of domestic violence and deaths following those. My right hon. Friend may be aware of the tragic case of Julia Pemberton, whose family live in my constituency. Last year, the Pemberton homicide review concluded in the body of its report that domestic violence training should be made available for coroners. Can my right hon. Friend give the family any comfort that his Bill will insist on such training for coroners?

Mr. Straw: The Bill itself will ensure that there is a chief coroner, a charter for bereaved families and guidance given by me and by the Lord Chief Justice on how the coroner service should operate, so the short answer to my hon. Friend is yes.

Emily Thornberry: Will my right hon. Friend give way?

Mr. Paul Truswell (Pudsey) (Lab): Will my right hon. Friend give way?

Mr. Straw: I am sorry, but I am afraid that I must make progress, if my hon. Friends will allow me. I will give them an opportunity to come back when I have done so, if that is all right.

May I go on to deal with other aspects of the Bill? Part 2 proposes reforms to the law of homicide. In particular, it abolishes the partial defence of provocation and replaces it with a new partial defence, which applies to killings in response to a fear of serious violence and killings in response to words or conduct that cause a defendant to have a justifiable sense of being seriously wronged. Those provisions will not, as some have claimed, give abused women a licence to kill. They are designed, rather, to bring about just outcomes, irrespective of gender.

Let me turn to the law on assisted suicide.

Bob Spink (Castle Point) (Ind): Will the right hon. Gentleman ensure that the use of diminished responsibility in relation to murders will be accepted only where a recognised medical condition is restricted and predetermined by the House when hon. Members go through the Bill in Committee, and is diagnosed before the murder takes place?

Mr. Straw: I did not entirely follow the hon. Gentleman's question, but I will ensure that it is answered in full during the winding-up speech. It is wonderful being a Minister in my Department, and Ministers thank God every day for the post.

Emily Thornberry: Will my right hon. Friend give way?

Mr. Straw: I will, in a second, but let me turn to the law on assisted suicide.

Mr. Grieve: Will the right hon. Gentleman give way, before he moves on to discuss assisted suicide?

Mr. Straw: Okay.

Mr. Grieve: I am grateful to the right hon. Gentleman for giving way and I have to say that he has moved over the issue of provocation with a speed and nimbleness that rather belie the controversial and complex nature of the proposals. I appreciate that they may have to be looked at in Committee, but he will be aware that there is considerable anxiety about, for example, the proposal that sexual infidelity be excluded whereas so much else may be left to subjective views and the jury's reasoning. He will have seen what the former Lord Chief Justice said about that. Has he any comment to make at this stage that might help the House, and may we have an assurance that we will be able to examine this issue in considerable detail?

Mr. Straw: I am aware that there is much to be said about the issue on all sides, and I have thought about it very carefully. Of course it will be examined in great detail in Committee. I should be happy to make a speech for a couple of hours going into great detail now, but I fear that that would be considered an abuse of the privilege of the House.

Several hon. Members *rose—*

Mr. Straw: I shall give way to my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry), but then I must make progress, or there will be complaints that I have spoken for too long.

Emily Thornberry: I am sure my right hon. Friend will know that many Members on both sides of the House are fully sensitive to the difficulties that he faces in trying to amend an inquisitorial system while also trying to protect security, but I am also sure he will agree that whatever qualifications, experience and brilliance High Court judges may possess, they have nothing in comparison with the good sense possessed by juries. I welcome the opportunity to work with my right hon. Friend in trying to find an alternative to restricting jury trial.

Mr. Straw: I take note of that.

Both the Law Commission and an independent review identified confusion about the scope of the law on assisted suicide. I have also received strong representations on the issue from my hon. Friend the Member for Bridgend (Mrs. Moon), whose constituency has suffered the terrible tragedy of a series of suicides. Part 2 does not substantively change the law, but it does simplify and modernise the language of section 2 of the Suicide Act 1961 to increase public understanding and to reassure people that the provision applies as much to actions on the internet as to actions offline.

In the past 10 years, we have developed much greater protection for children from sexual abuse, but we must keep the law up to date with technological changes. The Bill therefore provides for a new offence of possession of non-photographic images of child sex abuse, building on the existing law in respect of indecent photographs.

Sir Paul Beresford (Mole Valley) (Con): Will the Secretary of State give way?

Mr. Straw: Will the hon. Gentleman allow me to make some progress?

The Bill also completes unfinished business from the Criminal Justice and Immigration Act 2008 by proposing to remove the so-called freedom of speech amendment—which was inserted in the Bill in the other place at the last moment—in relation to the offence of inciting hatred on the grounds of sexual orientation. As the House will recall, that provision was defeated overwhelmingly by Members on both sides of the House—there was a majority of 200—but we had to accept the decision of the other place temporarily, because we had to secure Royal Assent by 8 May.

David Taylor (North-West Leicestershire) (Lab/Co-op) *rose—*

John Bercow (Buckingham) (Con) *rose—*

Mr. Straw: I give way to my hon. Friend the Member for North-West Leicestershire (David Taylor).

David Taylor: I am grateful to my right hon. Friend.

In the face of much Government opposition, the other place did indeed insert "free speech" clauses in the part of the Bill dealing with the offences of religious and homophobic incitement. Clause 58, the final clause in part 2 of this Bill, seeks only to remove the "free speech" exemption in relation to homophobic incitement. Is that not a rather asymmetrical approach, and is it likely to survive challenges in the other place?

Mr. Straw: I shall certainly take account of what my hon. Friend has said, but there are differences and I think that that has been accepted by the House when the matter was debated.

Sir Paul Beresford *rose—*

John Bercow *rose—*

Mr. Straw: I give way to the hon. Member for Buckingham (John Bercow).

John Bercow: The creation of the offence of homophobic hate crime—courtesy of the Criminal Justice and Immigration Act 2008, the effect of which was to amend the Public Order Act 1986—was very sound, and commanded widespread support. It was designed to catch, among other things, despicable homophobic lyrics in reggae songs, such as "Hang lesbians with a long piece of rope" and "All gay men should die". May I put it to the right hon. Gentleman that the so-called free speech amendment was at best superfluous, and at worst deeply objectionable? Some—although not all—of its supporters would not even know how to spell the word "equality", let alone sign up to it. It is right that clause 58 should remove the exemption.

Mr. Straw: A great many were on the Conservative Benches in the House of Lords. I shall pass on the hon. Gentleman's compliments to his noble Friends there.

Several hon. Members *rose—*

Mr. Straw: I should like to make a little progress.

The offence of inciting hatred on the grounds of sexual orientation has a very high threshold. It currently covers only behaviour that is threatening and intended to stir up hatred. We are returning to this issue because we believe there are no circumstances in which the right of alleged freedom of speech should justify such behaviour.

Mr. Grieve: The one thing the Secretary of State has not told the House is why he thinks the proposed saving clause introduced in the other place in any way undermines the intention and ability to prosecute under the main part of the clause, which we support. Unless I can be persuaded that it does so undermine it, I think that, as a saving clause, it has a great deal of merit, particularly in view of past history, which shows that individuals who have sought to express perfectly reasonable criticism have received visits from the police.

Mr. Straw: I simply do not accept that. The movers of that amendment were very clear that the words meant something; they were intended to make a conviction very difficult indeed. That was the purpose.

Sir Paul Beresford: Clauses 52 and 53 relate to images used by paedophiles for their own excitement and for incitement. Clause 58 refers back to an earlier homophobic incitement measure, which can include the written word. Has the Secretary of State ever considered a similar law for paedophiles, in response to the appalling written material they use for similar personal and other incitements? If he has done, or is willing to do so, I will be happy to ask a certain well-known policeman in the Metropolitan police force to send him some copies of this disgusting stuff—and to do so directly, because I do not want to see it.

Mr. Straw: We seek all the time to ensure that what this House and the public regard as obscene, objectionable and extremely pornographic and corrupting is covered by the law, and I am happy to sit down with the hon. Gentleman to see whether this provision and the other provisions cover what he has in mind.

Turning to part 3 of the Bill on criminal evidence, investigations and procedure, in July last year, with agreement from all parts of the House, we acted decisively to allow evidence in criminal trials to be given anonymously, following the Law Lords decision in the Davis case. During the passage of the Criminal Evidence (Witness Anonymity) Act 2008, I said that Parliament would be given a further and fuller opportunity to consider the legislative framework for the use of such evidence. Part 3 fulfils that undertaking by re-enacting that emergency legislation, with some changes. It contains proposals to build on the 2008 Act by way of an "investigation witness anonymity order". This new tool will enable the police to provide early reassurance to witnesses that their identity will be protected during and after investigations of gang-related homicide.

In January last year, while on bail awaiting trial for the alleged murder of his wife, Garry Weddell killed his mother-in-law before taking his own life. That case highlighted the desperately difficult decisions facing judges and magistrates every day in granting bail to murder suspects. My right hon. Friend the Prime Minister assured the House at the time that

"if any changes in the law are necessary, we will make them." [*Official Report*, 16 January 2008; Vol. 470, c. 925.]

Following a public consultation, part 3 sets out proposed changes to the law on bail, including the strengthening of rules on granting bail in murder cases and a requirement that the decision to grant bail in such cases is made by a Crown court judge. We believe that this strikes the right balance between protection of the public and protection of the rights of those who have not yet been tried. Combined, the measures in part 3 will ensure that the interests and safety of victims, witnesses and the wider public are put first, and that justice can be better in criminal cases.

On part 4 on sentencing, Parliament lays down the maximum sentence for every offence and, in a few instances, provides for minimum sentences as well, but the range of sentences for particular categories of offence is a matter for the discretion of the court. When I first looked at this issue in the mid-1990s, I found two things. First, for similar categories of offence and similar offenders, there were significant variations in sentence practice, unexplained by any factor other than the habits of different courts. Secondly, the guidance available to courts took the form of a digestion of decades of High Court decisions contained in dense textbooks such as David Thomas's "Current Sentencing Practice", which although an impressive and distinguished work of scholarship, now runs to five volumes.

Mr. Grieve: That is your fault.

Mr. Edward Garnier (Harborough) (Con): It is easy to read.

Mr. Straw: I suggest that neither is the case—that work was already pretty substantial when I was in opposition.

The truth is that sentencing practice is complicated and is bound to be so, but I found that, without any other information, neither the public nor sentencers had a clear idea of the penalties for particular types of behaviour. That explains the significant variation in the attitude of the courts to similar offences and similar offenders. My view was that we needed a more explicit process, but one that fully respected the independence and discretion of judges and magistrates at the point of sentence. So, the Crime and Disorder Act 1998 established the Sentencing Advisory Panel. That was followed by the Criminal Justice Act 2003, which proposed the Sentencing Guidelines Council.

At the end of 2007, Lord Carter's review of prisons recommended the setting up of a working group to look at the advantages and feasibility of a structured sentencing framework and a permanent sentencing commission for England and Wales. In response, a working group was established under Lord Justice Gage, and I am extremely grateful to him and to his colleagues on that group. Our proposals in this Bill implement the unanimous and majority recommendations of that group.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Under the recently developed arrangements, the Select Committee on Justice has a specific role to play in examining

[Sir Alan Beith]

proposed sentencing guidelines. How will Parliament be involved in this important process under the arrangements now being proposed?

Mr. Straw: Those arrangements would continue and we are, of course, open to suggestions about how they should be strengthened. I have thought about whether there should be arrangements for Parliament to approve by affirmative order the recommendations or decisions of the sentencing council in this Bill—I think there would be many objections to that. I think that there are ways of strengthening the work of the Justice Committee, and we are certainly ready to consider those.

David Howarth *rose—*

Mr. Straw: I should like to make a little progress first. The Gage working group rejected the introduction of a United States-style sentencing grid and instead called for the strengthening of the Sentencing Guidelines Council. We support that approach. That is why we propose the new council in part 4 of the Bill. One of the purposes of the council has been explained with admirable clarity:

"there should be a new, formal mechanism whereby the impact of proposed sentencing changes is assessed by an independent body, so that the Government and Parliament are properly informed about the decisions they take, and to ensure that they understand what resources will be necessary to deliver those changes. But that is entirely different to proposing that sentences should be limited by the resources made available by the Government after the framework is set."

That was the opinion of the hon. Member for Arundel and South Downs, when speaking in November 2007, and I wholly agree with what he said.

Mr. Grieve: The matter that the Secretary of State glosses over is that it is the intention, in setting up this structure, to fetter the ability of judges to exercise their discretion within the parameters laid down by the Sentencing Guidelines Council and by considerations relating to the Government's number of prison places, for example. That is a profound change, and I must tell him that it will come as a shock to the public, because it has been an established principle for a long time that judges should pass sentences that reflect the period that a person should serve in prison. Are we going to hear anything about that this afternoon or will it simply be brushed under the carpet?

Mr. Straw: The hon. and learned Gentleman has just heard something about it, but he was not listening to the views of his party's former shadow Justice Secretary. What we are seeking to do is to reach a consensus on what he was proposing.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): It is important that we examine what affects the public and not just what affects lawyers. Does my right hon. Friend agree that it ought to be made explicit that a sentencing council's work should include examining what is effective in cutting crime and reducing reoffending? After all, victims want to know, more than anything else, that they will not become victims again in the future. That has not necessarily been a prime focus of the courts system.

Mr. Straw: Ensuring the effectiveness of sentencing will be an important role of the sentencing council. The majority of the council's members will be judges or magistrates. It will have a permanent judicial majority, which is one important reassurance. The council will have an enhanced role in collecting data and monitoring the operation and effect of its sentencing guidelines. It will provide independent assessments of the impact of Government proposals on correctional resources. It was that function that Parliament and many others sought so that Parliament would be told when it was proposed to change sentencing practice—

Mr. Grieve: That is not the issue.

Mr. Straw: It is part of the same issue. New proposals, wonderful though they might be, could result in increased demand for prison places, so the next question is whether the money is available to pay for them. That is a sensible way to proceed. The improved collection of data would also meet the concerns raised by my right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael) that a better assessment should be made over time of the efficacy of sentences in terms of reoffending rates. The courts will be able to depart from the council's sentencing guidelines if that would be in the interests of justice. The Bill is deliberately silent on what is meant by the interests of justice because that would be a matter for the courts to determine.

Mr. Garnier: May I come at the problem from a slightly different angle? There are already magistrates who are not able to sentence people to community sentences when that might be appropriate because the lack of resources from the Government has made certain courses unavailable. For example, in Staffordshire, magistrates have been unable to sentence people to particular community sentences for that reason, and I am told that that problem is not peculiar to Staffordshire. The Secretary of State must understand that the resources question attaches not only to custodial sentences but to community sentences. People who should be getting community sentences are, for the wrong reasons, being sent to prison.

Mr. Straw: The numbers are few and far between in our judgment. We increased the money—£40 million—available to the probation service, and not all of that has been spent. However, I am always happy to look at individual cases.

The Opposition need to make up their mind which side they are on when it comes to resources—

Mr. Garnier: It is common sense.

Mr. Straw: Well, that will not write the cheques. In individual departmental areas, the Opposition call for more resources, but overall they call for fewer resources. I remind the hon. and learned Gentleman—I look forward to his response later—that I wrote to his predecessor in November to point out that the shadow Chancellor and the Leader of the Opposition kept saying that they would cut spending in the future and would have cut it in the past. Where would the cuts have applied in this Department? Despite three reminders, not a word came back. We look forward to a response today.

In giving effect to the working group's recommendations, there is no question whatever of individual sentencing decisions being tied to the availability of prison or probation resources. I am aware that parts of the Bill are complex, and I am anxious to get it right. I aim to table some amendments in Committee and I will also listen closely to the debate today.

I have already referred to representations made to me by my hon. Friend the Member for Bridgend, to which I have sought to respond. Now I want to refer to a matter that was brought to the attention of the House by the hon. Member for Scarborough and Whitby (Mr. Goodwill) on the advice of Jan Woodward, whose daughter was tragically killed by a drunk driver. In a question to the Prime Minister, the hon. Gentleman drew attention to an anomaly in the law that means that if an offender has committed a serious crime that merits both a prison sentence and a period of disqualification, the latter runs from the point of sentence. The result is that the offender will often have completed a large part of the disqualification before he or she is released from prison. I commend the hon. Gentleman for bringing the matter to the attention of the House. In changing the law, which was of decades' standing, we have sought to ensure that offenders suffer the full punishment for their offences by requiring the courts to extend the period of any driving ban to take account of the time served in prison.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Although I recognise that the measure addresses the specific point of a person who is given a prison sentence and a ban at the same time, it does not address the other situation that might occur. A person might be sentenced, for example, for a burglary during a driving ban and would continue to serve that driving ban while in prison for the burglary.

Mr. Straw: The hon. Gentleman and I have discussed that and, if we can find a way through it—he acknowledges privately that there is a way through—we will do so. We all understand the point.

Dr. Tony Wright (Cannock Chase) (Lab): Will my right hon. Friend give way?

Mr. Straw: If I may, I want to make some progress, as I have already been on my feet for getting on for 50 minutes.

The Bill also deals with better supervision of knives by the court, which has also been drawn to the attention of the House, and with the issue of profiting from criminal memoirs.

Let me turn finally to the provisions relating to changes to the Data Protection Act 1998. In an age of instantaneous electronic information, it is fundamental that data held on individuals are secure and properly protected. That plainly has not always been the case. At the same time, provided security and scrutiny are guaranteed, better data sharing can greatly work in the interests of the public. It can help to improve opportunities for the most disadvantaged, provide better public services, reduce the burden on businesses, implement policies more effectively and detect fraud.

At present, when a family is bereaved they often have to contact Government Departments and local authority departments many times over to make the necessary arrangements, often providing the same information. Responsible data sharing between the relevant agencies would reduce the number of people who would need to be notified of a death, thereby helping to relieve distress at a difficult time.

Last year, my right hon. Friend the Prime Minister asked Professor Mark Walport and the Information Commissioner, Richard Thomas, to conduct an independent review of data protection and data sharing. The review recommended stronger safeguards to protect data and upgraded arrangements for data sharing. It said, in particular, that

"there is a lack of clarity about what the law permits or prohibits."

So, alongside new powers, clause 152 provides a new scheme for data sharing. Under those powers, an order may be made only in circumstances where sharing the information is in the public interest and proportionate to the impact it may have on the person affected. The Information Commissioner will provide independent oversight of the process, scrutinising draft orders and laying before Parliament a report of his findings. Every single order will have to be debated and approved by Parliament.

Mr. Grieve: With his characteristic skill, the Secretary of State reduces a seismic change in the relationship between the state and the citizen to something utterly benign. Is it not the case that a great deal of the information that the state acquires from individuals is acquired for specific purposes that Parliament has set down? The Government are proposing to drive a coach and horses through the duty of confidentiality that the state owes to individuals in any case where a quite nebulous concept of public good decides to trump the private right. That is surely not a matter that we should be considering in a portmanteau Bill of this sort. It ought to be contained in separate stand-alone legislation. It has enormous implications for civil liberties and it is not right that the Government should come to the House and ask us to have it as a little add-on to another complex piece of legislation.

Mr. Straw: The hon. and learned Gentleman does nothing for his case with his gross exaggeration of the provisions. The measures follow the Walport-Thomas review, which was rather widely welcomed, as I recall. There was then a period of consultation. The Government published their detailed response, which effectively accepted what the highly independent reviewers had proposed, and that has now found its way into the Bill.

I should also say to the hon. and learned Member for Beaconsfield that this Bill is not about choosing between the private individual and the public good, as it were, but about helping private individuals, in many cases, through better data sharing. There are separate provisions for the use of anonymised data for statistical purposes, and the hon. and learned Gentleman needs to look at them.

Mr. David Heath (Somerton and Frome) (LD): Will the Secretary of State give way?

Mr. Straw: In the interests of proper debate, I am about to finish my remarks.

The safeguards in the Bill will be complemented by additional proposals in part 8 to strengthen the auditing and inspection powers of the Information Commissioner. This Government recognise the need to strengthen the

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protection of personal data, and to restore public confidence in its security. It is right to consider the risks of data sharing, but these should not blind us to its potential benefits.

This Government have presided over a decade of very significant institutional and cultural reform to our public services that has seen them become better funded, better performing and much more efficient. To finish where I began, the result is that this is the first Administration since the war to see crime go down consistently, year by year. That is in contrast to the performance in government of the Opposition, when crime doubled during their 18 years in power.

The proposals before the House today are intended to make the coroner and justice systems more effective, responsive and accountable, and to enable them to meet the expectations of victims, witnesses, bereaved families and the wider public. I commend the Bill to the House.

4.36 pm

Mr. Dominic Grieve (Beaconsfield) (Con): The Bill's title suggests that it deals with matters that might command cross-party support. As the Secretary of State will be aware from my earlier interventions, it is widely agreed that the coroners system is in need of reform. Coroners themselves agree with that, as do the Opposition, and we all wish to improve the operation of our justice system. Change is needed, but this Bill fails to address the issues properly. There is certainly much that we wish to support that may strengthen the fight against crime, but some of the Bill's measures are an offence to justice and the preservation of freedom in this country.

Mr. Heath: Will the hon. and learned Gentleman give way?

Mr. Grieve: I will in just a moment.

It beggars belief that the Government should be seeking a draconian transformation in our law to enable them to share private data about individuals. Those data will have been collected in confidence for specific purposes but their ability to be shared right across Government will be sanctioned merely by statutory instruments that will be unamendable in this House. The controversial nature of such a proposal cries out for stand-alone legislation, and I can tell the Secretary of State that we will seek to remove it from the Bill.

Mr. Heath: I am most grateful to the hon. and learned Gentleman for giving way, and I welcome him back to his area of expertise. It is a promotion, I am sure, and I am glad to see him in his place.

Far from being too critical, the hon. and learned Gentleman's assessment of the effect of the section of the Bill in question was extremely modest. It is the most important part of the Bill, but did he notice that it was the one area on which the Secretary of State did not wish to engage in debate with the House? Does he agree that, whatever the merits of a modest sharing of information, the proposal before us is so broad that it will have a quite staggering effect in undermining the principles of the Data Protection Act 1998?

Mr. Grieve: I agree entirely with the hon. Gentleman. We are clearly going to have to make common cause with his party and with hon. Members in all parts of the House as we try to make the Government see sense on this matter.

Alun Michael: May I counsel the hon. and learned Gentleman, and his ally on the Liberal Benches, to avoid making over-hysterical comments on the issue of data sharing? Does he accept that there is an important need to have a balance between protecting data and using them, especially to prevent crime and reduce offending? Does he recognise that in many circumstances there is a reluctance to share data because of the sort of rhetoric that he and his colleague have used?

Mr. Grieve: My experience of one or two examples of failures to share data, such as that which was highlighted in the Soham murder case, is that there was no requirement whatsoever for any legislation in the House to enable such sharing to happen. Perhaps a slightly greater understanding of what is and is not allowed is needed. However, the country has managed rather well historically by being extremely careful of allowing the Government to share data. Indeed, the right hon. Gentleman will recollect that, at one time, people were so concerned about preserving individuals' privacy that there were separate schedules to the tax Acts to ensure that a tax inspector could not have a complete picture of a person's finances. We have moved a very long way from there. The path that we are on raises really serious possibilities of the oppressive state, as every hon. Member should bear in mind when considering such proposals.

Mr. Straw *rose—*

Mr. Grieve: Before the Secretary of State intervenes, let me point out that I am not saying that the Government have malevolent intentions. I do not think that, but if the proposal is passed by the House, it will be a substantial accretion of state power that is available for misuse, and the benefits appear very slight in comparison, except possibly for the convenience of bureaucrats.

Mr. Straw: As I have said before, the hon. and learned Gentleman does his case no good by parodying what is in the Bill, and he seems completely ignorant of the provenance of the proposals, which came not from the Government, but from an independent review of data protection, undertaken by people who are profoundly committed to the provisions—the Information Commissioner and Professor Mark Walport. Moreover, the hon. and learned Gentleman must accept, first, the criticism by Walport and Thomas that the existing regime causes confusion—the proposals are designed to end some of that confusion—and that many of the problems that have arisen about whether data can or cannot be shared to protect the public, and secondly, that the Bill, although I am happy to consider how it could be strengthened—

Mr. Deputy Speaker (Sir Michael Lord): Order. I am anxious not to curtail debate this afternoon, because these are complex matters, but I am sure that the Secretary of State will appreciate that he spoke for nearly an hour and that any intervention he makes should be extremely brief.

Mr. Straw: There are many safeguards.

Mr. Grieve: I am grateful for finally teasing from the Secretary of State some engagement in this debate, which is some progress.

Let me make the position clear. I do not deny that the arrival of the vast volumes of data that the state is now collating does not raise challenges. Indeed, the Information Commissioner is on record as expressing deep concern about the way in which, for example, data about a person's distant past may be raked up and used in ways that are detrimental to their well-being subsequently. I accept that there is a need for safeguards and supervision, and some of the provisions may do something in that respect, but that does not get us away from the enormity of what is proposed. As it appears in the legislation, this is in fact the moment when the doors are opened to massive and uncontrolled data sharing. We do not think that that is desirable. We certainly do not think it desirable that it should be included in a Bill of this kind.

Mr. Andrew Pelling (Croydon, Central) (Ind) *rose—*

Jenny Willott (Cardiff, Central) (LD) *rose—*

Mr. Grieve: I probably ought to make some progress, but shall I give way to the hon. Lady before I do so.

Jenny Willott: Does the hon. and learned Gentleman share my concern at how the Government are presenting their case to the public? We saw an example this afternoon, when the Secretary of State talked about families suffering bereavement. I have also heard him give examples involving people moving house. That makes what is proposed sound like a very minor change, made just for people's own convenience. Does the hon. and learned Gentleman share my concern that, if that is what is going to be done, a change in the law is not needed; people just need to be asked to give their consent? The Secretary of State is using minor examples to cover what is, as the hon. and learned Gentleman has said, a huge change.

Mr. Grieve: Yes, I agree entirely, and that is characteristic of the Government. It is just like identity cards, on which we were all told that it would be convenient for everyone to be able to prove their identity. None of these things is likely to take me in, and I do not think that they will take in the public either.

Before I move on to consider the clauses, I cannot entirely ignore the Bill's background, particularly as the Secretary of State has provoked a response in view of his opening panegyric about the Government's record on reducing crime and making everyone safer. We are entering a recession that is made far worse by Government debt, and it looks quite clear from the Government's information that that is likely to be detrimental to individuals' safety from crime as well.

In view of the Secretary of State's comments, I would be interested to hear whether he agrees with the Home Secretary, who wrote to the Prime Minister in September warning of the increase in crime in general, and violent crime in particular, brought on by current economic conditions. Given that matter, the Bill does not even scratch the surface of what the Government could or should be considering. Violent crime has almost doubled under this Government—a fact now openly acknowledged by the head of the Home Office in his memorandum to Ministers, but not, apparently, by Ministers themselves.

There has been failure to plan for, let alone fund, adequate prison capacity, and that is one of the reasons why the proposals relating to the sentencing council take the form that they do in the Bill. At a time when people are concerned about the increase in violence, the full impact of the Government's reckless early release scheme is becoming plainly apparent, for example in the ClearSprings fiasco; the issue was on the airwaves only this morning. The long-term failure to build the prisons that we need for our criminal justice system has led the Government to rely on weak non-custodial arrangements, and to fail to rehabilitate offenders or protect the public. I just point out to the Secretary of State that since 1999, nearly 400 people have been killed by criminals on probation.

A quarter of magistrates courts have closed under Labour; they were replaced by administrative measures that do not punish criminals properly and risk penalising the innocent. The mass expansion of penalty notices—again, this is something with which we are having to grapple—conditional cautions and warnings means that half of all criminal offenders avoid altogether court and proper assessment of what is required for them.

On the expanded use of spot fines, we now put shoplifters and those caught in possession of drugs on a par with someone accused of dropping an apple. Half the fines are not paid on time, in any event. One has the impression that Ministers are more interested in the taxation and revenue aspects of fining than in tackling the underlying causes, in relation to those who steal. Of course, the same approach is taken to cannabis, as the Government send out more mixed messages about that dangerous drug; they are reclassifying it on the one hand, but continue to make it the subject of fixed penalty notices on the other.

I notice that someone was recently ASBO'ed for singing in the bath, but on the face of it, real thugs do not seem to be particularly deterred by antisocial behaviour orders. The Government have repeatedly attacked the role of juries during their time in office. Each time, the Government have had to be fought off, but in the Bill there is yet another attempt to undermine the jury system, in relation to inquests. As I said, there is also the growth of the database state and creeping surveillance, despite all the evidence that the Government are more likely to lose or abuse our private information than to protect it. I am afraid that we see all the hallmarks of those serial failings in the details of the Bill.

Just to cheer up the Secretary of State, let me say that there are some measures that we welcome, as I have already hinted and pointed out. We agree that reform of the coroners' system is long overdue. The bulk of the proposals are clearly of great importance, and we will do our best to make sure that those aspects of the reform can work properly. We certainly support measures to prevent criminals from profiting from their crimes, and we will work with the Government to ensure proper protection for victims and witnesses, while safeguarding fair trials. There is much that is good in that part of the Bill. There may well be some challenging issues to do with investigation anonymity orders, but the intention behind them is clearly laudable.

[Mr. Grieve]

We will also look carefully at the Government's proposals to reform the law on homicide. On that issue, we accept that the Government's intentions are good, but the provisions classically illustrate the problem of trying to cherry-pick important, carefully reasoned and crafted, but admittedly controversial, proposals from the Law Commission's report. There is clearly a need to provide a better definition of partial defences to murder, whether on the grounds of provocation or diminished responsibility. Those will be much harder to rationalise if the Law Commission's idea for two categories of murder is not followed, although, as I say, I have some sympathy with the Government on why they may have decided not to go down that road.

It is a little strange—I repeat what I said in my intervention—that the Government should propose a wide-ranging partial defence where things done or said could cause a defendant to have a justifiable sense of being seriously wronged, intended to be wholly subjective, yet we are asked specifically to exclude sexual infidelity as a ground for feeling wronged. The whole history of human society, whether one is reading "Othello" or considering the case of Ruth Ellis, suggests that that is a matter on which people who might otherwise be behaving reasonably appear to lose all sense of proportion and reason. Without in any way saying that I have a fixed view on the matter, I very much hope that these are issues that we can properly consider, because it will be important that we get them right.

None of the proposals goes to the heart of the matter. They paper over the cracks. The sentencing council papers over cracks. Let us be absolutely clear. The fundamental point about this reform is to ensure that sentencing is driven by Government expediency, rather than by the requirements of justice. If it were not, there would be no reason why the existing system could not be tweaked. Something far more radical is proposed, and it amounts to a substantial fetter on judicial discretion. The Magistrates Association put it this way, and I could not put it better:

"to engineer a reduction in the prison population rather than to deliver just sentences that fit individual crimes".

I make the point rightly made by my hon. and learned Friend the Member for Harborough (Mr. Garnier): the measure applies not just to whether people are being sent to prison; it applies also to non-custodial sentences and whether community punishments are available. It is right across the board.

Mr. Straw: I am grateful to the hon. and learned Gentleman. His suggestion that the proposal is driven by a desire to reduce the prison population is completely untrue. It is belied by the fact—we are often criticised for this, but I take it on the chin—that the prison population has increased by twice the rate at which it increased under the Conservative Government. It has increased by 2,000 places a year and rising, and we have plans right until 2014 for its further expansion. Moreover, his predecessor was proud to say that the Conservative party was the only party committed long term to reducing the prison population. Is that his policy?

Mr. Grieve: Yes, I am entirely committed to the idea of reducing prison population in the long term. That is very desirable. My view has always been that the first step in reducing prison population is to provide adequate prison facilities for rehabilitation and training. That cannot be done in an overcrowded environment, which is why more prison places are needed at present. Moreover, when the Secretary of State quoted my hon. Friend the Member for Arundel and South Downs (Nick Herbert) earlier, he failed to add the final sentence of the comment that my hon. Friend made at the time:

"That is entirely different from proposing that sentences should be limited by the resources made available by the Government after the framework is set."—[*Official Report*, 28 November 2007; Vol. 468, c. 359.]

On that score, the attempt to suggest that there is a difference of view between my hon. Friend and myself is nonsense.

The Bar Council called the move that the Government propose on the sentencing council a "dangerous" politicisation. We will deny the courts the discretion that they need and one of the reasons for that is that the Government have squandered so much taxpayers' money that there is none left to discharge Government's first duty to protect the public.

The Secretary of State challenged us to say how the Conservatives would approach these matters differently. I had not intended to go into this, but I am sure we would not have wasted £70 million on a computer system to link prisons to the probation service, which does not work. We certainly would not have spent £100 million to put the Judicial Committee of the Privy Council into a new Supreme Court, which must be one of the greatest extravagances and wastes of the Government's period in office. Furthermore, we would not be spending £131 million to house the Secretary of State in his new accommodation. All that is quite apart from the £5 billion that has effectively been wasted on the National Offender Management Service—a subject that the Government are only too keen to gloss over. I note in passing that £27 million was spent on external consultants in 2007. If the Secretary of State wanted me to, I could run on with an endless list and point out all sorts of areas in which sensible savings can be made on foolish Government expenditure. If the Government had not been so profligate and foolish in some of the projects on which they embarked, the Secretary of State's Department would not have its spending crisis, which has been afflicting it for a considerable period.

Mr. Straw: Just so that we are clear—

Mr. Garnier: The right hon. Gentleman spoke for an hour, but did not make himself clear.

Mr. Straw: In that case, I will now. Just so that we are clear, is the hon. and learned Gentleman saying that any future Conservative Government would guarantee that no IT project would fail to meet its objectives or its budget?

Mr. Grieve: I very much hope—indeed, I believe—that by applying a bit of common sense, it is possible to avoid some of the pitfalls that have afflicted the right hon. Gentleman's Department. His Department has had many problems, one of which is that his two predecessors were heartily disliked by the Prime Minister when the Prime Minister was Chancellor of the Exchequer. As a result, certainly in respect of constitutional affairs,

for example, and particularly on legal aid, the Department ended up constantly underfunded, because of the wickedness of the present Prime Minister. That remarkable story will take some time to be fully recounted, but it appears to have had a great deal to do with the Prime Minister's personal animus against those previous incumbents. That may have given the Secretary of State an unhappy legacy when he took over the Department; indeed, I suspect that it has given him problems from which he has never been able to escape. I am afraid that I am not in a position to help "holistically"—I think that that is the awful word, which is used in the House far too often—to cure the internal dissensions in Government, which go back a long way.

If the measure on the council passes, our concern is that serious offenders who should be in prison will be let out early or will not be sentenced to custody at all, and that the public will pay the price by suffering at the hands of offenders.

Sir Alan Beith: Has the hon. and learned Gentleman noticed the increase of 300 prison places required for the other provisions in the Bill itself? Does he know the reason for that?

Mr. Grieve: I understand well enough that the Government have considerable difficulties, because prison places will rise as a result of some of the measures. Indeed, it is worth remembering that responsibility for the drivers behind the increased costs of both prisons and the court system can be, at least in part, laid at the door of the Government and their zeal in inflicting tougher and tougher criminal offences on the population. Those offences require representation when they go to court and they require more prison places. I understand that well, just as I understand that the problem with ClearSprings at the moment is that half the ClearSprings places have been created either to deal with early release prisoners or as a substitute for prison, to avoid sending on bail people who probably ought to be in a more controlled environment. The evidence is that the people involved have chaotic lifestyles that they inflict on the local communities, and without properly wardened accommodation to help them. All that is part of the Government's general failure.

I turn to the proposals for bail reform. We accept that tightening up the legal criteria for bail is necessary, and to that extent we welcome the proposals, but they are not what we would have wanted in a wholesale reform: to make breach of bail a crime, to curtail the bailing of prolific and repeat offenders, and explicitly to make public protection a prime consideration when courts take decisions on bail. The Peart review talks of a "lackadaisical and nonchalant approach" to the granting and enforcement of bail. This proposal does not do justice to the scale of the problem, and I hope that the matter can be debated in greater detail as the Bill goes through the House.

That also applies to the proposal for a commissioner for victims and witnesses. The Secretary of State, being so nimble-footed, tries to get away from the issue. The position was first enacted in 2004. Five years on, the explanatory notes to the Bill cheerfully tell us that

> "a Commissioner was never appointed and the legislation has not yet been commenced."

Today we learn that the appointment has effectively been postponed for another whole year, and that the Government have appointed a "champion". I welcome that, but I am left with the feeling that it was a fig leaf for their failure. It is another case of more talk and no action. If the Justice Secretary is really serious about victims, why does he not introduce what we have called for—a proper victims fund, funded through the earnings from prisoner work schemes and the proceeds of crime?

The Bill will do little to strengthen criminal punishment but plenty to weaken British justice. The proposal, in the part of the Bill dealing with coroners, to remove juries and hold proceedings in secret is an even broader version of the proposal defeated in the other place during the debate on the Counter-Terrorism Bill. The House will recall that in June Ministers failed to make the case that the security case justified this draconian step. What new evidence does the Justice Secretary offer up on this point? When the proposals were withdrawn—we greatly welcomed that—I was under the impression that the Government might embark on considerable consultation to see whether there was an alternative way forward, given the level of disquiet, which was brought home to them very clearly, yet I see no such consultation. Instead, they have just come back to the House and regurgitated the same proposals with some very minor changes.

The challenge of reconciling sensitive evidence with the demands of transparency and due process is not new, and I do not see the specific problem that cannot adequately be addressed within the current system. The Secretary of State said that this was an inquisitorial process, so we could not have the public interest immunity approach, involving an adversarial process. I accept that that is an issue, but substituting something that has all the hallmarks of a secret investigative process will never command the public acceptance and confidence that an inquest process must do if it is to have any relevance—or to be held at all. On that basis, we might as well say that there is no point in having an inquest.

If the Government were prepared to show the necessary flexibility—although I fully accept that it might in some cases mean that some evidence could never be brought before inquest juries—it would be possible to put in place a system with the flexibility that would still allow the process to be open, and would ultimately still enable the Government truly to say, "We have done our best to enable openness to be maintained." Without that, I fear that these proposals will simply undermine public confidence still further. We will therefore consider them very carefully, and it is most unlikely that they can command our support.

Mr. Straw: I am grateful for the hon. and learned Gentleman's recognition that there is a problem, and that the parallel with criminal trials is not really accurate. Since he accepts that there may be circumstances in which evidence would have to be kept from a coroner's jury, which is at the heart of these proposals, we are ready to consider any constructive suggestions that he or other colleagues make to us.

Mr. Grieve: There is evidence that has to be kept from coroners' juries at the moment, but in almost all cases—I know that there may be two in which the Government see a particular difficulty—those problems have been overcome. The route that the Secretary of State is

[Mr. Grieve]

taking raises the probability that the number of secret inquests without juries will grow, and that they will then be deemed convenient. That is why we are so concerned about the proposals. I hope that there will be constructive engagement in Committee, and I know that my hon. Friends who will serve on it want that, but I would not be doing my job or expressing my own feelings if I were not to say that I find it difficult to see how the proposals could command our acceptance. Indeed, I think that there is considerable disquiet about them across the House.

I spoke earlier about opposition to data-sharing powers. The Government's track record of protecting the personal data that they hold on citizens is appalling. They have demonstrated serial, serious and systematic incompetence. They have lost the details of 130,000 prisoners held on a computer memory stick, and Driver and Vehicle Licensing Agency information on 3 million learner drivers, not forgetting half the nation's child benefit records, which I believe were lost in the post. Members should view with deep scepticism the proposal massively to increase ministerial powers to share data across Government.

The clauses on data sharing are tucked away at the back of the Bill, but that should not conceal their dramatic impact. The Secretary of State said that I was exaggerating, but I take the view of the hon. Member for Somerton and Frome (Mr. Heath), who said that I was rather understating the matter. As a result of the proposals, Ministers will have carte blanche to expand data sharing between officials across Whitehall, local authorities and even companies in the private sector. Privacy International warns of the

"vast risks associated with governance, privacy, security,"

and the British Medical Association has stated that the proposals will strip patients of any rights in connection with the control of their medical records. As I tried to point out to the Secretary of State earlier, that goes to the heart of the relationship between state and citizen. The proposals would, if the public interest required it, allow a statutory instrument to be made allowing the sharing of medical records data with Departments that are not at all concerned with treating individuals, for other purposes. I believe that that is unacceptable. If there is to be change to take account of the growing amount of data, it should be made with great caution and should not be the "open sesame" to a vast increase in Government power.

It is worth bearing in mind the fact that the security case has not been made, that we do not believe that the safeguards are good enough, and that all this is being done at a time when, I gently point out to the Secretary of State, public trust in the Government's ability to protect data is at an all-time low. I recall the Prime Minister saying:

"we can't promise that every single item of information will always be safe".

Indeed not—and that is one reason why the House should be very careful about the powers that it gives the Government in this area.

Finally—I disagree with my hon. Friend the Member for Buckingham (John Bercow) here—this would not be a new Labour justice Bill without some attempt to curtail freedom of speech. The balance between protecting society from incitement to homophobic hated, which I entirely applaud, and preserving legitimate public debate is delicate. I do not recall the Secretary of State, or the Home Secretary, who I believe was responsible, giving the impression that the decision to accept the Lords amendment to the Criminal Justice and Immigration Bill was a mere tactic for returning to the issue later. It appeared to involve an acceptance that the Lords amendment was sufficient to command acceptance.

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): If the hon. and learned Gentleman looks at what was said on that occasion—it was I who said it—he will see that I made it clear that we would return to the matter at a further opportunity as soon as possible.

Mr. Grieve: I thought that the intention to return to the matter meant coming back with some other proposal that met the concerns that had been expressed about preserving freedom of speech. No case has yet been made—I wait to hear it—to show why the words that were included in the other place do anything to undermine the ability to prosecute the offence that has been created. If the Secretary of State or the Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle), can make that case cogently, we will listen. In the meantime, I simply do not see it.

I perceive the provision as a saving clause, designed to deal with the chilling effect that always arises when restrictions are placed on freedom of speech. We debated it and commented on it previously, when we considered issues such as incitement to religious hatred. I want individuals who incite homophobic hatred to be prosecuted just as much as the Under-Secretary does, but I do not want the circumstances that I am about to outline to be repeated, and I do not believe that the Government want that either. Old age pensioners living in Blackpool wrote to their local authority, as is their right, to say that they did not approve of its giving money to a gay organisation. Instead of getting a reply saying, "Terribly sorry. We were voted in, and this is what we believe in. We disagree with you," they got a visit from two police officers telling them that if they wrote such letters again, they might—even under the old law—be prosecuted. They recovered damages and got an apology, but only after a time. They received treatment that makes me ashamed of the system that we seem to be creating in this country. We must ensure that such things do not happen. A sensible freedom of speech clause would be helpful, to reassure those who want to continue to express views that are legal—even if I disagree with them.

Mrs. Humble: If I heard the hon. and learned Gentleman correctly, he said that individuals wrote to Blackpool council about that matter. Although the individuals are my constituents, it was not Blackpool council but Conservative-controlled Wyre borough council with which they had a problem.

Mr. Grieve: I am most grateful to the hon. Lady for putting me right, and I apologise for any calumny—it was unintended—against Blackpool. However, the hon. Lady reinforces my point. All the evidence shows that when the House legislates about such matters, the manner in which those who have some authority lower down the

chain, and have to implement the legislation, interpret or understand it, is often at variance with what is intended. That is why problems have arisen. There was a street preacher in my constituency who said that people should repent and turn to God, and that if they did not repent they risked going to hell. The police came along and said, "You can tell them that they should repent and turn to God, but you shouldn't give them the other half of the message." *[Interruption.]* I agree with the Secretary of State that that is absurd, but the House must pay attention to the consequences of its actions in creating absurdities, which may appear amusing to us but are not amusing to those on the receiving end of individuals who take it upon themselves to interpret the law in a way that we did not intend.

David Howarth: Are not the hon. and learned Gentleman's comments proof of the point that some of us made when the matter was originally discussed? Surely the right way to deal with this matter is by issuing guidance to the police and the prosecution authorities, and procedural protection, rather than including a pointless but potentially dangerous blanket exemption in the Bill.

Mr. Grieve: If the hon. Gentleman feels that the exemption is too wide and would therefore do damage, I encourage him to ascertain whether there is another way it can be drafted to meet my point; that may be possible. We have been content with such a provision in other cases where we have imposed restrictions on freedom of speech. I simply ask the House to consider the matter carefully, because I think that there is a genuine problem, which past experience has demonstrated. I hope that the Secretary of State will bear that in mind.

John Bercow: As my hon. and learned Friend knows, I yield to none in my admiration for his parliamentary and other talents. I have to say to him, however, that in this particular matter his memory serves him ill, and that the Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle), is entirely correct in her recollection of the sequence of events. The Government made it clear that they intended to bring back this provision in a later measure; there was no question of their backing down or qualifying their position. The point about the Government's policy on this matter, as encapsulated in the legislation, is that it is aimed at catching words or behaviour that are not merely insulting or abusive but threatening. The fact is that the Waddington amendment is a wrecking amendment; it is a menace, and it has to be defeated.

Mr. Grieve: I am afraid that I do not agree with my hon. Friend that the amendment was intended as a wrecking amendment. Indeed, reading it, as I did at the time, and re-reading it, as I have done more recently, I do not believe that it would have that effect at all. If he wishes to discuss this with me in greater detail, I would be only too happy to do so. That said, I have made it clear that that proposal might not be the only available solution, but I believe that it is important for there to be safeguards. If there are none, the law of unintended consequences will lead to people who express views that are perfectly legitimate—even if they are views with which we disagree—feeling as if they are being persecuted. That is not something that the House should embark on lightly.

Mr. Geoffrey Cox (Torridge and West Devon) (Con): Does my hon. and learned Friend consider, as I do, that there is something anomalous in the Government's proposal to remove the clause that protects free speech in relation to the discussion of homosexuality, given that they are not proposing its removal in the case of religion?

Mr. Grieve: There are indeed anomalies, and they were discussed at some length when this matter appeared previously, if rather bizarrely, in another piece of legislation. I very much hope that we will be able to look at those matters sensibly. There are no easy solutions, and I am the first to accept some of the examples that we have been given, including that of gangsta rap lyrics, which I regard as revolting. I have no difficulty at all in wishing to see them criminalised and stopped—absolutely none. Nor is this the pillar of some religious viewpoint; I do not think that it should be. I want to see a right for people to express their views, including views that other people might not like. That is what a free society is about, and the House must ensure that that can still happen, even when we have ensured that expressions of rabid hatred and incitement to hatred can be curbed. That must be the aim that we seek to achieve.

We will work constructively with the Government to improve the Bill, wherever that is possible. We agree that there are good things in it, and we want to facilitate their passage on to the statute book if possible. That is why we will not seek to oppose the Bill's Second Reading tonight. We will strive to improve it in Committee and on Report, and to remove those parts that are unnecessary or counter-productive, or that we deem to be merely offensive. I hope that the Secretary of State and the Government will listen, although in the light of past experience I am not altogether optimistic about that. I put the Government on notice that if the Bill is not substantially amended—particularly in the area of data sharing, but also in other areas—we will oppose it on Third Reading, because its mischief will wholly outweigh the undoubted benefits that it could confer if the Government would listen sensibly to the views being expressed right across the House.

Finally, I want to come back to something that I said earlier. The clauses of the Bill are littered with the tacit admissions of a decade's worth of failure. There is nothing in it to suggest that the Government, who have created a large part of this mess, have the slightest idea, or any overall plan, for how to put things right.

Mr. Deputy Speaker: I remind the House that Mr. Speaker has selected the Liberal Democrat amendment.

5.19 pm

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): I am a member of the Justice Select Committee, which has considered many of these issues. I am sure that the Committee Chairman will, if he catches your eye, Mr. Deputy Speaker, summarise some of the Committee's comments, but I want to underline some specific points and to make some personal observations.

I must say that I was disappointed by the rhetorical flourishes that we heard from the shadow Justice Secretary. Of course we would all agree that the line between free speech and protecting the public is a very fine one, but preserving that fine line needs a constructive approach

[Alun Michael]

rather than caricature. Bureaucratic insanity in the interpretation of legislation is a problem, even when the law is sensible and very precise.

Let me start by referring to data sharing and the Information Commissioner's work. As I said, the Justice Committee has made a number of helpful comments about that, and I think that the present Information Commissioner, Richard Thomas, has worked hard in that role to achieve a constructive balance, while being both clinical and challenging.

The first intimation I had of the difficulty of getting the line right on this issue came when, both in opposition and as deputy Home Secretary—in that role I worked very closely with my right hon. Friend the Secretary of State for Justice—I found that there was immense reluctance on the part of local government and the police to share data for the purposes of preventing crime. Indeed, we were so concerned about that that a clause went into the Crime and Disorder Act 1998 to say that preventing crime is a legitimate reason for sharing data. Lawyers told us that that was already the case, but, frankly, lawyers and data protection officers refused to accept that and to act on it, which is why we felt it necessary to put the provision in the legislation.

The hon. and learned Member for Beaconsfield (Mr. Grieve) referred to the Soham case in his response to my intervention, but that case exposed a problem of systems failure and systems not speaking to each other between two police forces. Actually, what came out of the failure of the police collectively to use information that was available in one part of the police service and to share it with another was a "headline" view among the public that everything must be shared in order to protect the vulnerable, particularly children. On the other hand, news reports on data protection and the data loss that we have seen on a number of occasions led to the equal and opposite headline that nothing should be shared. Both of those arguments are untenable and inappropriate.

The advice still given on occasions by lawyers and data protection officers is, "If in doubt, don't share the data." That is wrong—and wrong in principle. It is just as wrong as saying, "All data must be shared without reservation." The important thing is that on every occasion, a balanced judgment must be made by those who have the information as to whether it is in the public interest, as well as in the interest of individuals, to share it. Nobody who is a holder of data can escape the specific responsibility to balance the pros and the cons and address the public interest. There is no escape from that responsibility. I fear that the shadow Justice Secretary went very wide of the mark by coming down on just one side of that equation.

The second issue is one of public confidence in the way that data are managed and shared. In that regard, I suggest to my right hon. Friend the Justice Secretary that the comments of the Justice Committee offer particular help. Parliamentary accountability is the answer. There is public suspicion of government, which is fed by the headlines of the press and media—it is a fact of life; we cannot get away from it—but Parliament can be a constructive and critical friend to government. I rather felt that in his early remarks, my right hon. Friend was looking for an answer along those lines. Giving a role to the Justice Committee and other instruments of the House is a way of ensuring that the Government are able to achieve the objective of protecting the public, while subjecting the management of data to transparency and scrutiny—both by the Information Commissioner and a Select Committee of the House.

I say to my right hon. Friend that I know we have seen, on occasion, Select Committees acting as a Rottweiler, but that more benign canine friend, the sheepdog, is the one that I would suggest if there were a properly understood role to be played between Parliament and the Government.

Jenny Willott: Does the right hon. Gentleman share my concern about not only what data are shared, but their integrity and accuracy? Research published last week shows how many errors there are in the data held by different Departments and the complete lack in any Department of a policy of checking those data for errors to ensure that they are up to date and accurate. Is there a role for Parliament in trying to ensure that the data, before they are even considered for sharing, are made accurate?

Alun Michael: The hon. Lady makes a fair point. The problem has been not the aspirations of Ministers, but the fact that sometimes the machinery of government and of agencies of government has been poor in two respects: ensuring absolute accuracy of the data, because there is no point having them unless we can depend on their accuracy, and ensuring that there is a culture that, as I have suggested, balances protection of those data where it is not appropriate for them to be released—that is partly to do with methodology, but partly to do with the culture that needs to be put in place—with the need to share data where appropriate. That goes right the way across from situations where anonymised data are not being shared when they should be to inform public policy to the very local level, where specific information could assist in preventing crime. She is absolutely right: the accuracy of data must be part of that overall picture.

On the issue of the sentencing council, it is clear from the evidence that the Justice Committee has taken and published that careful work is needed to ensure that the outcome of having a sentencing council is the intention on which my right hon. Friend the Secretary of State places such emphasis in his proposal. It is a rather sad fact of life that judges seem to be influenced by media debate, despite the importance of the judiciary being objective and independent. That is not a politician's criticism: it is significant the number of cases in which the senior judiciary effectively make that criticism by accepting the view of the Attorney-General that sentences have been too lenient. On the other hand, we see cases in which sentences are reduced by the Court of Appeal, so let us not pretend that the judiciary are perfect in the judgments they make or the decisions they reach in sentencing.

It is absolutely clear that more needs to be done properly to inform sentences, but I am keen that we should increase the confidence of sentencers in community sentencing. Community sentences can be extremely tough and very challenging, and they can change people, but we heard from the Lord Chief Justice in evidence that many sentencers do not have confidence in the effectiveness of community sentences or in the systems in place to apply them.

My right hon. Friend the Secretary of State said in reassuring tones that the majority of those on the sentencing council will be sentencers, but I am not sure that I am wholly reassured by that because we want people who are challenging and objective in looking for evidence. Before I entered Parliament, I had the experience of seeing people on community service and seeing lives change. For example, one young man on community service was sent to work with a disabled swimming club. The experience of working with youngsters with severe disability totally changed his attitude to life because he realised that while he was a bit morose about some circumstances in his life, many people had a far worse time. Building relationships with those youngsters changed his attitude to offending. Many similar examples could be cited.

The problem with many offenders is that they have not created good relationships with other people. They do not see the victim as a person, and they do not see the victim's possessions as being owned by someone. They do not realise that stealing stuff or burning a house will damage people. That is why the concept of relational justice is so important. Bringing people up short by causing them to recognise that they are damaging other human beings, and turning that into a personal issue, can make a great difference.

Community sentences achieve that far better than custodial sentences, although I am not arguing for or against either. What I am saying is that if our system is to achieve the necessary balance, we need to understand the effectiveness of community sentences, and make sentencers understand how they can be used to the benefit of the public by reducing crime and reoffending. That is why I asked my right hon. Friend in an intervention whether he would make it a responsibility of the sentencing council to look at what works in terms of preventing reoffending. I do not just want to see judicial statistics relating to disposals, important though they are; I want "what works" to drive the way in which the council produces frameworks and encourages sentencers to adopt them.

Mr. Straw: We endeavoured to reflect exactly what my right hon. Friend is seeking in clause 102(11), which states:

"the Council must have regard to the following matters"

and includes, in paragraph (d),

"the cost of different sentences"—

that is the point that my right hon. Friend wanted to take up—

"and their relative effectiveness in preventing re-offending".

That provision is aimed at meeting exactly my right hon. Friend's concerns.

Alun Michael: I am grateful to my right hon. Friend for underlining that point. What I want to do is raise it in the order of priorities, so that preventing offending and reducing reoffending are at the heart of the system. When my right hon. Friend and I were in the Home Office, we placed a similar responsibility on the youth justice system to prevent offending and reoffending.

John Bercow: I think that what we need to do in the debate is get away from the slightly abstract, arcane and, dare I say, Manichean divide between custodial sentences on the one hand and community sentences on the other. What is absolutely critical to the success of either is that, as part of the package, we provide the often serial offender with the equipment for future citizenship.

Dare I say to the right hon. Gentleman and the Secretary of State that when more than 60 per cent. of people on the young offender estate have speech, language and communication difficulties of a scale and intensity that prevent them from accessing conventional education and training courses, that is a problem and we have to tackle it?

Alun Michael: The hon. Gentleman is quite right. I look forward to discussing these issues with him in the Public Bill Committee, if his Whips do not keep him off it because of the independence of his views. The need to address issues such as literacy is something that, in many instances, neither prison sentences nor community sentences have been very good at. I know that my right hon. Friend gives high priority to the need to ensure that it is built more effectively into both prison and community sentences in future.

I am well aware that my right hon. Friend also ascribes importance to making the benefit of community sentences visible. References have been made to luminous jackets enabling the public to see that people are undertaking such sentences, and I understand that wish, but I should like those undertaking community sentences to think of what they wear as a uniform in which they can take pride, and to start to show some consistency by turning up on time and so forth. The aim should be to help their rehabilitation rather than merely to shame them.

Mr. Goodwill: I recently visited a very good example of community sentencing at the Oriel cricket ground in Scarborough. I was told that the scheme was making relatively good progress in preventing reoffending. However, one of the magistrates present drew me up and said, "But, of course, the reoffending rates relate to the number of people who actually turn up to do the community service, not those who have been sentenced to it. We still have a large number of offenders who are given community sentences but do not turn up to do the time."

Alun Michael: I take on board the hon. Gentleman's point, and that is why there must be swift and effective action if there are breaches. However, that action should not be too swift or else the early stages will not be passed, but it should be understood that failure to undertake a community sentence will be acted on very quickly. As with antisocial behaviour orders, the point is to say to people, "If you accept that you ought to stop that sort of behaviour and that you should do what the court has asked of you in passing sentence, then the consequence will be rehabilitation and support for re-engagement in the community, but if you don't, the deal is off." That has to be a part of the deal, and it has to be seen by the public as being so.

My main point is that our focus must be on what works. My right hon. Friend the Secretary of State has seen what happened in Cardiff when a clinical approach was taken and it was asked, "Where does violence happen? Are there facts about the incidence of violence that mean that we can intervene to reduce that offending

[Alun Michael]

and therefore reduce the likelihood of becoming victims?" That approach has been a great success, and has been taken up elsewhere.

The media will always go for the frightening and the specific. We will always see on the front pages of newspapers the faces of people who have been beaten up, and there will always be incidents of that. That is a fact of life and I do not blame the media for reporting that; horrific incidents are horrific. However, what we can do is seek to reduce crime rates by adopting a clinical approach and reducing the opportunity for crime, rehabilitating people and challenging their behaviour in the community, so that it is not a question of their going away and coming back into the same environment, but a question of changing their behaviour over time.

The sentencing council must be not a comfortable lawyers' club, but an evidence-based body that helps sentencers do the right thing in preventing reoffending. I bear in mind the evidence we heard from Victim Support. The question was asked, "In a sentence, what do victims want?" The answer that was given was, "Short of being able to turn the clock back and not be a victim of an offence in the first place, what victims would like to know is that it is not going to happen again." Therefore, the prevention of reoffending is not an alternative to supporting victims; it is, in fact, at the heart of supporting them.

Witness anonymity is an issue that requires great care. I appreciate the risks involved in that process, but intimidation and fear are very real factors that undermine justice. Many Members have had the experience of people coming to them and describing a series of events in their street or neighbourhood where a small number of individuals are able to get away with incidents of intimidation and cannot be brought to justice. Therefore, there is a need for the provisions on witness anonymity to be strengthened, albeit with care.

There is also a great need to address internet-related crime and nuisance, to which my right hon. Friend the Secretary of State referred at the end of his remarks. It is, I think, easy to agree on the actions that are needed to prevent child abuse, although it was not easy in the early stages to get agreement between the police and the internet industry on ways of preventing the display of what were incidences of child abuse—not just pornography, but much more serious than that. There is a great need for a joined-up approach across Government Departments, where there is a great deal of duplication, in order to create a partnership right down to the local level to prevent internet-related crime and make the UK the safest place to do business online. A lot of work is going on, to which Parliament is contributing a great deal, such as through all-party groups in particular, and I commend those examples to my right hon. Friend.

I wish to highlight two points on coroners. One is the issue of resources. There is a need for adequate resources, but also for the capacity to move them to the right place at the right time. In the proposals before us, my right hon. Friend is grappling with the eternal dilemma of how to strike the balance between the national and local. It was suggested at one stage that if Nye Bevan had become Secretary of State for Education and Ellen Wilkinson had been Secretary of State for Health, we would have ended up with a local health service and a national education service. In both those services, the tension between the national and the local always exists.

That tension is inevitable in relation to coroners. There are not just the headline examples, which have been referred to in interventions, but very often there have been ordinary cases of people just wanting to know what happened and hoping that a coroner's inquiry will give them the answer. Our experience suggests that there is a need to amend the system in this regard.

The second issue that I wish to discuss relates to health: the need to ensure the independence of medical evidence coming before the coroner's court. Again, all Members of Parliament will have had experience not only of NHS trusts that are good and open when things have gone wrong, but of NHS trusts that are defensive and that seek to avoid getting down to the facts in difficult cases. We need certainty that medical evidence will be objective and based only on medical professionalism. I hope that as this Bill goes through its processes my right hon. Friend the Secretary of State will find ways to increase the assurance about that independence of medical evidence, because I am sure he is as concerned as I am, and as the Committee has been, on that point. There is perhaps a need to re-examine that part of the Bill to ensure that objectivity can be built in.

The Bill addresses some important issues. It deals not, as I first thought, with a series of small issues, but with some of the big issues in relation to improving our justice system. It does so not in terms of great symbolic gestures that change the earth, but by dealing with things such as the sharing of information and way in which sentencing is undertaken, where we do need progressively to find more objective, more evidence-based means of finding the right way forward.

5.42 pm

David Howarth (Cambridge) (LD): I beg to move an amendment, to leave out from "That" to the end of the Question and add:

"this House declines to give a Second Reading to the Coroners and Justice Bill because it provides for inquests in private and without a jury, at the behest of the Secretary of State and on grounds that are overbroad; because it unduly restricts what coroners and inquest juries may say about a death; because it proposes reforms to the law of murder that are ill-thought through and incomplete; because it fails to deal with legitimate criticisms of the legislation on anonymous witnesses, and in particular because it fails to make adequate provision for the use of special counsel; because the system of sentencing guidelines it proposes fails to incorporate adequately the aim of reducing re-offending; because it will allow unlimited data sharing to occur between any organisations or persons for the purposes of supporting unspecified government policies, regardless of the safeguards contained in other legislation; and because, to the extent that other measures proposed in the Bill are welcome and not merely symbolic, those measures should have been brought forward in separate Bills to allow them to be scrutinised more carefully."

I have waited a long time to move an amendment on Second Reading.

This is a hotch-potch of a Bill. A Second Reading debate is supposed to be about the principle of the Bill, but it is not clear how a Bill such as this, which at a conservative estimate deals with 28 different topics and amends 56 different Acts of Parliament can have any single principle at all, apart from being a sort of Christmas tree Bill, on to which the Government can hang any

topic they think useful to debate from the point of view of the all-important media grid, the device by which future announcements are planned out for the year in advance and by which this country has been governed for the past 12 years. *[Interruption.]* The Secretary of State says if only life were like that, but to a great extent it has been like that; it has just been a matter of people getting their slot in the grid at the right time.

The other principle of legislative drafting that the Bill seems to follow is that of the red rag and the smuggle. A red rag is a provision in a Bill that is designed to attract the attention of hot-headed Members of this House, and about which the Government do not, in reality, care very much either way, while they smuggle in, largely unnoticed and unchallenged, a lot of significant stuff that otherwise might attract severe criticism. The problem with this Bill is that it is not entirely clear which provisions are the red rags and which are the contraband. Working on the general principle that to avoid scrutiny in Committee, the usual tactic is to put the contraband at the end and the red rag at the start, my guess is that the provisions on data sharing are the contraband and those on secret inquests are the red rag.

That is why I am going to start by discussing the provisions on data sharing, especially in the light of this morning's news that yet more personal information has been lost—this time with regard to the British Council. It is right to say that data sharing can be a good thing—I would not deny many of the remarks made by the right hon. Member for Cardiff, South and Penarth (Alun Michael)—but there is a massive downside and we need to bear in mind that it massively increases the risks if data are lost.

Clause 152 would create amazingly broad exemptions to the principles of the data protection legislation. If the issue were specific exemptions from specific powers, it would be a different matter, but it is not. The Bill would allow Ministers to authorise data sharing between any person and any other person, regardless of what any other legislation—apart from the Regulation of Investigatory Powers Act 2000—says. So that would be despite what the data protection and the human rights legislation say about privacy. Under clause 152 in proposed new section 50B(h), a data-sharing order would be allowed to "modify any enactment".

Jeremy Corbyn: I am pleased that the hon. Gentleman has mentioned the seriousness of this part of the Bill. In his view, is it possible that information could be shared between Departments about people's opinions, activities and knowledge, rather than any criminal actions or convictions?

David Howarth: That would appear to be possible, because of the power to allow any person to share any data despite what any enactment says. The Government say that the intention is to allow Departments, public bodies and other similar organisations to share data for good purposes, but that is not what the Bill says. The Bill is not confined to public bodies and would also allow the sharing of data with private organisations in any country.

The Bill would also allow a data-sharing order to confer a power on any person to share the information further, leading to a cascade of sharing. All that can be done in furtherance of any relevant Government policy. I want to know where we can find a list of those relevant Government policies that we will be able to compare with the purposes of any particular order.

The possibilities are absurdly broad. For example, the Government would be able to share our personal data with a foreign power. Some people might think that because Barack Obama has been elected President of the US, there is nothing to fear from having our personal data shared with the US Government. I do not think that. Presidents come and presidents go. A great American political thinker once wrote:

> "It is in vain to say that enlightened statesmen will be able to adjust these clashing interests and render them all subservient to the public good. Enlightened statesmen will not always be at the helm."

These provisions are based on the assumption that we are all good chaps together so the powers will not be abused. That is an assumption that we cannot make.

The provisions would also allow all the restrictions on data sharing in the Identity Cards Act 2006 to be overridden by order. Under that Act, identity data may be shared only with the bodies specified in sections 17 to 21 of the Act—the security services and, with important exceptions as to the type of data, other public authorities, departments and the police. Under the Bill, the Government would be able to authorise sharing the data collected in the national identity database with absolutely anyone without any of the safeguards in the Act. In theory, it will also be open for the Government to sell that data to the highest bidder.

The provisions also allow the override of any safeguards against the sharing of medical records and DNA records. That includes the provision of medical and DNA records not just to public authorities but to anyone, including employers, insurance companies and even the media. The same goes for tax records. Many Members will have received a briefing from Privacy International, which goes on to give yet more examples of what can be done under the provisions.

The Government say that the orders will be subject to scrutiny by the Information Commissioner and to an affirmative vote by Parliament. In extremis, all that will mean will at best be a 90-minute debate in a Committee, with the Government side of that Committee carefully chosen and a whipped deferred vote just after Prime Minister's questions.

The Government's main defence today has been that the provisions are in line with the recommendations of the Thomas and Walport review on data sharing, but that is not the case. That report did say that there should be a fast-track secondary legislation route to allow data sharing, but it also said that the power to do so should exist only in precisely defined circumstances, which is certainly not what has happened. Any person, any relevant Government policy and any enactment are hardly precise circumstances. The Thomas and Walport report expressly says at paragraph 8.47 that

> "we believe this process would not be appropriate for large-scale data-sharing initiatives that would constitute very significant changes to public policy, such as those relating to the National Identity Register or the National DNA database."

That is exactly what the Bill as drafted would allow.

Alun Michael: Does the hon. Gentleman agree with me about how the provisions of proposed new section 50A(4) apply? It requires that the

> "sharing of information enabled by the order is necessary to secure a relevant policy objective",

[Alun Michael]

which is, I think, the point that he has made quite strongly. However, it goes on to require that

"the effect of the provision made by the order is proportionate to that policy objective"—

and, and this is my point, that—

"the provision made by the order strikes a fair balance between the public interest and the interests of any person affected by it."

In other words, the requirement for balance in coming to a conclusion about whether data should be shared is clearly written into the Bill.

David Howarth: If the right hon. Gentleman is saying that a court might say that on judicial review, he is whistling in the wind. That is precisely the kind of provision that a court would say was plainly political and not for them to judge.

Emily Thornberry: Would the hon. Gentleman's fears be somewhat allayed if there were an express restriction in the Bill stating the need for compliance with article 8 of the Human Rights Act 1998?

David Howarth: That would help a little, but I think that it is already implied in any legislation. The circumstances in which the power can be exercised need to be reduced to the precise terms that Thomas and Walport required.

Mr. Grieve: Does the hon. Gentleman not agree that the argument comes back to the central point that the measure has completely bypassed any public debate on the circumstances in which Parliament would even contemplate public policy objectives overriding the privacy rights that are implicit in the existing relationship when individuals give information to specific Government Departments? We will be dispensing with that without any real debate about the principles and simply creating a system in which such things can be done at will by the Government based on single votes in this House.

David Howarth: That is a very important point that goes back to debates on other Bills that create such broad powers.

May I also say to the Government that it is somewhat alarming that the recently published impact assessment on the Bill seems to mention these provisions only in passing and fails to say what the intended costs and benefits of their specific use will be? Will the Government say precisely what they intend to use the provisions for? Some examples have been given, but there seems to be no limit to what that intention could be in the future.

Mr. Heath: My hon. Friend is making a very strong case. Does he agree that even if any malevolent intent on the part of anyone in putting together these databases is discounted, it is inherent that the more information that is put into a single database and the more accretions that are there, the bigger the impact of any accidental loss of data? We have seen material being put together and then lost by Departments time and time again, to the great discomfort of the people whose information has been supplied.

David Howarth: That is the inherent problem with data sharing—it increases the risks of things going wrong, not necessarily because of malice but by accident.

My conclusion on those clauses is that, as drawn, they are outrageous. They should be withdrawn, thought about again and introduced in a separate Bill. In my view they alone, in their present state, justify rejecting the Bill.

Let me now turn to the red rag—the provisions for secret inquests without juries.

John McDonnell (Hayes and Harlington) (Lab): The hon. Gentleman is right to cite a potential parliamentary tactic, in that those measures are at the end of the Bill. Can we as a House make it clear to the Government that any programme motion on Report should not put us in a position where that subject slips off the end of the debate, as has occurred on a number of occasions with important matters?

David Howarth: That is a very important point, and I hope that the Government and the usual channels are listening.

Let us turn to the subject of secret inquests without juries. My starting point is that the Bill is already somewhat defective as it fails to guarantee that there will be a jury in any case where there is reason to suspect that the death occurred in any way at the hands of the state. Provisions in the Bill move in that direction, but they do not go far enough. Deaths at the hands of the police and in custody count, but a jury should be required in any case of any death in which state power is implicated. My starting point is therefore with the jury rather than with secrecy.

There are problems with secrecy and privacy—it is important to recall the points raised by the hon. Member for Hendon (Mr. Dismore), such as the question of how a family will get closure if it is excluded from the process—but the jury is at the heart of the question. The main historic function of the inquest jury is to provide a check on the abuse of state power and on the temptations for state officials to mislead and to gloss over the facts about what has happened.

The Secretary of State's defence of the provisions on secret inquests did not go to the heart of the problem about juries. In my view, the Government appear to think that juries are not to be trusted—that juries are members of the general public and that we need to have as few of them taking part in the process as possible. That seems to me to be entirely the opposite of the attitude that we should be taking. Instead, we should be looking for ways in which juries can take part in even the most sensitive cases. As the hon. and learned Member for Beaconsfield (Mr. Grieve) said, if there is a limit to how sensitive the information might be, we can deal with that by excluding some of it from the information made available to the juries. Our initial reaction should not be that the best thing to do is to get rid of the jury.

Such matters are very important in a range of cases. They are not merely important in the politically embarrassing cases, although they are important in those cases, too: in the de Menezes case, the Baha Mousa case, the inquests into the deaths of soldiers in Iraq and Afghanistan and any repeat of the David Kelly affair. It is enormously important from the point

of view of maintaining faith in the system that when the Government assert in such a case that nothing really went wrong, they should be able to say, even if all the facts do not come out in public, that the matter was decided by independent members of the public who were not part of the state or of the Government apparatus and that those people back up what the Government say.

I admit that the provisions in this Bill are better than those in the Bill that became the Counter-Terrorism Act 2008. Thankfully, the provisions in that measure that allow the Secretary of State to influence the selection of a special, trusty coroner have been removed from this Bill. I hope that whoever advised the Government to include those outrageous provisions will never again be allowed to advise them on a matter of constitutional importance, but we are still left with inquests that are not just secret but jury-less.

The conditions under which the Secretary of State may issue a certificate that bans or removes the jury from a case are still the enormously wide ones contained in the Counter-Terrorism Act 2008. They include anything to do not just with national security but with relations with another state, and anything that the Secretary of State thinks might cause real harm to the public interest. I suppose that one might wonder what unreal harm to the public interest might be but, even so, the conditions seem extraordinarily broad

Mr. Grieve: Does the hon. Gentleman agree that one thing that the Government could have considered, but did not, was requiring the Secretary of State to make an application to a judge to make an order?

David Howarth: Absolutely. It would be a far better procedure to put the whole question into the hands of the judiciary in the first place, rather than into the hands of the Secretary of State. Part of the background problem is that the Executive distrust almost everyone else. In the Counter-Terrorism Bill, they attempted to take control of the selection of judges: that proposal was got rid of, but they are still obsessed with having some control over getting rid of anyone in the process who they feel might not be on their side.

That leads me to another point—the link that the Bill makes between the use of intercept evidence and the absence of a jury. I and many other hon. Members favour greater use of intercept evidence in the criminal justice system in general, and I believe that many of the Government's objections to that are incomprehensible when compared with what happens in other countries. I welcome this small chink in the Government's previous opposition to the use of intercept evidence in court, but I do not like at all the way the use of intercept evidence is linked with getting rid of the jury. The idea that intercept evidence can be used only when members of the general public are excluded from a case would be a dangerous precedent to allow when it comes to the future development of this part of the law.

I object to the red rag, but the Secretary of State talked about the possibility of different proposals coming forward and of amendments being accepted. For that reason, I suspect that the person who holds the red rag will be tempted simply to put it away once the bull has charged, as it will have served its purpose and attracted our attention. Even so, if the Government are interested, I will take up their offer of trying to work towards a better solution to the problem.

I turn now to the rest of the Bill and all the square miles of text that separate the red rag from the contraband. Some of the material—such as the references to knives and criminal memoirs—is plainly designed for the media grid. By the way, the provisions relating to criminal memoirs contain an amazing section that enshrines populism in statute. When deciding what to do about criminal memoirs, the court will have to take into account whether the public would be offended by the criminal making money out of them. The Bill might as well say that the court should pay attention to what the editors of the *Daily Mail* and *The Sun* think.

I do not oppose everything in the Bill, as some of its provisions are to be welcomed, but I believe that parliamentary scrutiny of the rest of it will be largely prevented by the fact that so many different subjects have been jammed together. However, some of the material in the Bill needs more than just tidying up, because it is seriously misguided. I am referring to the attempted reforms of the law of murder, which the Secretary of State passed over very rapidly in his speech.

The impact assessment reveals that the intention of the reform is to convict more people of murder and fewer of manslaughter. It talks about 100 to 200 more murder convictions over the next eight years, at a cost of between £4 million and £8 million. People will no longer be convicted of manslaughter: they will be convicted of murder instead, but who will those people be?

One group who will be convicted of murder rather than manslaughter might be mercy killers. At present, they are often—but not always, as a case last year showed—convicted of manslaughter, rather than of murder, by reason of diminished responsibility. That is because the present definition of manslaughter is fairly loose. It says that a person

"shall not be convicted of murder if he was suffering from such abnormality of mind"

arising from inherent causes

"as substantially impaired his mental responsibility".

That is quite vague stuff, and it allows prosecutors and courts some leeway when deciding whether to go for a charge of murder or manslaughter. Under the Bill, however, the defendant will have to have suffered from a specific, recognised medical condition, and not just from some "abnormality of mind" or other problem. Moreover, the Bill requires the condition involved specifically to have caused the homicide, and not just reduced the defendant's responsibility for it.

There are different views on mercy killing. Personally, I oppose euthanasia, but I cannot see what good it does to hand out more mandatory life sentences to mercy killers as opposed to letting the judge decide the penalty. That penalty might be life, but need not be in any given case.

The current law includes a phrase about the arrested development of mind, but this Bill leaves it out. Combined with the strict causation requirement, and given what happens in the courts now, that seems to me likely to mean that another group of people—those with learning difficulties—will be convicted of murder rather than manslaughter. Why do the Government want that to happen?

I turn now from diminished responsibility to provocation. There is further confusion in the Government's proposals on provocation, which have been variously described as

[David Howarth]

"a dog's breakfast" and "a pantomime horse". One group of defendants who under the new definitions might well find themselves convicted of murder rather than manslaughter—although that would be contrary to what the Government apparently intend—are abused wives. The Bill retains a condition in the current law that has often thrown into doubt an abused wife's ability to use a provocation defence. That condition is that there must be a loss of control.

I am not a criminal lawyer, so I have always been rather puzzled by the requirement in the law that there must be a loss of control for provocation to reduce murder to manslaughter. It seems to me that, apart from contract killings, all murders involve some sort of loss of control, but I am reliably informed that that is not the view that the law takes and that wives who kill their abusive husbands by waiting for them to go to sleep and then attacking them, for example, are usually said not to have lost control.

The Bill seeks to overcome that problem by declaring in clause 41(2) that

"it does not matter whether…the loss of control was sudden."

That does not seem to help at all. Loss of control must happen at some point. Someone has control, and then they do not. In some cases, there might be a longer lead-in time for the loss of control—it might take a longer time, rather than a shorter one, to lose control—but in the end, there comes a point where control is lost. A statute can do many things, but it cannot change reality. An abused wife will have to show that she lost control at the point that she killed to qualify under the statute. If she has not lost control at that point, she will still be guilty of murder.

The Government also say that clause 42(3) means that it is enough to convert murder to manslaughter through provocation, or what replaces it, to fear serious violence from the husband, but that is not what the clause says. It says that a loss of control can be attributable to such a fear. If there is no loss of control in the first place, the fear is not relevant. So I fear that, under the Bill, the 100 to 200 extra convictions for murder will include abused wives.

Another type of defendant—perhaps it is one with which Members will have less sympathy, but such cases happen—who will be convicted of murder under the Bill, as opposed to manslaughter, is those currently covered by the Doughty decision: parents who were previously loving and caring but who, under pressure of stress and fatigue over a long period, suddenly snap and kill their children. They are not threatened with serious violence, but neither do they have, in the words of the statute,

"a justifiable sense of being seriously wronged".

Such people would not be able to bring themselves at all within what those words describe. They lose their temper, although under serious stress. Perhaps the Government intend that such defendants should be convicted of murder, rather than manslaughter, and receive the mandatory life sentence, but they have not said so, and it is unclear to me why they would want that.

Who are the 100 to 200 people? The Government presumably think that there will be a whole new group of men convicted of murder, rather than manslaughter, by virtue of the sexual infidelity clause. I doubt very much whether there are many cases of that sort at all, at least in England. There was one such case in Scotland not so long ago. As far as I can tell from the past 10 or 20 years, that attempted defence usually fails. These days, if sexual infidelity is relevant at all in a murder case, it is relevant in terms of diminished responsibility, rather than provocation, so I do not think that the prisons will be filled with men who previously would not have received a mandatory life sentence by reason of a crime passionnel. In fact, as the hon. and learned Member for Beaconsfield mentioned, the existence of that clause is somewhat puzzling. Why has that form of provocation been picked out for legislative treatment when other forms have not?

The other form of provocation and loss of control that has not been picked out for special mention and been ruled out by the Bill relates to honour killings. I am surprised that the Government seem to have gone that way. Disturbingly, the Bill seems to be almost designed to allow honour killings to count as manslaughter, not murder. The Human Rights Watch definition of honour killing is

"acts of violence, usually murder, committed by male family members against female family members, who are held to have brought dishonour upon the family. A woman can be targeted by individuals within her family for a variety of reasons, including refusing to enter into an arranged marriage, being the victim of a sexual assault, seeking a divorce—even…allegedly committing adultery."

Let us take the example of a woman who refused to enter into a forced marriage. The Bill potentially treats such a case as one of losing control by reason of having a sense of being seriously wronged. Admittedly, the word "justifiable" comes into the definition, but the question is: justifiable to whom? The Bill does not say, and in any case the issue seems to be left eventually to the jury. The same point applies to other parts of the definition. In picking out sexual infidelity, but not picking out honour killing, the Bill is doing something quite disturbing. The whole attempt to deal with the law of murder seems to be arbitrary. I urge the Government to recognise that clauses 39 to 43 are a mess and should be withdrawn.

I do not want to take much more time going through the other 28 topics in the Bill, but I should like to make a few brief comments on the rest of the Bill. On suicide websites, I note with alarm that the relevant clauses are not in any way confined to the specific issue of suicide websites but will replace the whole of the present law on encouraging and assisting suicide, by removing any sense that the encouragement or assistance of suicide must be aimed at a specific person or group of people.

No one, especially parents, can condone those irresponsible and dangerous websites that encourage possibly unstable young people to take their own lives, but encouraging suicide, which is what those websites do, and assisting suicide are different things. Encouraging suicide takes place before the person has decided to commit suicide and is entirely reprehensible, whether it is aimed at a specific person or at the world in general. In that sense, what the Government are doing is right, but assisting suicide can, by contrast, occur after the person has autonomously decided to commit suicide.

Many hon. Members think that assisting suicide is also wrong, but if it is wrong, it is a different sort of wrong from encouraging suicide. Other hon. Members

think that assisting suicide is not necessarily wrong if the right sort of safeguards are in place. That, of course, is the position of my party. Admittedly, some forms of assisting suicide could amount to encouraging suicide in some circumstances, but that is precisely what the debate on safeguards is about. I should like the two issues of encouraging suicide and assisting suicide to be clearly separated, and the Bill simply does not do that.

On anonymous witnesses, I simply note that the Bill does not deal with the central problem that was raised when we discussed the temporary Bill last summer: the provision of independent or special counsel, which would overcome many of the difficulties that that Bill produced.

The provision on the anonymity of witnesses in investigations seems useful, but will it really help? There is a serious problem with witnesses not coming forward in gang-type crimes, but the Government are suggesting that it will be a crime for someone to give the name of someone about whom an order has been made to another person, where an investigation has taken place into gang crime. The question is: who will be the defendant in such a prosecution? The answer, it seems, is that it could only be a police officer, so we are making it a crime for a police officer to give out the name of a potential witness. Let us think about the reality of the situation. Will it really have a big effect on potential witnesses from estates threatened by gang violence if the police can say to them, "Don't worry, we'll make an order protecting your identity, and if it is broken, the police will prosecute the police"? That does not seem a very practical idea to increase the confidence of witnesses. Witnesses are certainly threatened: I do not deny the existence of the problem, but the measure seems more symbolic than real.

I urge the House to look at clause 87, which deals with the examination of the accused through intermediaries. It is about the problem of what happens when someone is suffering from a mental illness or other disability and cannot give evidence. There is already provision for ordinary witnesses to be asked questions through intermediaries; that is there to help them. The Bill extends that facility to defendants, but there is a serious question: if a defendant cannot understand the proceedings to the extent that they need that help, why are they on trial? Why are they not unfit to plead? So far, the Government have produced no explanation on that.

The Bill contains a lot of good stuff about video-recording evidence and live links, but I have a question on clause 94, in which the Government propose a subtle amendment to section 138 of the Criminal Justice Act 2003. It looks good, except for the fact that the provision has never been brought into force, although the Government have had six years to do so. Why are they amending something that they could not be bothered bring into force in the first place?

I have a similar question on the bail provisions. I can find no impact assessment on what effect changing the rules on bail for those charged with murder is expected to have. At any one time, about 50 or 60 people accused of murder appear to be on bail. How many of those people do the Government expect to be remanded in custody as a result of the Bill, and what change do the Government expect that to make to a person's chances of being the victim of murder?

My final point is on the sentencing council. The Government are to be congratulated on not falling for the most prescriptive models for sentencing guidelines, although they have chosen a fairly restrictive model. They are also to be congratulated on the provision that the Secretary of State mentioned, under which the council should take into account the relative effectiveness of sentences in preventing reoffending. I agree strongly with what the right hon. Member for Cardiff, South and Penarth said about what works: that has to be built into the criminal justice system from top to bottom.

The problem is that the Government seem to be pursuing two entirely different criminal justice policies in the same Bill. The model of the grid that they put forward seems entirely predicated on the seriousness of the offence and the harm caused. When it comes to carrying out the guidelines in practice, as opposed to talking vaguely about them, the guidelines have no room for preventing reoffending. For the success of restorative justice programmes, what matters might well be whether the offence was committed against a specific human victim—the right hon. Member for Cardiff, South and Penarth mentioned this point—who is willing to take part in a process of restorative justice.

For treatment options, such as treatment for drug and alcohol misuse, the personal characteristics of the offender might matter more than the nature of the offence. The sentencing ranges that the Government have chosen are built entirely on the retribution view of sentencing. In practice, that view will completely squeeze out all the things that the right hon. Gentleman and I want to see in those guidelines. That matters, because although the Secretary of State is right that putting the victim at the heart of the criminal justice system is important, it is also important that we consider not only present and past victims, but future ones. The purpose of the criminal justice system must be to ensure, as far as is possible, that there are as few future victims as possible.

I therefore ask the House, for the reasons set out in our amendment, not to pass the Bill today. It contains some good proposals, but also dangerous proposals on data sharing, and proposals on secret inquests that are, though a red rag, undesirable. A lot of the rest of the Bill seems ill-thought-through, rushed and muddled.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): May I make a plea to Members? I estimate that there are approximately three hours left for this debate. May I ask you all to consider carefully the length of your contribution, so that more people can catch my eye? I call Mr. George Howarth.

6.26 pm

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): Thank you, Madam Deputy Speaker. I shall try to follow your advice as closely as possible; I know that it makes sense. It is a pleasure to follow the hon. Member for Cambridge (David Howarth). Some of his points are sensible, others less so. I shall make just one point on what he said about anonymous witnesses. He must be aware that there are hundreds, or more likely thousands, of violent gangsters and others in this country who do not get brought to justice because

[Mr. George Howarth]

everybody is far too afraid to act as a witness. He needs to be aware of that fact. As the provisions that my right hon. Friend the Secretary of State is trying to introduce on anonymous witnesses are meant to address that specific problem, the hon. Member for Cambridge should not be so squeamish about the means of dealing with the issue.

David Howarth: My point about anonymous witnesses in investigations was not that there is not a problem; there is a very serious problem. My point was that I do not think that the provisions will work. They will not make things any better.

Mr. George Howarth: The hon. Gentleman has at least gone part of the way with me in recognising the problem, but having recognised it, he must at some stage will the means to resolve it. If he does not think that the proposals are the means, he needs to come up with something that will address that very real problem.

I did not intend to go off on that diversion. I intended to begin by commenting briefly on the Bill's provisions for reform of the coroner system. I come to this subject from the perspective of having a number of constituents who tragically lost loved ones in the Hillsborough disaster on 15 April 1989. Together with several bereaved constituents, I attended one day of the coroner's mini-inquests. In total, the proceedings lasted for 90 days. In March 1991 a verdict of accidental death was returned for the 96 people who had died attending a football match.

The individual mini-inquests were held on the revolving door principle, with approximately eight cases being heard a day. That was a horrendous experience for the families involved. The gross insensitivity of focusing on the blood alcohol readings created the wholly false impression that that was a significant contributory factor in the disaster, when it had already been established by the Taylor inquiry that

"the main reason for the disaster was the failure of police control".

I mention this not to rake over the coals of the tragedy, but to highlight why the coroner's procedure caused such distress and offence to the bereaved families. For this reason I welcome the reforms proposed in the Bill, at least in principle. However, I ask Ministers to reflect on my comments on the Hillsborough mini-inquests and see whether the Bill can be improved to ensure that that situation is never allowed to occur again. I hope there will never be another disaster on that scale, but I also hope that if there ever is, the bereaved families will not be put through the wringer as the Hillsborough families were.

I turn to the sentencing provisions in part 4. I had the privilege of serving on the sentencing working group which, following the Carter report, was charged with examining the merits and feasibility of a structured sentencing framework and establishing a sentencing commission. The group, which was expertly chaired by Lord Justice Gage, made a number of recommendations, many of which, I am pleased to say, have found their way into the Bill.

Because sentencing has such an immediate and real effect, it is one of those areas where there should be a clear link between the detail of the policy, the underlying principles and the practical consequences that follow. We have a duty to ensure that sentencing policy is fair to the victims of crime, that society as a whole has confidence in our justice system, and that offenders recognise that the sentences that they receive are proportionate to their crimes and are consistently applied. Regrettably, a lack of consistency is a significant contributory factor to the alarming decline in public confidence in the criminal justice system in recent years, and we must recognise that.

We should also recognise that sentencing has a direct impact on offending in three ways. First, the most direct impact, surprisingly, is the most overlooked. It is difficult for most offenders to commit further crimes while they are serving a custodial sentence. As the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) put it when he was Home Secretary, prison does work—in that context, at least.

Secondly, sentences should, wherever possible, include the potential for practical and effective rehabilitation. I use the words "practical" and "effective" advisedly. We must be honest. Not all rehabilitation, and not all community sentences, are effective. We should not believe that in every case they are a panacea. In some cases they are not. Thirdly, sentences act as a deterrent that reduces reoffending and discourages offending in the first place. All three impacts are too often overlooked.

On the practicalities of sentencing, the hon. and learned Member for Beaconsfield (Mr. Grieve) seemed to get himself in a muddle. I say that with regret. When I listen to him in the House, he is usually fluent, tolerant and logical, but in his speech he created a muddle between the idea of balancing correctional resources and the sentences that are passed. He railed, rightly, against early release schemes. I agree with him. There is nothing worse than an early release scheme for undermining the whole sentencing system. By definition, releasing anyone early without good reason undermines the sentence that the court passed on them.

However, the hon. and learned Gentleman ruled out any predictability in the need for correctional resources. He said that it was up to the courts to decide what those should be, but if we do not predict with more accuracy than in the past how many prison places are needed, or how many places are needed on community sentences, the inevitable consequence is that sometimes we will get it wrong. If we under-provide, there is only one way to deal with that—by means of early release schemes. That is what has happened repeatedly in the post-war history of sentencing. At some point, there is no alternative. The hon. and learned Gentleman cannot have it both ways. Either there is predictability in the system so that we have a reasonable idea what correctional facilities are necessary, or there is no predictability, and at some point in the cycle, early release schemes will have to be introduced.

While serving on the sentencing working group, I was surprised and disappointed to discover—this is another point that the hon. and learned Gentleman failed to take into account—how little we know about, and how little we are able to measure, the variations in sentencing. We commissioned a limited survey of our own, which I do not claim was the last word on the subject. It revealed a number of interesting facts, the most notable of which was that almost half the sentences passed by the courts in England fell outside the guideline ranges.

Courts need to have some flexibility and to exercise some judgment, but do we really think that 50 per cent. of their sentences falling outside the guideline ranges is a good thing? Does any hon. Member want to interrupt me and say, "Surely we should celebrate that"? If nobody is prepared to do that, there must be a general acceptance that it is not a good thing. Whether courts are over-sentencing or under-sentencing, that cannot be right. We need far more information and a clearer picture of what is going on throughout the country. My right hon. Friend the Secretary of State and other Ministers have accepted that we need more data so that we can be clearer about how the sentencing system is working. I welcome the fact that the Bill provides for that.

Four key issues are pertinent to the Bill. The first is the challenge of balancing consistency with judicial flexibility in individual cases. The second is the challenge of ensuring that there are adequate correctional resources available to meet demand without compromising justice in individual cases. The third is the role of the Lord Chief Justice in the new sentencing council, and the fourth is the role of Parliament in setting guidelines.

On the challenge of balancing consistency and flexibility, the group on which I served was extremely clear that there needs to be improved consistency in sentencing, while still allowing for judicial flexibility in individual cases. We recommended, for example, that there should be definitive guidelines for all major high-volume offences, and further narrative guidance on the treatment of previous convictions and aggravating and mitigating factors. To be fair, we were less clear about how to deal with cases where the intended sentence departed from the normal range.

At present, the court is required to have regard to any guidelines relevant to the offender's case. Discretion to stray from those guidelines can be granted only if the court can give reasons for such a departure. There is an alternative approach, which gives the courts more flexibility and simply requires guidelines to be followed unless the court is satisfied that that would be contrary to the interests of justice. Although the majority of the sentencing working group supported that approach, my own view, as indicated in the report, is that the existing requirements should be retained because they provide more consistency while still allowing flexibility in individual cases.

Clause 103 sets specific requirements on how sentencing guidelines should be laid out by the sentencing council. In my view, the clause contains little, if anything, that is not already covered in at least some of the sentencing guidelines. However, specifying the requirements in the Bill will help to achieve the aim of greater predictability and assist attempts to collect relevant data on actual sentencing practice across the whole country. Having a greater understanding of that practice will help the planning of correctional resources to be more effective, and give us the opportunity to revisit the issue of consistency in sentencing in a more informed way in future.

That leads to my second point, which is about the challenge of ensuring that adequate correctional resources are available to meet the demands of the criminal justice system, while also ensuring that individual circumstances are taken into account. The sentencing working group recognised that it is important to match the supply of correctional services to the demand for them. We considered the practicality of giving the sentencing council a duty to design guidelines that would match capacity. However, given the lack of systematic information available on sentences passed, we concluded that that would be impractical. Instead, we recommended that Parliament should express its intentions with regard to correctional resources at regular intervals. Personally, I believe that the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) and his Select Committee could have a role in that, although to make that case in this debate would probably stretch the point too far; perhaps it would be better to debate the issue in Committee.

Our view was that the effect of such an obligation on Parliament, combined with an assessment by the sentencing council of the effects of guidelines on correctional resources, would allow for more rational planning. As I outlined earlier, the ability of the correctional system to cope with demand is an essential element in achieving justice.

The third issue that I wish to cover is the role of the Lord Chief Justice in the new sentencing council. There has been some debate about that. Our working group studied the matter carefully, and we were clear that the workload of the chair of the sentencing council would be too substantial for the Lord Chief Justice to be appropriate; it would require a commensurate time commitment. However, we did recommend that the chair should be a member of the senior judiciary, appointed by both the Lord Chief Justice and the Lord Chancellor. It is clear to me, however, that the Lord Chief Justice should have a transparent and formal mechanism so that he can have some input into the work of the council. Perhaps that could be achieved through an appointed representative empowered to speak on his behalf during any deliberations in the council.

My final point is about the role of Parliament in setting sentencing guidelines. The working group did not come to a unanimous view on the role of Parliament. The majority believed that it would be inappropriate for there to be a duty requiring the sentencing council to consider Parliament's intentions on resources when formulating guidelines, and that Parliament should have no role in approving any guidelines before they are implemented. The minority view of the group—a view that I share—supported a more active role for Parliament, perhaps including the Justice Committee, in relation to both those points. That would mean that the sentencing council would have a statutory duty to consider Parliament's intention in relation to resources, and that Parliament would be able to approve guidelines before they came into practice. The obvious rationale for that approach is that, ultimately, Parliament is the only mechanism available for public accountability in relation to sentencing and its implementation. Manifestly, an independent judiciary cannot be held accountable in the same way.

We need to recognise that a fair sentencing system requires the application of clear principles. In turn, a more consistent approach, flexible enough to take individual circumstances into account, will reduce unexplained variation and reoffending, and could increase public confidence. I welcome and support the Bill, but I give notice that at a later stage—and subject to further consideration of the issues to which I have referred—I might well table my own amendments.

6.45 pm

Sir Paul Beresford (Mole Valley) (Con): I intend to be succinct, as requested. I am encouraged in that by my awareness that there are a plethora of lawyers here

[Sir Paul Beresford]

straining at the leash to gnaw at this amalgam of a Bill. I shall touch on just two points. First, I support my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) on clause 152, about which I am deeply concerned. Personally, I feel that it is a further step down the "brave new world" path.

Last year, I put it to the right hon. Member for Delyn (Mr. Hanson), a Minister at the Ministry of Justice, that the more the Government increase personal data and centralise them, the more valuable those data will become to those whom we would all wish not to have them. The Minister answered that there would be tough safeguards. That is utterly inadequate. First, the Government's record on losing data is spectacularly poor. Secondly, if the Pentagon computers can be hacked into, I suspect that Ministry of Justice files and many of the others can also be hacked into, perhaps more easily.

Thirdly, and more fundamentally, there is no real safeguard against an individual with key access being paid or politically persuaded to provide illegal access. When, last year, I put that concern to the Association of Chief Police Officers representative leading on the central records, such as DNA records, of criminal—and now, increasingly, non-criminal—individuals, he admitted that that was his one greatest area of fear, deep fear. Many of us have watched with deepening concern the Government's increasing collection of personal data on individuals and the consequential state intrusion into our personal lives. I see this step as representing an appalling risk of further infringement. It would be nice to think that, under persuasion, Ministers would step back—but somehow, I doubt whether they will. I hope that the next Government—a Conservative one—will draw back on that issue, and on others.

I now turn to a more positive issue for me personally. My main interest in the Bill is about the aspects that relate to children and crimes against them. I shall pick only one of them—the provisions relating to images of children. Those provisions represent a new change, one that for some years I have been trying to put on the statute book through discussions with Ministers and attempted amendments, and I welcome them. It has been well known for some time that the quality of computer-generated images is such that computer-literate paedophiles have been using software to produce pseudo-images of child abuse pornography. I am delighted that, at long last, Ministers have recognised the concerns; hence the new legislation.

However, I should also like to suggest some concerns. Clause 53 outlines the penalty for the new offence. Interestingly, as I read the clause, the convicted offender will not automatically be placed on the sex offenders register. As he winds up, will the Minister say whether I am correct? If I am, could such a provision be added at the appropriate stage? Secondly, the maximum penalty for making or distributing indecent photographs or pseudo-photographs of child abuse is 10 years, while the maximum penalty for possession of such photographs or pseudo-photographs is five years. Clause 53 sets a maximum penalty of three years. It seems more appropriate that the maximum penalty in the clause should be similar to those that I mentioned—five years for possession, and 10 for making and distributing. I anticipate that in cases involving pseudo-photographs, the defence will argue that they were generated by computer images, involving a lesser penalty of three years. I ask the Ministers to think carefully about that.

Finally—and succinctly—I would like to draw the Minister's attention to a missed opportunity. The success of this clause, and others concerning similar photographs, depends on detection. One of the difficulties is the increasing use of encryption. Under the Regulation of Investigatory Powers Act 2000, the maximum penalty for failure to produce, on request by the police, the key to access such data is two years. It is blindingly obvious that any individual arrested on suspicion of having encrypted data relating to sexual abuse of children, including under these clauses, will refuse to give the key and risk a penalty of two years instead of revealing the key and risking a penalty of three, five or 10 years, as appropriate. I have raised this concern many times before, and perhaps the simplest way of concluding is to draw the Minister's attention to my private Member's Bill, which he might like to pick up and adapt to this Bill at the appropriate time.

6.50 pm

Mrs. Madeleine Moon (Bridgend) (Lab): I share many of the concerns expressed by the hon. Member for Mole Valley (Sir Paul Beresford) about how we legislate for activities on the internet. We are having to make progress in this area slowly and develop our legislation accordingly.

I am keen to raise several issues that stem largely from my experiences last year, when a cluster of suicides in and around my constituency reached international attention through the media.

The purpose of the coroner is simple and well defined in the draft charter for bereaved people published alongside the Bill. A coroner's investigation is required if a death is violent, unnatural, of unknown cause or takes place while the person is detained by the state. It is the duty of the coroner service to establish whether an investigation is required and, if so, to ascertain the identity of the person who died, how, when and where they died, and—for me, most importantly—to assist in the prevention of future deaths and to provide public reassurance. Those requirements accord with article 2 of the European convention on human rights, which establishes the right to life. I will focus my three areas of concern on the last two requirements.

I welcome the fact that the Bill provides coroners with additional powers, but there is, sadly, a case for further powers: first, to assist with the building of national, universal data collection frameworks to ensure that an increased range of information is routinely gathered; and secondly, to enable coroners to instigate, conduct and co-operate with psychological autopsies, especially where we have a cluster of deaths. Members may be aware that in England, but not in Wales, there is a national primary care suicide audit tool kit. All PCTs in England are required to show trends in suicide rates and trajectories and to provide action plans for delivery towards the national target of reducing suicide rates by 20 per cent. by 2010. However, PCTs give different priority to the suicide audits and use different methods of data collection, and therefore fail to develop a national, universal database. The suicide audit was rolled out by the Department of Health, and Members may question what relevance this has to a coroners Bill. The national

suicide prevention strategy advisory group has acknowledged the need to record more detailed information in a number of areas and is monitoring suicide rates following self-harm, among different ethnic minority groups and occupations, and in relation to inequalities in social class. Currently, available data do not give information about whether an individual has had contact with statutory services in the period prior to suicide. We know that one in four people is likely to have had contact with the health service before they die and that many more will have had contact with the criminal justice system.

It is essential that such information is collected in order to identify the potential for intervention through the points of contact that those who take their lives had with available services and where lessons can be learned to help to prevent future suicides. The coroner service provides an excellent possible source for the development of these databases, and it is important that we develop its data collection provision. There has been a rise in the number of narrative verdicts being delivered by coroners, which, unlike open verdicts, are not included when suicide data are collected. Recent statistics provided by the Ministry of Justice indicate a greater use of open verdicts over a number of years by some district coroners. The coroner service is in a crucial position, and coroners' verdicts provide essential information for monitoring public health. Consistent recording of causes of death is a vital component of the service, and I hope that the Bill will introduce the potential to develop it.

The problem was exemplified by Bridgend, where no detailed research has been carried out to examine the reasons why a cluster of suicides occurred and no research-based remedial action has been recommended. Importantly, Bridgend is not alone in needing that analysis. Bridgend did not have the highest suicide rate in Wales; in fact, it was 48th worst in the UK in 1998 to 2004, and four Welsh unitary authorities ranked higher. None of the inquests into the suicides across Bridgend has provided an explanation as to why the young people died in increasing numbers. Around the world, Bridgend was labelled a suicide town, the suicide capital of the UK, even a death cult town. The media stepped into the gap left by a failure to explain why the deaths were happening and ran with the story of an internet-based death cult. That story had no basis in fact, but since there had been no in-depth investigation of why the deaths occurred, it had—as I am told the expression is—legs.

The deputy children's commissioner for Wales, Maria Battle, shared my concern and wrote to the Welsh Minister for Children, Education, Lifelong Learning and Skills a year ago asking for a thorough investigation into each of the young persons' deaths, to include all the agencies, and a thorough investigation into whether there were any links and, if so, what they were. She stressed that it was important that the investigations be as comprehensive as possible, in a local and a national context. As the local MP, I am not aware of any such investigation being undertaken. I am aware that, locally, people have been left anxious and confused, and that each new death brings fear and anxiety that a new cluster may be about to form.

I believe that the Bill can ensure that, in the future, such investigations are conducted in the form of psychological autopsies. Much is known about the risk factors that may play a part in the lead-up to a suicide, and much of that knowledge has been accrued through psychological autopsies that have taken place, notably under Professor Keith Hawton and England's mental health tsar, Professor Louis Appleby. Psychological autopsies are a method of research that reconstructs the lifestyle and personality traits of the person who committed suicide, including the collection of detailed information from a number of different sources. We need to understand the reasons why clusters occur, so that things could be done to improve services locally, nationally across the UK, and even internationally. Perhaps health or education services could be adapted to meet the needs of the more vulnerable. Under the Bill, organisations and agencies will have a duty to respond to recommendations made by the coroner and to outline actions that they will take to prevent further deaths. That extremely positive way forward would be welcomed by everyone.

Information and knowledge are the key to finding answers and solutions to complex questions such as why X decided that their life was no longer worth living. Information must routinely be collected by coroners, providing universal data on all suicides, open verdicts and clusters of death. A universal data pool may be able to highlight trends that were not immediately identified by the local coroner, as nationally collected data provide opportunities for comparison and further learning.

I am aware that Liberty has argued that an extension of narrative verdicts would provide better answers to the questions of the bereaved about the circumstances of a death, and prevent further fatalities. However, unless we have a national system of psychological autopsies, we will not have the in-depth analysis that parents so often desire. To achieve such a system will require additional resources, and I am keen for the Bill to be expanded to allow senior coroners to be adequately resourced and staffed to commission such autopsies. It is vital that researchers and coroners can work together effectively, so that opportunities to prevent further needless deaths are not missed.

The second issue that I wish briefly to address is the protection of young and vulnerable people online. Like other Members, I would like to thank Professor Tanya Byron for guiding me through that new world, and I congratulate the Government on taking forward a number of the recommendations in her review "Safer Children in a Digital World". Professor Byron recommended that the law on internet material should be clarified and enforcement responses explored, and that

> "sites which exist to promote suicide in a way that contravenes UK law should be taken down once the relevant internet service providers have been notified"

and the illegality of the sites has been confirmed. The clarification of the law on suicide in the Bill and the increasing public understanding that the law applies as much online as offline provide legal parity and an opportunity for reassurance.

It is important to stress that the internet is a vast, worldwide web of information. To use Professor Byron's words again,

> "in this new world it is us who are the digital immigrants and our children and possibly in some cases grandchildren who are the digital natives. We must open ourselves up to this technology, get engaged and do more to enable the best use of this resource."

A balance needs to be struck between protecting those who are vulnerable and enabling the freedom of the majority.

[Mrs. Madeleine Moon]

Ministers will be aware that by coincidence, I chaired the second meeting of the all-party group on suicide prevention last week. The role of the internet and new technology in suicide was a theme of the meeting. Representatives from across the industry were present, and a lively discussion took place. There was no unanimous verdict, and strong feelings were expressed both for and against the banning of pro-suicide and suicide recipe sites.

Two phenomena need attention: the possibility that the internet may induce suicide or encourage someone vulnerable to commit suicide, and the possibility that it may provide details of suicide methods to someone who wishes to die. Those two types of site are commonly grouped together, but there is a grey area between the encouragement of suicide and the active engagement of individuals in suicide and the promotion of their death, and we need to ensure that we protect people by addressing it.

The Samaritans have expressed concern that the legal definition of "encouraging or assisting suicide" could create a difficulty for young people who use the internet, text messages and e-mail to discuss their suicidal thoughts and intentions. My reading of the Bill suggests that that will not happen, but there will be those who are anxious about attempts to bring the use of that new technology within the Bill. In contrast to the view of the Samaritans, Papyrus is concerned that the word "intent", used in the Bill, needs further clarification to ensure that the wording is strong enough to ensure that prosecutions are successful.

There is limited research in the area, and it is provided mainly by Professor Keith Hawton and his colleagues from the centre for suicide research. They have searched online for sites providing information on suicide methods and found that one in five were dedicated suicide sites, half of which encouraged or promoted suicide and half of which contained personal and other accounts of methods. Only 13 per cent. of the sites that they found offered support or preventive action, which I find a really frightening statistic. Google and Microsoft tell me that they use search engine optimisation to try to promote support sites, but it is still not too difficult to find more worrying sites if one delves past the first page. Those companies indicated that they were not averse to doing more, but that they were keen not to lose their conduit status. We have to address that.

Mr. Gray: I commend the hon. Lady's work as chairman of the all-party suicide prevention group. As an act of interest, this afternoon I Googled the expression "how to kill yourself". The first several pages of sites were detailed, explicit recommendations about how to kill oneself, and none of them were support sites at all.

Mrs. Moon: That confirms the statistic that only 13 per cent. of the sites found provided supportive information. I commend the hon. Gentleman for taking the time to look at those sites, some of which are really frightening. Imagine a vulnerable youngster who is troubled about themselves and their future, and uncertain about their life, accessing the information on such a site. That is why the steps that the Government are taking in the Bill are so right. The existence of such recipe sites must be addressed, and we are right to do that.

I appreciate that there are difficulties, given that many of those sites are not located in the UK and that many are located outside the EEC. It will be a complex task to account for those sites and have them taken down, but if the House is worth anything, it has to be worthy of taking to task new technology and finding a way of framing legislation that will allow us to protect vulnerable people, while still allowing technology to develop and expand so that we have new ways of exploring ideas. We must take seriously our responsibility to protect the vulnerable.

There has been much talk about autopsies and the need for privacy, but not really any talk about the effect on families, especially when a child dies. A lot of concern has been expressed in the debate about the holding of coroners' hearings in private, but I want to represent my constituents who have come to me and described how their children have taken their own lives, and how they felt. They are angry, distressed and aggrieved that if their child had committed a crime, their privacy and anonymity would have been respected, but because they took their own life, the facts of their life were made public and spread across the media. We desperately need to consider how we can ensure that the coroner system protects the privacy of children who, because of their frailty, vulnerability and confusion, take their lives. That is a matter that I will wish to consider during the Bill's passage.

7.9 pm

Mr. Robert Goodwill (Scarborough and Whitby) (Con): When my father-in-law was in the police force, one of the jobs that he dreaded was being sent to somebody's house late at night to knock on the door and inform them that their son or daughter had been killed, usually in a motor accident. We all expect to outlive our children, and it is every parent's nightmare to get that knock on the door. Sadly, many young people learn to drive, but they do not learn to use alcohol responsibly. Despite the fact that the most recent figures for deaths on our roads have fallen to a record low—below 3,000 for the first time—460 fatal accidents involve drink-drivers. It is important to send a clear message to those who flout the drink-driving laws that the criminal justice system will deal with them severely.

Last year, I was contacted by a lady from Billingham, called Jan Woodward. Indeed, we were all contacted by Jan, who sent us an e-mail about her campaign to highlight a specific matter. I visited her and learned about the Kelly campaign. On 16 July 2006 at 3.55 in the morning, Jan's daughter Kelly was killed. She was one of four passengers in a car that was being driven back from a house-warming party. The driver, Andrew John Burrell, had passed his test only eight weeks previously and bought his car only four weeks previously, for £400. The car was travelling down Marsh House avenue in Billingham and the police estimated its speed as being 53 mph in a 30 mph area. Despite braking, it was travelling at 20 mph when it hit a tree. Of the passengers, Claire Dewar suffered serious head injuries, a broken leg and a broken pelvis and Kelly Woodward, despite wearing a seat belt and despite the fact that an off-duty nurse was at the scene very soon, sadly died of her injuries. Kelly was just starting out in life—she had completed a course in hairdressing in Hartlepool and was getting her feet on the ground when her life was so

tragically cut short. The driver had drunk twice the drink-driving limit and was given a two-and-a-half-year prison sentence and a three-year driving ban. There was widespread outrage in the area that the sentence was not severe enough. On appeal, the sentence was increased to four and a half years in prison with a five-year driving ban.

What appalled Mrs. Woodward more than anything was the fact that the ban did not start on the young man's release, but from the date of the trial. If he served his full sentence, the ban would be for only six months—not a strong message to send to people in such circumstances. I was fortunate to catch Mr. Speaker's eye during Prime Minister's questions on 19 March and raised the issue. The Prime Minister said that the Government would consider the matter. I was surprised to get a call just over a week ago from the Justice Secretary, who said that the Government had listened to me and the Bill would contain a provision to address the issue, so that if a judge imposes a ban and a prison sentence at the same time, a longer ban will be given. I am therefore grateful to the Government for listening—I suppose that it is another example of the way in which the Conservative party these days is a bit of a think tank for the Government on some issues.

Another aspect has not been tackled, and I hope that the Government will consider it. The Bill changes cases when a sentence and a ban are issued at the same time, but does not address circumstances in which someone who is banned from driving, perhaps for causing death by dangerous driving, subsequently commits another offence and goes to jail. The ban continues to operate while the person is in prison. In some cases, the sentence may use up the entire ban, and the person can drive home from prison. I hope that we can consider methods of addressing that.

I am told that one of the problems is that data are not shared in the justice system so that there is no way of knowing whether someone who goes to prison for, for example, burglary has a driving ban. Although the Bill provides for sharing information with almost anyone in the world, it is strange that the Driver and Vehicle Licensing Agency and the courts do not seem able to learn who exactly is banned at any one time.

I am grateful to the Government for listening to Jan and responding to the Kelly campaign. I pay tribute to Jan for her campaigning and for working with the emergency services in Cleveland on their Christmas drink-drive campaigns. It is sad that the circumstances that have brought the campaign to Parliament are so distressing.

In thanking the Secretary of State for Justice, I have no wish to diminish our criticisms of other aspects of the Bill, which my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) outlined so well. The Secretary of State has just returned to his place, so I thank him for responding to the issue so positively and relatively promptly, given the way in which Governments work.

7.14 pm

Mr. David Kidney (Stafford) (Lab): I am pleased to follow the hon. Member for Scarborough and Whitby (Mr. Goodwill), who succinctly made the one point he wanted to make in the debate, and my hon. Friend the Member for Bridgend (Mrs. Moon), who has been an admirable leader of her community at a time when intense international attention has focused on her constituency. I praise her for her work on suicide.

I want to speak about the reforms of the coroners' courts system. I would be happy if the Bill dealt only with such reform. That would be true to the spirit of the draft Bill that was published for consultation a little while ago. It would also emphasise the importance of the coroners' courts system in this country. Although it is 700 years old, there has been no modern reform of it until now. Its significance is seen on the news almost every day in, for example, police shootings—the most recent example is the de Menezes shooting, which also involved the security services; deaths in custody, especially the tragic deaths of children in custody; and the immensely important results of coroners' inquests on some of our service personnel killed in action in Iraq and Afghanistan. If we think back to Dr. Shipman's killing of his patients, the case revealed some of the weaknesses in the current system and the pressing need for reform.

As long ago as 1 December 2004, I secured an Adjournment debate in the Chamber, which is recorded at column 749 of *Hansard*. It pointed out the weaknesses in the system and called for reform. At the time, investigation powers were weak. There was no central monitoring of trends in deaths, no proper sensitive service for the relatives of those killed suddenly and unexpectedly, no advice and guidance on preventing avoidable deaths, and we were weak in this country on investigating major disasters or single incidents that caused large loss of life.

It has taken a while, but the Bill makes welcome changes to the law and practice relating to coroners' courts. I mentioned the draft Bill and I congratulate all those who were involved in publishing alongside it a plain English explanation of the legal language. That was a bit of a first at the time, and very welcome.

I want personally to thank Mr. Andrew Haigh, the coroner in Staffordshire, who has had several discussions with me about the reforms, which helped clarify my thinking and my attitude to them.

Let me deal with some of the important reforms. First, I want to speak about the national service—or the national head with the local service. Some people would prefer a completely national service, believing that that brings the reach, clout and resources necessary to make a success of a national coroners' system. Others are happy with the set-up in the Bill, with a national position of chief coroner, supported by several deputy chief coroners, but with the administration at local authority level. I am not sure which is better. Those who argue for more localism prefer the latter arrangement. If we can make a success of it, it will probably be a model, which we may want to follow in future, for services beyond coroners' courts. Obviously, much depends on getting the detail right and monitoring what happens afterwards.

Secondly, I want to consider the new range of possible investigations under the Bill. I like the proposal for the new medical examiner role. We have the prospect of two professionals from different specialisms—the lawyer as the coroner and the medical practitioner as the medical examiner—working together with the same aim of establishing the truth and recording an accurate description of the cause of a death. I like the fact that they will have

[Mr. David Kidney]

wider powers—for example, the ability to require non-invasive scans, such as MRI scans, as well as autopsies, and the new legal power for the coroner to enter premises, search them and seize items of evidence. The new powers all look good. The relationship between the coroner and the medical examiner will be crucial. I note that the current proposal is for primary care trusts to appoint the new medical examiners. Given the crucial relationship with the coroner, it is important to have some formal involvement of coroners in the appointments. I hope that that will happen.

Sir Alan Beith: Does the hon. Gentleman recognise the concern of quite a few people in the relevant professions that the primary care trust that employs the medical examiner might be the same primary care trust that runs the hospital in which the death that is the subject of the inquest took place?

Mr. Kidney: Yes, I do recognise that point. One of my wishes for the new relationship that will evolve between coroners and medical examiners is that they should be seen as a team that is independent of any other body, and free from any vested interests, when carrying out their investigation. Perhaps that will mean using medical examiners from outside the area in which the coroner is based, or perhaps, as I have suggested, the coroner will have a greater involvement in the appointment of the medical examiner. Those decisions will be significant, as will the question of who pays for the medical examiner. I have already mentioned resources, and I shall come back to that subject in a moment.

My third point relates to the new charter for bereaved people. There has been very good consultation on the charter, and it was great to learn today of the appointment of Sara Payne as a victims' champion. Obviously, there are many people to congratulate on that appointment—not least Sara Payne herself, on her persistence on the issues that she has pursued in recent years.

I would like to point out that there are other interested parties at coroners' inquests who are not legally represented as a matter of course, and it is important that they, too, should be looked after sensitively and properly by the coroner. The present guidance does not extend to such people, and I am not sure whether it should, or whether there should be a second guide for other people who are interested in the outcome of a coroner's investigation. The matter certainly needs further attention.

My fourth point concerns the effects of the new responsibilities of coroners' courts towards bereaved people, the possible requests for reviews, and the appeals that we are implementing for the first time in the Bill. These all have the potential to add significantly to a coroner's work load, and, as the Bill passes through Parliament, I want to investigate whether that means that coroners will have a greater ability to delegate their present duties to other members of their staff, whether there will be new funding for additional staff and for the upgrading of their information technology systems to enable them to deal with the additional work load efficiently, and whether there will be sufficient resources overall for them to carry out this extra work. If not, the danger is that we will be imposing a new source of delay in the coroners' system, and delay has been a worry in the past.

My fifth point is on funding. A national system would have placed the responsibility for adequate funding on central Government. It is not even clear whether all local authorities currently fund their coroner service adequately, and if there are to be new duties and functions for coroners involving extra expense, will those local authorities continue to step up to the plate and pay their fair share? The Government have the idea that, if a local coroner does not get the necessary funding from a local authority, the chief coroner will step in and support the coroner. I wonder how much weight a local authority would give to representations from such a person from outside its area.

I also wonder whether many people appreciate how much support the police give to the coroners service around the country. The briefing note for today's debate says that 90 per cent. of the funding for a coroner's local office comes from police resources, rather than from local authority resources. There is odd wording in the Bill that makes me wonder whether the police have an eye to saying that they would pull out of funding the coroner service because it was the local authority's responsibility to do so. I would not like to see that happen, not least because of the value that police officers and retired police officers add to the work of the coroner's office when they become coroners' officers.

It is good that there will be a greater ability for coroners to share their work load across coroners' boundaries, and that there is going to be a more formal arrangement for the training of all coroners. I am also pleased that there are to be inspections of coroner services. I am not thrilled one way or the other about retaining the treasure trove duty on coroners, but I note that the ability to share that work load across boundaries might be significant in a few cases.

Like many Members who have spoken today, I am concerned about the provisions relating to secrecy and to sharing data. There is a great deal of work still to be done on the former, for sure. Because the Government have dropped the proposal to give coroners the power to prohibit the publication of certain details, the issue that my hon. Friend the Member for Bridgend (Mrs. Moon) raised remains and too much detail about suicides and other traumatic events in a family's life could be published to the world. I am not sure whether the Government have given up not only on the idea of giving coroners the power to control such publication, but on asking the media to exercise a bit more restraint through a change in the Press Complaints Commission's code of practice for reporting. That issue still needs to be debated by all of us.

As a footnote, I should like to note that some reforms have been implemented ahead of the Bill. A good example is the rule 43 reports. When a coroner feels that a case involves something of significance to the wider world, rather than just the death being investigated, they can now send a report to an organisation and ask for a response. At the moment, there is no power to enforce such a response, but the Bill will give us an opportunity to ensure that that provision is more rigorously enforced, because it is a very welcome reform. As these are major reforms, I hope that there will be some arrangement for post-implementation scrutiny, so that we can see whether what we thought would happen actually has happened, and so that we can make changes

speedily if some things are not as we expected. So far, so good, however, in terms of most of the proposed reforms of the coroners' courts system.

7.26 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): I hope that the Justice Committee will carry out just the kind of post-legislative scrutiny to which the hon. Member for Stafford (Mr. Kidney) has referred. We did a great deal of pre-legislative scrutiny on the Bill, and I want to refer to that in moment, particularly in the context of the short report on the Bill that the Committee produced for the assistance of Members on Second Reading and in Committee. It will be an aide-mémoire for some of the issues that we have raised, and for the Government's response to them. I shall deal mainly with the coroners' system when referring to the report.

The coroners' system is greatly valued in this country. As the hon. Gentleman pointed out, it has been around for 700 years, and families attach a great deal of importance to it—so much so that it is now used in circumstances that were previously not envisaged. For example, deaths in military service are now the subject of inquests. That was not the case at the time of the Falklands war, and still less so during the first and second world wars. The entire system would have collapsed if it had been expected to cope with the horrific number of deaths of service personnel in either of the two world wars. We have now placed that new responsibility on the service, however.

The coroners' system does not operate in Scotland at all, and I have found no appetite in England or Wales to move to the Scottish pattern, in which only the most significant and unusual deaths are the subject of a fatal accident inquiry. Any other deaths that require further scrutiny are examined by the procurator fiscal, who decides whether any criminal proceedings should follow, or whether to secure a fatal accident inquiry, which is itself rare.

Whereas there is no appetite in England and Wales to move away from coroners and inquests, there does appear to be an appetite in Scotland to hold inquests, at least in respect of military deaths. That is the subject of an ongoing consultation with the Government. If people are brought back from Afghanistan—following the Nimrod crash, for example—some of them might have been based in Scotland and others in England. The secondary decision of where the plane lands seems a pretty poor determinant of whether there should be an inquest or not. That is an illustration of the importance that people attach to inquests, especially when the state, in the form of our armed services, is relevant to the death.

Mr. Gray: Does the right hon. Gentleman agree that military inquests are so important because the coroner might well point the finger at the state, in one way or another? The Nimrod inquiry is a good example of that. If such inquests were to be held in secret, it would remove one of the most fundamental reasons for holding them—namely, determining what is wrong with the state that sent the soldiers to their deaths.

Sir Alan Beith: I entirely agree with the hon. Gentleman. I do not think that holding such inquests in secret is actually the purpose of the clauses in the Bill that have caused so much anxiety. They are the clauses that my hon. Friend the Member for Cambridge (David Howarth) referred to as a "red rag", and I still think that they are profoundly unsatisfactory, but they have a rather more limited purpose than that and I shall return to it shortly.

Of course, not all families want inquests in all circumstances. I have talked to many family members who say, "I hope that there is not going to be an inquest." In some circumstances, usually when the death has occurred in some form of medical care, families do not want to extend the issue further. Our system does not require inquests to be held in all circumstances—far from it—and it would be bad if that idea got around. Nevertheless, the importance of inquests in cases where the reason for death is in some way uncertain cannot be underestimated.

The Bill brings some benefits in that field through the appointment of a chief coroner, an appeals system, inspection and a charter for the bereaved, as well as by resolving some of the issues of jurisdiction that have caused real practical problems to coroners which they have asked to be sorted out for many years. There are situations, for example, in which the coroner has to break the law to get the body of a child to a place where appropriate skills are available to carry out an autopsy. Thankfully, that sort of thing will be sorted out.

The Committee had some concerns, and I shall identify a few of them. Although we understood the decision to stick with a locally organised rather than a national service, we felt that the expectations for the reforms might well not be met by the limited amount of central involvement that the Bill produces, particularly in the light of the great diversity of funding that exists. In some areas, coroners' offices are provided and paid for by the police; in other areas local authorities play that role. In some cases, coroners are serving police officers; in others they are retired police officers. It is not necessarily wrong to have a degree of diversity, because what works in a rural area is very different from what works in an urban area, but it is clear that there is little certainty that the right level of resources will be available in all areas. The Government are relying on the chief coroner and the inspection system to achieve that, and I hope that consistency of standards is achieved, but there is an awful lot to be sorted out in respect of providing the resources that coroners will need to meet the expectations generated by the Bill.

My second area of concern—I raised it in an intervention during the previous speech—is the position of the medical examiner. The fact that he will be employed by the primary care trust does not provide the direct line of accountability to the coroner and the coronial system that we think is appropriate. That is worrying. PCTs run community hospitals and employ salaried dentists and physicians, alongside dealing with the general practice service and other services that they purchase from other health bodies. They are very much involved. However well the professionals carry out their duties, there will remain a concern in the public mind, which these provisions are intended to address, that the medical advice to the coroner is not independent of those who had care of the patient who died.

We have to find a way of resolving that problem. One way of doing so, even within the Government's proposed structure, would be for the medical examiner at least to be employed by the coroner or the judicial system as a whole-time employee or to be employed in respect of the medical examiner work—a separate duty in respect

[Sir Alan Beith]

of which they are paid by and accountable to the coronial system, not the health authority.

Mr. Andrew Turner (Isle of Wight) (Con): I am glad that the right hon. Gentleman has mentioned that point. I am very concerned about the desire for full-time coroners. I notice that part-time coroners are proposed for Northumbria, Cumbria and Cornwall, and I hope that that will also be allowed on the Isle of Wight.

Sir Alan Beith: The hon. Gentleman is a member of the Justice Committee and he knows that we have discussed this issue quite a lot. I was talking about medical examiners, but let me come straight on to the point about part-time coroners in rural areas. The Committee is concerned that flexibility should remain. We do not want a family living 50 miles from the headquarters of the area coroner to have to travel all those miles in order to speak to the coroner or even to his staff. Present arrangements, which use locally based deputy coroners, provide a service that must not be lost when the system is changed. Part-time assistant coroners are provided for in the Bill, but they need to be available in the appropriate areas. The hon. Gentleman's constituency has some of the problems that are experienced in even greater measure in areas such as mine in Northumberland or, indeed, in Cumbria. Those areas need to be provided for.

I come now to the provisions that originated in the Counter-Terrorism Bill of 2008, which relate to holding some inquests without a jury, in secret and in circumstances in which even the family will not be party to some of the proceedings. In fairness to the Government, I recognise that the proposal arose when it became clear that at least two inquests were not proceeding because of the lack of some provision of this kind. I do not think that the Government started from the wrong motives, but as so often happens in these cases, once the system starts to provide an answer, it comes up with procedures that have many other faults and failings and are wide open to use far beyond what was originally envisaged. I think that the sheer breadth of the provisions worries everybody.

There is also a parallel concern that engages me. I have been involved in the attempt to make intercept as evidence available in our criminal courts. It is a difficult process—indeed, more difficult than people sometimes appreciate. The Government have accepted that it is desirable to allow such evidence and they have charged the same group of people, with just one change, to oversee work by civil servants to try to bring that about. I am engaged in that work.

I have to say that it is still not clear to me how Ministers can be assured that the tests set out by the Chilcot group, of which I am a member, are fully satisfied in respect of the use of intercept evidence under the procedures in coroners' inquests. Some of the tests relate to the problems of retention and transcription that would arise if it were possible to use intercept material in criminal cases. The same problem can arise in the coroners' courts.

The Secretary of State drew attention to one difference that does not affect the retention and transcription issue, but does affect issues about revealing certain matters. In a criminal prosecution, the prosecution can say that if it has to produce certain material, it cannot proceed, so the case goes no further, but that does not happen in an inquest. Conversely, the coroner is not going to say, "I am going to stop this inquest because the material I need cannot be made publicly available, so I will not have an inquest." That is almost the situation that we are in now.

In trying to find a solution, the Government are somewhere between a rock and a hard place, but we have to find one that is clearly confined to areas where the production of material could very seriously undermine the ability of intelligence agencies to protect the country's security and the safety of the people who work in it, and which meets the tests that have to be applied to those procedures if we are going to get intercept into court as evidence. The two points are quite closely related. What happens in an inquest may, of course, give rise to a criminal case if it becomes clear from that inquest that criminal proceedings should follow. In that case, the same evidence will be relevant, so we cannot separate the two.

Mr. Straw: I am grateful to the right hon. Gentleman, and I listened with care to what he said. On his immediate point, there are certain circumstances in which an inquest will be followed by a criminal prosecution, but the usual practice, as he will be aware, is the other way around. That particular issue thus rarely arises in practice. On the more general issue, I am grateful to him for recognising that we have not invented the problem that we are seeking to address by the Bill. He disagrees with the solution and he is right to describe the position in which I find myself as somewhere between a rock and a hard place. It is not his business or that of the official Opposition to make my position any more comfortable, but I would ask him—I know that he has a very constructive approach—to respond as constructively as he and his colleagues can to the invitation I offered the House, including the Opposition, earlier. If it is recognised that there is a problem, and it cannot be resolved in the way that criminal cases can, what is a better solution—there may well be one—than the one in the Bill?

Sir Alan Beith: As my hon. Friend the Member for Cambridge said, we have taken one step forward by getting away from the idea of the Secretary of State simply appointing the coroner. That is a beneficial change. As my hon. Friend also said, we now need to separate having or not having a jury from the other issues to which this matter gives rise—they are not the same. This is still a difficult matter and we will probably achieve a solution that can be used only in very few cases, but there are only very few cases in which it will be appropriate to use such a procedure. In such cases, there are families who want the inquest to be completed and want closure, which is why we must look at this matter rather carefully.

I want to discuss the Information Commissioner. I am glad that we now have some idea of how much money will be available for data protection work—that is one of the things we asked for, and just before the debate started the Government sent me a letter about it—because our Committee's recommendation that we put an end to the absurd state of affairs whereby an individual Member of Parliament's data protection fee is £35, with the same fee applying to the entire Ministry

of Justice, has been accepted. Clearly, that fee should be graded. It now will be, which will raise significant sums of money. Indeed, I now know that the Government intend that this should be a virtually self-financing process because of the graded fee.

We welcome the acceptance of that point, but we are concerned about the data-sharing powers in the Bill for reasons similar to the one that I have just mentioned in another context: they are very broad and the parliamentary procedures to which they will be subject are too limited to achieve the protection that most of us would want. The negative procedure is hopeless from that point of view and even the affirmative procedure, which is not normally open to amendment unless the statute makes that possible, will be inadequate if there is to be anything other than narrow applications of the idea of data sharing to areas where it is relevant and necessary.

Anne Main (St. Albans) (Con): On the broader point about data sharing, apart from its being considered illiberal, there is public concern about having little confidence that the data will stay exactly where they are supposed to be. Once data have been put out there, having been authorised to go to a third party, they might go to who knows where. We would have to be completely confident that those people's data sharing and data protection were watertight. That is where I would lose faith completely, because I do not think that any assurances that the Government could give us would mean that that was the case.

Sir Alan Beith: The hon. Lady is right to point out that all this takes place against a background of lack of confidence in the ability of organisations to look after data properly, so the more people who have them, the more there are to lose them in the ways that various bits of the Government have lost them.

My hon. Friend the Member for Cambridge drew a distinction between public and private organisations in this context. I understand why he did so, but it is a difficult distinction to draw because the number of private organisations with a legitimate reason to handle Government data is quite large. A general practice in the health service is a private business. So, too, is a charity carrying out work on behalf of the Government. Therefore, there is no nice, neat line between the public and private sectors. There are even more bodies in which data can be lost.

The Committee is concerned—the right hon. Member for Cardiff, South and Penarth (Alun Michael) made the point—that when data sharing is necessary to protect the lives of the public, for example, we should not get to a situation whereby there is so little confidence that we cannot do it when we really need to do it, or a situation whereby assumptions about not sharing data are spread dangerously, as they were in the Soham case. The problem there was caused not by the law, but by a mistaken assumption, even within an organisation, about what the law was. We want a system in which people can have confidence, but in which there is appropriate provision for carefully monitored data sharing in circumstances in which the public would wish it to happen.

Alun Michael: The point in relation to Soham is that the systems were the biggest problem because they were not designed for the sharing of data. Public perception was undermined as a lack of confidence in appropriate sharing was encouraged. Getting such coherence into the public debate is important, is it not?

Sir Alan Beith: Yes, it is indeed, but it will not be achieved if people believe that the Bill will further open the door to their data being scattered abroad. That is why the Bill must be improved, tightened and strengthened, if it can be. Some hon. Members have suggested that if that is not done, certain clauses should be withdrawn and brought back to the House. One way or another, that improvement has to be achieved.

I want briefly to mention the sentencing provisions. The working group on sentencing practice was divided as to precisely what role Parliament should have in the development of sentencing. There was objection—rightly, I think—to the idea of sentencing being precisely determined by Parliament, because that is not our role. Our role is indeed to provide a range of sentences and to decide what the criminal offences should be. Experience to date is that we can play a useful role in contributing to the development of sentencing guidelines in a process in which the judiciary has primary involvement, but in which others who are affected and have an interest also play a part. We need to continue that and I am glad that we have received some reassurance on the point, but the Bill is not entirely clear about it. I would wish the Justice Committee to continue to play its role.

I want to make one last point, which is personal and not a Committee point at all, or even a party one. It relates to clause 58, which removes the free speech protection that was added to the homophobic hatred provisions in the Criminal Justice and Immigration Act 2008. I simply put it this way: given that that legislation has not yet been brought into effect and we therefore have no experience of what its effect will be, we have no evidence that what was intended to be a free speech protection will in any way undermine the ability to prosecute the crime and the evil against which that part of the original legislation was directed.

If there were such evidence, or even clear indications that the ability to prosecute would be undermined, we ought to look at the provision again and word it better, but I believe deeply in free speech and I want to ensure that people who express views that are not threats or threatening are not caught by the legislation or by mistaken assumptions about what it does. I voted for the free speech provision in the first place. Nothing has happened in the meantime to make me change my view that there were indications of inappropriate actions potentially arising from the original wording and we have no evidence on which I should change my mind in that regard. Therefore, I will not support clause 58. We should see what the experience is before trying to change legislation that Parliament has already passed.

7.47 pm

Mr. Bruce George (Walsall, South) (Lab): I shall certainly follow your advice on short speeches, Madam Deputy Speaker, although having listened to three hours of Front-Bench speeches, I feel confident that you would agree that droning on is not a monopoly of the Celts.

I was reluctant to join in the debate for fear of being dragooned into serving on the Public Bill Committee, but I have been quite excited by what I have heard. Clearly, according to some fantasists, the Bill is the greatest attack on democracy, human rights,

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constitutionalism, transparency and good governance since Charles I, so it must be worth going along—but please do not tell the Whips!

I really feel that what the Front Benchers were saying was an entertaining listen. The Opposition spokesman, the hon. and learned Member for Beaconsfield (Mr. Grieve), thought he was making an election speech, and some good points were obliterated by his descent into fantasy. However, he was the victim of one of the best put-downs I have heard in this place since I came here 35 years ago. One element of his rhetoric having been undermined, one wonders what proof there was behind the rest of it, and whether, if Members of Parliament had been here in good numbers, they might have punctured it all.

We heard some knockabout stuff, and now I feel that the Opposition have an opportunity—although the Opposition spokesman who delivered that ferocious speech is not present, and has not been since he made it. A colleague of mine came into the Chamber and asked whether there would be a vote. I said, "Of course. I've just heard the most ferocious speech imaginable," only to be profoundly disappointed by the fact that, despite that speech, the Conservatives are to sit on their hands, or go home for an early night.

The speech by the hon. Member for Cambridge (David Howarth), representing the Liberal Democrats, could not have been described as ferocious by any stretch of the imagination, and it seemed that none of the other Members who had signed the amendment was present to support it. We could have an interesting time—but instead, in the limited time available to me I shall focus on a part of the Bill that I consider quite sensible.

I am sure that those who examine the Bill carefully enough will find an integrated theme, although I have not quite found it yet. Certainly the legislation relating to coroners has been a long time coming. Perhaps we should approach reform of the system—which has been glacially slow—from the perspective of reform of the coroner service. There have been endless inquiries and reports, excellent documents have been published by Select Committees, and specific inquiries were conducted after Shipman's near-genocidal activities. It cannot be said that there has not been an enormous amount of discussion and consultation on the part of the Bill that relates to the coroner service.

I see that the hon. and learned Member for Beaconsfield has returned. I welcome him back to the Chamber.

Much of what the Government have done in seeking to reform burial practice should be seen as part of the same process, because it indicates that there is a great desire to reform the system as a whole. The same applies to human rights legislation, and to a variety of other Government initiatives. We must not, of course, forget the enormous and sad input in relation to the activities of "Dr. Death", which at least compelled people to look afresh at possible solutions to problems raised by the way in which coroners operated.

I welcome the Bill. I am not an expert on the law relating to coroners and their work, but I chaired the Defence Committee for eight years and was a member of it for 25 years, and in that time I learnt a great deal about coroners in connection with the military. I also learnt a great deal when I conducted a study of Muslim burial practices, not just in my constituency but in 25 other local authority areas. I observed the integral role of the coroner in each of those systems.

Unfortunately, as we all know, standards vary. A coroner service that is well funded may provide a range of activities that are denied to coroners working without that excessive funding, or even a sufficiency of funding. I am sure that anyone who went along to talk to such coroners would realise what they are unable to do as a result of the paucity of funding. We know that local authorities are under enormous financial pressure, and the price of being able to ensure properly that the relatives or friends of the deceased know that the death was accidental, or a result of ageing or natural causes, is fairly high. Some local authorities are not prepared to pay that price. Perhaps they think that the dead do not vote—although, having observed elections throughout the world, I can assure Members that the dead are voting in enormous numbers, including some in inner-city areas in this country of ours. However, I will not pursue that further.

Jenny Willott: The right hon. Gentleman mentioned local authority funding. Does he agree that an issue arises when funding is spread across two local authorities? Although my constituency is in Cardiff, the coroner is funded by Vale of Glamorgan council, which has far less interest in the matter because the vast majority of inquests are carried out on Cardiff residents. That serious imbalance underlines the right hon. Gentleman's point.

Mr. George: I appreciate that intervention enormously.

My constituency is in an area called the black country—although at least half my constituents would punch me on the nose if they heard me describe Walsall as the black country. Three boroughs are bound together with a single service provided by a coroner. The coroners used to be part-time, and I have spoken to some who feel that they were better resourced then because, being lawyers, they could use the services of their own law practices. In the absence of those resources, I do not think that—with the best will in the world—the merged coroner service can do the job that it is obliged to do.

I have looked carefully at the part of the Bill that deals with governance, and I approve of much of it. For instance, the chief coroner will be responsible for training arrangements, maintaining a scheme for the investigation of complaints and an appeal system, and producing an annual report. A coronial advisory council will be established. Those and other measures represent a great step forward, but I see a problem that reminds me of what I observed in the United States over the Christmas period, when I examined the activities of election organisations. I was able to talk to representatives of 13 such organisations, because there are no Boxing day breaks in the United States, or even Christmas eve breaks.

The position in the United States is almost exactly the same. Power rests more with the localities. Central Government—the federal Government—can pass legislation, but they are circumscribed by the tradition that things must be left to those in local government, which has a considerable downside, about which I shall say more shortly.

The Constitutional Affairs Committee and its successor, the Justice Committee, have done an excellent job over the years. The Committee's 2006 report criticises the lack of funding and is damning in its criticism of the system as a whole, and I can reinforce what it said.

A couple of years ago, the father of one of my constituents died, and he had wanted to be buried back in Pakistan. I remember the difficulty that I had to endure, and the time it took me to obtain a decision, or information, from the coroner. It was not his fault, but he was not available—and this was a Member of Parliament trying to elicit information from the system! That showed me more clearly than anything that the coroner system needed more funds.

At one time there was talk of named deputies in various locations, but not much has happened on that front in my area. The underlying obstacles include the lack of priority given to the service by many local authorities. They are not prepared to increase funding to enhance services, yet there is a much higher expectation of improvement in the service, not just among the general public but in central Government and in Parliament itself. What is required, in my view, is the imposition of, or heavy persuasion to adopt, more uniformity in the system. Why should someone in my area, or in Sandwell or Dudley, receive a lesser service than people living in the constituency of my hon. Friend the Member for Stafford (Mr. Kidney) or in Birmingham?

We should consider the number of staff who are engaged in the coroner service in Birmingham. Admittedly there are more deaths per year in Birmingham: 4,600, as opposed to 3,600 in the black country. However, Birmingham had nine officers—now it has eight—along with a host of administrative staff, while the black country has six officers and one administrative staff member. It is not fair that the service in the black country should have its hands tied by being so grossly understaffed.

I am sure that local authorities will be angered by what I am saying, but I represent my constituents rather than the council leadership. I asked them to look into this more carefully. I believe that it is a question not just of paying the bills, but of paying enough to the coroner service so that it can benefit my constituents by being able to provide a more professional service than it can currently offer. It is good, but it could be much better if it got more resources. In many parts of the country, the coroner service needs to be considerably enhanced. The constraints upon the poorer ones are debilitating, making them less functional, and unable to provide a better service.

I asked a friend of mine who is more adept at maths than me to look at the budgets of the local authorities in my area, and at what they provided for the coroner service. My friend reached the conclusion that there had been no real increase in resources in the last 25 years. This proposed legislation will impose more tasks on the coroner service, but will the money be increased? No, it certainly will not. I therefore say with absolute confidence that these inadequate resources in the black country have had a marked effect on the level of service the coroner service can provide, and we should not tolerate that for much longer. I recognise that there are considerable financial constraints upon local authorities, but I would have thought that they would put funding an adequate coroner service far higher up their list of priorities.

I mentioned earlier that I produced a long report on Muslim burial practices. Clearly, there are groups in our constituencies who practise different religions and have very different burial practices. Those who are Catholic or Protestant might be perfectly happy with a period of five or six days—they might consider that to be ample time to say farewell to the deceased—but for those who are Jewish, Hindu or Muslim, the time scale is very different. In our society, we have an obligation to ensure that the human rights of all groups are properly respected. Local authorities should provide a service that does that—and many do. They can solve the problem of providing a burial service 365 days a year.

If there is any doubt about a death, the investigation of that must, of course, take as long as is necessary, but if there is no doubt about the death, things can be speeded up. There are many in the chain—the local authority, the registrar, the gravediggers, the hospital, the health service, the doctors—who could, if they wished, do as Leicester is doing and expedite the system by which the dead can be legitimately buried, in compliance with the law and the religion of those concerned. However, that is not the case in some authorities, including mine in Walsall, although it is under pressure—partly because of my report, I would like to think—to do what other authorities are doing.

Sir Alan Beith: Unnecessary post-mortems are a key factor in some such delays. That also affects groups who have a philosophical objection to post-mortem examination. That has to be overridden if there are serious grounds for doing that, but sometimes it is felt that post-mortems are routinely carried out when they are not necessary.

Mr. George: I have talked at length to the Muslim burial society in my constituency, and wonderful organisations in many other parts of the country who have responded to my surveys, and I know that none of them would want to make it difficult for the coroner, if he or she has to do their work. In the circumstances described, they would have to wait, but I would hope that where there is no problem, local authorities of any size would be prepared to expedite the system. That is how we should proceed, but it might be prevented by the underfunding of the coroner service, because if there are too few people and too many bodies to deal with, it will be impossible for it to provide the necessary paperwork and examinations quickly enough for a swift burial.

I can send Members a copy of the report I have mentioned, if they want a long read. However, I should say that there can be difficulties, even with the best will in the world. I know the coroner in the black country is more than aware of the requirements of Muslims, but at this stage he is unable to meet those requirements because he simply does not have adequate resources. I hope, therefore, that when the Bill is considered further, we do not consider only the issues that are politically contentious. As a number of Members have pointed out, issues relating to the coroner service might not be considered as important as some feel the other areas that we have heard discussed are—but everyone has an interest in our having an effective coroner service, and the Government might be able to do the necessary research to find out who the laggards are, and whose standards fall below an acceptable minimum. If the new system that the Bill will create cannot force higher

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standards on the laggards, we will wonder whether the Government's commitment to voluntarism represents the right course to follow.

8.6 pm

Mr. Geoffrey Cox (Torridge and West Devon) (Con): The entrusting of information by an individual to the Government is an act of trust. It imposes upon the receiver of the information a solemn obligation of confidence. For many years, Government have observed that as an essential and cardinal principle of their activities in the maintenance of that trust. The right hon. Member for Walsall, South (Mr. George) argues against those who take the view that the dismantling or relegation of that principle—which in my judgment this Bill is designed to do—will be an important retrograde step in the public life of this country, and he accuses us of over-dramatising or of unnecessary or gratuitous histrionics. When we remove from a wall a single brick, it is easy to stand around and say, "Look, the wall has not fallen." Even if we remove from that wall one of its most important cornerstones, the wall will continue to stand for quite some time, and those who stand around can mock and say, "See, the wall remains standing." However, the relegation of a principle upon which the freedoms, privacy and confidentiality of individual citizens have been based for so many years is an important step even if its consequences may not be visible straight away.

I believe that the Government have a solemn duty not to apply information that has been entrusted to the state for one reason to another purpose, unless, perhaps, the most compelling circumstances dictate that—circumstances that are so compelling that any reasonable citizen would be obliged to say, "Well, when I entrusted my information, yes, I expected the Government to keep it confidential and to use it only for the purpose stated, but I am driven inescapably to the conclusion that for the Government to use it this other way is a rational and necessary step." I have no doubt that the Government and the Minister will argue that the safeguards in place require that kind of test, but I am not sure that they do.

I know that dozens of my constituents and many hundreds of others who have written to Members from all parts of this House are equally distrustful of the Government's intentions in this respect. That is not because they believe the Government are doing this for a malign purpose, nor because they do not believe that the Government have a perfectly legitimate function and perfectly legitimate enhancements of public services in mind, but because when one replaces a governing principle with a pragmatic assessment and a balancing exercise in respect of what is important, one suddenly and fundamentally changes the balance, culture and protections that the citizen enjoys within government.

One hon. Member said—I am afraid I forget who it was—that this was a question of changing the culture. To take away a principle as important as this and replace it with a series of so-called safeguards and a practical or pragmatic balance of assessment of the functionality and utility of deciding to disclose other people's information for another purpose is to deprive the citizen and the individual of a crucial protection. I agree with those on both sides of the House who have expressed caution about the step that we are about to take. The accumulation and pooling of knowledge and information about an individual by the Government, as happens in so many various ways—in respect of health, for the purposes of tax and for the purposes of social security—present a mighty tool in the hands of the state. I do not believe that the Bill achieves a sensible balance or a sufficient protection for the individual in that respect.

I welcome many of the provisions on coroners. I, like Members on both sides of the House, have had families who have been caught up in the tragic death of a loved one—a son, a daughter or another close member of the family—coming to my weekly surgeries. We have heard the constant refrain that they do not feel that there has always been the kind of liaison, disclosure of information and involvement of them in the process that allows them to feel easy in their minds that the process is transparent and that it allows them sufficient involvement. So I welcome the charter for bereaved people, which is a substantial step in the right direction. I understand that there are concerns that it might be a toothless tiger if it is not backed up by the resources and finances to provide the relevant services in all areas of the country, but it represents a significant and useful step. If it is clearly enough expressed, it will be useful for those families who have experienced the kind of grief and involvement with the inquest system that I have come across in my surgeries.

That brings me to an area of the Bill on which I have most experience and, in connection with my professional occupation, most practical involvement: the changes that the Bill seeks to achieve in the criminal law. If the Bill could be analysed in terms of the numbers of its provisions, it would be found to amount to another criminal justice Bill. One cannot even say it is a mini criminal justice Bill, because, by the standards of previous years, its provisions would have graced a full-sized Bill all by themselves.

The Bill seeks to make a number of changes to the law. It is worth observing that we have had one criminal justice Bill after another during the lifetime of this Government, and hon. Members on both sides of the House will fairly concede that those have not all been tremendous successes. Indeed, dozens if not hundreds of provisions from those Acts, as they have become, have not even been brought into force, yet we face even more changes in the criminal law.

The worst and primary change that the Bill seeks to make is one to the law of homicide. The proposed reforms adopt the Law Commission's proposals for changes to the partial defence of provocation, but its proposals were to be part of an overall and comprehensive reform of the law of homicide. It proposed that there should be first-degree and second-degree murder, and that first-degree murder would cover the most serious cases, where there was an intention to kill, and that second-degree murder would be where a person had an intention to commit serious harm but where there may not have been an intention to kill. In dividing murder into first-degree and second-degree murder, it made sense to review the partial defences to murder, which provocation and diminished responsibility represent. It is only those changes into first-degree and second-degree

murder that made sense of and justified the re-examination of the defence of provocation and the narrowing of its scope.

The Government appear to have plucked from the Law Commission's careful, detailed and comprehensive review of the law of homicide a part of it that was only made sense of by the context that the Law Commission gave it and simply introduced it in a fragmented and piecemeal way in this Bill. The objections to that approach are clear: the narrowing of the partial defence of provocation makes no sense if we retain the single offence of murder with a mandatory life sentence, which is what the Government propose. Such an approach will mean that a great number of people to whom the defence or partial defence would have been available—the hon. Member for Cambridge (David Howarth) made this point well—will be affected by unintentional consequences; it might mean that many more will be convicted, and that those who are may not be those whom this House would wish to be.

I wish to say a word about the exclusion of sexual infidelity as a type of conduct that can trigger the partial defence, because it makes no real sense. Why should one exclude a form of human conduct that all literature and all human experience teaches us excites the greatest feelings of injustice and hurt that human life can sometimes produce? Why is it necessary, when defining the provocation of partial defence as something of grave circumstances that brings about a sense of serious wrong, to exclude the fact that, in certain circumstances at least, sexual infidelity can produce just such a sense of grievous hurt and wrong? It can be an appalling type of betrayal, so it makes no sense for that to be excluded.

It would have been a genuinely imaginative and bold step if the Government had taken on board the Law Commission's proposals on the reform of homicide law generally and introduced those proposals—or something very like them—together with these partial defences and their revision as part of a comprehensive reform. That is why one feels a considerable sense of unease about this Bill. In parts, it contains some positive and constructive measures, such as the charter for bereaved people and many of the changes to the coroners system. However, the provisions on the criminal law appear to have been tacked on for reasons possibly of expedience or, as the hon. Member for Cambridge suggested, to be seen to be doing something about a topical problem. That is not the way in which the criminal law should be changed. That is why my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) was right to say that the Conservative party should approach the Bill with considerable caution. I hope that in Committee—I hasten to add that this is not an invitation to appoint me to it—many of these issues can be considered, especially the criminal law provisions that have not been adequately thought through.

8.21 pm

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): I welcome the opportunity to contribute to this debate. We have had some well informed comments on a wide ranging piece of legislation. I intend to concentrate on the areas of the Bill that refer to coroners' courts. I share the welcome that the Bill has received from those who have had direct experience of the coroner system, whether as a member of a bereaved family, a legal practitioner, a court reporter or one of the thousands of people who work in the system and who do their best. The latter have shared the frustrations and distress caused by a system that is almost universally regarded as—in that hackneyed phrase—not fit for purpose.

The 200 patients murdered by Dr. Harold Shipman, the conviction of Beverley Allitt for the murder of four children in her care, the Bowbelle/Marchioness disaster, the rulings by the European Court of Human Rights on so-called shoot-to-kill deaths in Northern Ireland, and the Hillsborough disaster, which was mentioned by my right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth), all contribute to the view that the procedures in place to investigate shocking or controversial deaths have proved woefully inadequate. The coroners' courts system dates back hundreds of years. It is time for change.

In 2001, Tom Luce was asked to head a fundamental review of coroner services, and his 2003 report serves us well. He found the systems in England, Wales and Northern Ireland for the certification of most deaths by doctors and the investigation of others by coroners had been

"seriously neglected over many decades".

The systems, he said

"must undergo radical change if they are to become fit for the purposes of a modern society and capable of meeting future challenges."

He highlighted two essential changes above all others:

"One is to restore public confidence in the protection afforded by the death certification process. The other is to improve the response of the coroner service to families."

I believe that the Bill will mark a step change towards achieving those improvements. While I regret that it has not proved possible to create a national coroner service, the proposal to appoint a chief coroner to provide leadership and set standards is a critical development in the direction of constructing a thoroughly modern and professional service.

However, the Bill is not, nor can it be, the end of the story. Measures already introduced outside the structure of the Bill signal the Government's commitment to the process of change. The amendment, in July last year, of coroners' rule 43 underlines the requirement for the coroner to take steps to prevent future deaths. At the same time, the introduction of rule 57A gives guidance on the supply of information on deaths, reflecting the concern to provide additional protection for the rights of the child. Advance publication of the excellent draft charter for bereaved families speaks volumes for the focus of the process.

Thorough consultation with service users, victims' groups and non-governmental organisations such as Inquest has been a vital part of this process so far. I would like the Minister to confirm that she will investigate structures to formalise this involvement, especially in the further development of rules and training programmes. I would also like to learn more about measures that can be taken to address gender and race equality issues in the service so that the public face of the coroners' system may reflect the diversity of the community it serves. Change must continue.

While I welcome the message of this Bill, I also want to sound some notes of caution. The all-party parliamentary group on army deaths, which I am proud to chair, seeks

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to give voice to the concerns of bereaved service families who feel that bullying and institutional abuse continue to go unchallenged and suspicious deaths are still not investigated effectively. Families believe that the problems at Deepcut barracks were the tip of the iceberg.

In the matter of effective investigation, those concerned with the ill treatment of recruits in training establishments have found common cause with victims of suspicious deaths overseas. Too often, it seems, lessons could have been learned and deaths could have been prevented. Bereaved families are angry that action has not been taken despite warnings, whether the problem was heat exertion, "friendly fire", lack of equipment or adequate protection of personnel. This community of victims is a critical audience to win over to create public confidence in a reformed coroners' system. The Royal British Legion and the War Widows Association have listened to bereaved families and share many reservations about the proposals before us.

Let me express some of those reservations and concerns. First is the issue of secret inquests. I spoke against those proposals when they were put forward in the context of the Counter-Terrorism Bill and recognise that the Government have responded positively to criticism. Ministers have brought forward considerably modified proposals. Nevertheless, the Bill before us still gives the Secretary of State power to certify investigations to be held without the public, without the jury and without the involvement of the family of the deceased. I regret that it may not be possible to dislodge the perception that crucial evidence will be heard behind closed doors. While the grounds for certification are more carefully defined, the Bill still seems to suggest that the objection of another country and diplomatic relations will be placed above the need of a grieving family to find the truth.

The Northern Ireland Human Rights Commission has drawn attention to the weight placed by the European Court of Human Rights upon the role of the bereaved family in defining standards for the protection of life. One expert has said:

"The Court views the protection of the legitimate interests of the next-of-kin as a driving aspect to the workings of all accountability mechanisms."

The changes brought forward so far owe much to the positive input from professionals working in the service, including the Coroners' Society. The Secretary of State asked for suggestions about how we can bring forward measures to deal with the difficulty that everybody acknowledges in terms of safeguarding the security of the country while meeting the need for clarity in the process. It has been argued by inquests and others that further refinements of the regulation of investigatory powers legislation might provide the necessary safeguards for witness safety and national security. We should certainly continue to search for positive solutions to difficult problems.

Secondly, let me turn to the circumstances in which an inquest must be held with a jury. Legal representations of bereaved service families argue convincingly that the investigation of a sudden death in a military establishment must be subject to the same protection as a death in prison or in a police station. Issues of isolation, vulnerability, potential abuse of authority, access to weaponry, military codes of silence and confinement in barracks all speak of the dangers of military life and the requirement for additional protection. Again, the issue of public confidence in serving the interests of bereaved families must be paramount.

Thirdly, on the matter of legal representations for bereaved families, no one would question the model of the inquisitorial regime in coroners' courts, but an investigation that throws up an article 2 issue—one that concerns the protection of life—in the case of a death in an army training establishment or on military service overseas is all too often met with a response from the Ministry of Defence that is judged by families as giving that Department all the protection. Well-paid barristers represent the MOD in court, while the families cannot gain similar representation to support them in trying to obtain justice and truth.

The father of Corporal Jason Pears, who died in barracks in Germany in 2002, spent a large part of his life savings on legal representation at an inquest that reached a verdict of unlawful killing. The family of my constituent, Lance Corporal Derek McGregor, who took his life in disputed circumstances at Catterick barracks, suffered a delay of five years before the inquest was finally concluded. The father came to me to ask for help with legal representation. Those families deserve legal representation when the MOD has barristers in court to represent it. I urge the Minister to consider what steps may be taken in future to assure bereaved service families that their voices and interests will be effectively represented and heard.

Fourthly, I want to comment on the transfer of jurisdiction. Bereaved relatives have welcomed the removal of barriers that have prevented inquests from being held somewhere accessible to their extended family and friends. I know that there are discussions with the Scottish Government about extending the role of fatal accident inquiries to investigate a military death overseas, but families are also concerned that the body of expertise built up by the Oxfordshire and Wiltshire coroners in particular should not be dissipated. The coroners in those two jurisdictions have established centres of excellence that are unmatched in Europe. Their courage has won the admiration of all who have served in their courts and inspired coronial staff to 100 per cent. commitment to the needs of the bereaved. I hope that the Minister will assure me that that expertise will be shared in the new coroner system so that families can be reassured that their needs are being addressed.

I applaud the Government for their commitment to change and praise the work of all who have contributed to the Bill. I urge Ministers to listen to the voices of veterans' groups and victims. Deaths of military personnel will always be devastating to the families but they should at least be reassured that each death will be investigated openly and effectively and that where lessons may be learned, they will be acted on.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. We have a little more than an hour to go before we embark on the wind-ups. May I urge hon. Members to modify their speeches if they can to allow as many people as possible to get in?

8.33 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): As the hon. Member for Cambridge (David Howarth) mentioned earlier, this is a Second Reading debate and we would normally deal with the broad thrust of the Bill, but as the Bill has been put together from 27 different varieties of provision, it is very difficult to do that. We have to look at its individual parts. I welcome some parts of the Bill: the idea of intercept evidence being introduced; the anonymity of witnesses during investigations; the charter for the bereaved; the provisions regarding child pornography; the idea that coroners will be better trained and inspected in the future; and the coroners appeal system. Some years ago, I was a deputy coroner and I saw then that, as in every walk of life, there are good coroners and those who are not quite so good. The ones who were not so good had a devastating effect on families, because they sometimes dealt with inquests in such an insensitive way.

Interestingly, there was a reference in the Gracious Speech to a Bill designed to improve the coroner service by introducing transparency into the system. However, clause 5 of this Bill prevents a senior coroner or an inquest jury from expressing any opinion on any matter other than the basic details of who the deceased was. I cannot square that with an attempt to introduce greater transparency. Moreover, inquests that come under article 2 of the European convention on human rights may say only what circumstances surrounded the death.

I do not know why that proposal has been put forward. It may be the result of the outspoken and rather brave comments made by the Oxfordshire coroner, in particular about the lack of co-operation by American forces in respect of the inquest into a friendly fire incident that he dealt with last year. However, it is important that coroners are able to speak out, because they often raise matters of important public interest, such as the neglect of consumer or workplace safety by a well-known company or a public authority's failure in its duty of care. Another example might be the actions or errors that lead to a person meeting their death in custody, while serving in the armed forces or while in contact with the police. Those matters are very important and things are much improved when they are subject to the glare of publicity; they should not be shuffled into a corner, with people who would speak about them gagged. I am very concerned about that aspect of the Bill.

The question of the so-called secret inquests has rightly engaged several contributors to the debate. The provision was brought forward first in the Bill that became the Counter-Terrorism Act 2008, although it disappeared thanks to the opposition that it attracted. I regret to say that the provision's effect means that, in any case in which the state might be alleged to be responsible for a person's death—for example, the killing of Jean Charles de Menezes, or the death of Baha Mousa at the hands of British soldiers in Basra—the Secretary of State will feel free to appoint a coroner, who will sit in closed session and without a jury. That can happen whenever the Secretary of State is satisfied that it is in the public interest, given the sensitive nature of the material likely to be considered.

That is a retrograde step and there must be a way around this conundrum. I appreciate that there will be times when sensitive information will be disclosed, but surely we can devise a better system than what is being proposed. The Bill will undermine public confidence in the coroners' system, because people out there will think that there must be something to hide if an inquest is held in secret. That will be the reaction when it is decided that a matter should be dealt with in private.

There was a discussion earlier about the use of public interest immunity certificates, which the Secretary of State said would not work. However, that approach routinely works in many criminal cases, and I do not know why it cannot be adapted so that it works properly when delicate matters are discussed in inquests. There should be no need to rule that such inquests should sit in secret. The involvement of the Lord Chief Justice in the selection of the judge does not ameliorate the unfairness that could be caused by the exclusion of a jury, members of the public and next of kin.

I feel very deeply that that is a flawed suggestion. I believe that the Government have overestimated the extent to which the European Court of Human Rights would allow the wholesale exclusion of public and next of kin from inquest proceedings for the sake of some "substantial public interest" in the non-disclosure of sensitive material. In the case of Rowe and Davis v. the United Kingdom, the Court said that, in the context of criminal proceedings, the entitlement to disclosure of relevant evidence was not absolute, but it never suggested that it would be appropriate to exclude the jury altogether for the sake of safeguarding the public interest in non-disclosure. So there are problems ahead: there is the question of article 2; and I have no doubt that there will be challenges to the Bill if it reaches the statute book in its current form.

I should like to deal briefly with the anonymity of witnesses. Although I appreciate that that is sometimes necessary, especially in the investigative process, I believe that a defendant has a right to know the identity of a witness against him or her in any criminal proceedings. That is vital, as both a common law principle and a constituent part of the right to a fair trial under article 6, which provides for the minimum right of a defendant

"to examine or have examined witnesses against him"

in criminal cases.

The Court of Appeal has made it clear in the recent case of Mayers in relation to criminal evidence that, in its opinion:

"Notwithstanding the abolition of the common law rules, it is abundantly clear from the provisions of the Act as a whole that, save in the exceptional circumstances permitted by the Act, the ancient principle that the defendant is entitled to know the identity of witnesses who incriminate him is maintained."

Therefore, there is a legitimate concern, because people who give evidence sometimes do so for reasons other than honesty and public duty. That was shown in the recent Davis case, on which the Law Lords decided.

Iain Davis was convicted of murder, following the fatal shooting of two men in east London. The sole or decisive evidence against Davis was the testimony of three witnesses who identified him as the gunman but feared for their lives if it became known that they had given evidence. Davis believed that the witnesses were part of corrupt plot to implicate him in the murder, led by his ex-girlfriend and motivated by revenge. Davis's lawyers were, however, unable to pursue that argument during the trial, because the judge allowed the witnesses to testify under pseudonyms, with all particulars of

[Mr. Elfyn Llwyd]

their identity withheld from the defence. Furthermore, while cross-examining the witnesses, Davis's lawyers were not permitted to put to them any question that might enable them to be identified. They could not ask who the witnesses were, where they lived or the nature of their relationship with Davis. The House of Lords decided that, in such circumstances, the degree of anonymity rendered the trial unfair. That is a real case; that is a real concern. I hope that we will not make bad law that leads to an undermining of the whole system that the Bill is meant to attempt to improve.

I have flagged up a few of my concerns; other Members wish to speak; and I will draw my comments to a close. However, I am concerned that there are very good parts of the Bill, but those matters to which I have referred are of grave concern to many Opposition Members.

8.43 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): One of my interests in the House is road safety. I served on the Committee that considered the Bill that became the Road Safety Act 2006, and I cannot understand why we did not deal with the driving ban issue when that Bill was passing through Parliament. However, I strongly welcome the fact that, when the Bill is enacted, anyone banned from driving who has to serve a prison sentence cannot serve that ban while sitting in prison with no access to a vehicle. It has always been my belief and that of most of the public that those people should serve the ban when it hurts them most: outside prison. That is one of the things that I welcome in the Bill.

The second thing that I want to say about the Bill is that I have never understood why criminals—some of whom have committed extremely heinous crimes, such as dreadful murders—can benefit financially from writing their memoirs. The Bill will for the first time prevent that from happening, although we are not preventing them from writing their memoirs. Indeed, I dare say that forensic psychologists would welcome some thinking from people who have committed such heinous crimes.

Let me turn to the subject of suicide and assisted suicide. I have taken an interest in the issue because of a firm in my constituency called Zentek. It has three divisions, one of which is e-safe education. Having carried out detailed, forensic analysis of the way in which young people access the internet in scores of schools across north England, Zentek has found out that the filters in place are well nigh useless at preventing people from getting on to some of the most dreadful websites. Obviously, pornography constitutes most of the difficult material that students access. Even members of staff have been caught using school computers to access some pretty dreadful websites. All that a person has to do is google their way round on a public access site, scores of which are available, and within seconds they can be on any internet site in the world.

Zentek has found a system that will read, through the keyboard, what the student is doing. If the student is trying to access difficult sites such as pornographic websites, a black hand will appear, and a message will say, "You really shouldn't be accessing this site, and if you continue, you will have the weight of the authorities come down on you, starting with the head teacher."

Sadly, some of those students access sites that tell people how to commit suicide. Zentek has forensically analysed those sites, and it found that quite a number of students—not an excessive number, but worrying numbers—are dealing with websites that tell people how to commit suicide. That is rather sad, in a way. I went to the meeting that my hon. Friend the Member for Bridgend (Mrs. Moon) attended just last week on suicide websites. Even the Samaritans do not want suicide websites banned. Interestingly, a young woman was there from the website Bebo, which is used by many young people. When a young person tries to access a suicide website, a widget will pop up directing them to advice sites such as that of the Samaritans. That means that young people who have suicidal thoughts, or who have the curiosity to access those sites, can perhaps be pointed to safe sites such as the Samaritans' site. Perhaps those who are feeling suicidal may be encouraged to ring the Samaritans and discuss their problems with them. It would be an excellent idea if, when any person—not just young people—tried to access one of those sites, widgets appeared directing them to the Samaritans or some other voluntary organisation.

I would like to give my backing to Victim Support, which has written to us all to suggest that we encourage Ministers to allow victim support organisations to support witnesses in coroners' courts in the same way that they do in the normal court system. For many people, some perhaps already traumatised by the loss of a loved one, it is intimidating enough to have to go to a coroner's court and listen to what happened to their loved one and why they died. Sometimes other witnesses can intimidate those witnesses who have been caused a loss. I plead with our Ministers to consider allowing Victim Support to extend its area of operation beyond the normal courts to coroners' courts.

I welcome the provision in the Bill allowing bodies to be moved between jurisdictions, so that coroners' cases can be heard in the most suitable one. I cite an example that I am dealing with at the moment: a person was transferred, with some difficulty, from my local hospital to a second and then a third hospital, where, tragically, they died. That third hospital is outside the jurisdiction of our coroner—or so I believe; I have to check that fact. If it is outside our coroner's jurisdiction, it would seem sensible to allow the case to be heard in our local coroner's court. After all, most of the family live within shooting distance of that court, and all the person's medical records are kept locally, too. The provision for dealing with such cases is another beneficial aspect of the Bill.

Lastly, I flag up the fact that I am chair of the Care Not Killing alliance, which regards clauses 46 and 48 as extremely responsible and reasonable provisions. They define more clearly the offence of assistance with suicide, and they ensure that those who seek to promote the culture of suicide via the internet must pay attention to these clauses. There are some pretty dreadful people out there putting some pretty serious things on the internet.

I mentioned the suicide sites, but there are also people such as 61-year-old Australian Philip Nitschke, who almost preaches suicide to young and old alike. He has written "The Peaceful Pill Handbook", which is up there on a website. He promotes suicide through the use of carbon monoxide in his plastic exit bag, and he will even provide an exit bag. The website describes his

COgen device, which stands for carbon monoxide generation device, and he even describes how to substitute helium for carbon monoxide. It is all there on the internet for access by young and old alike who know how to access such sites.

The Samaritans and other organisations do not want such sites banned, but I would like to see them banned. I know they will not be banned, but some of the very extreme sites put up by the gentleman whom I mentioned, who is often called the "Dr. Death" of Australia, ought to be restricted. I am convinced that some people who have no suicidal tendencies in their mind when they stumble on to those sites, which is not difficult to do, may begin to think about suicide, particularly if they are already distressed.

I welcome the Bill. It has 162 clauses and 21 schedules. It is an extremely weighty Bill and those who sit on the Public Bill Committee will have an awful lot of work to do. There are some very useful and difficult decisions to make, and I look forward to the outcome of the Committee's deliberations when the Bill returns on Report.

8.53 pm

Mr. James Gray (North Wiltshire) (Con): The hon. Member for Bolton, South-East (Dr. Iddon) spoke a great deal of sense. I shall return to his speech in a moment, largely to agree with him, but to differ in detail with regard to suicide websites. He was right to say that the Bill is gigantic. It is a Christmas tree of a Bill, a sweepings off the factory floor of a Bill, a hotch-potch of a Bill. There are all sorts of things in it, and the notion that in a Second Reading debate one could speak in favour or against the principle of the Bill is nonsensical, because there is no such thing as a principle in the Bill as a whole. It is a mixture of good things and bad things. I strongly agree with the hon. Member for Stafford (Mr. Kidney) that it would have been better if we were dealing only with a coroners Bill.

For the sake of brevity I shall not address myself to some of the more controversial issues, although I agree with the remarks of a number of my right hon. and hon. Friends and others across the Chamber, particularly on the transfer of data. My hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox) summed up what many people feel about that. It is a fundamental undermining of our rights as citizens, and extremely worrying. I hope we will oppose it in Committee and on Report and Third Reading.

Equally, I shall not deal at length with the excessively emotional topic of freedom of speech and the way we are seeking to stop homophobic hatred. Of course we all want to stop homophobic hatred. At the same time, however, I have some sympathy with Rowan Atkinson and certain Christian groups, for example, who feel that unless the Waddington amendment remains in the original Bill, they will be prevented from doing and saying perfectly legitimate and sensible things that in no sense incite people to murder or commit violence against homosexuals or others. I very much sympathise with such views and, like the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), I have seen no change since the original Act to suggest that we ought to amend it further now.

I want to focus on two aspects of the Bill. The first—the question of military inquests—was expertly covered by the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble). I entirely agree with her that the excellent coroner for Oxford and in particular the retiring coroner for Wiltshire, David Masters, have developed huge expertise due to the geographical accident that multiple inquests, when the bodies of a number of soldiers are repatriated to the United Kingdom, are carried out by the coroner in the place where the plane happens to land. At the moment, that place happens to be RAF Lyneham in my constituency.

The two coroners have built up extraordinary expertise about military activities of one sort or another. The Bill makes no reference to military inquests, but it seems to me that it could go two ways. On the one hand, it would be possible, I suppose, to dissipate that expertise by saying that the inquest should be carried out in the places where the soldiers originally came from. That would be a legitimate line to take, and to some degree it is happening already: when a single body is repatriated to this country, the inquest is indeed carried out by the local coroner.

My inclination, however, is to say that we should seek to maintain the expertise built up by those two coroners over the years and, in doing that, make sure that the council tax payers in Wiltshire and Oxfordshire are not disadvantaged by it. I welcome the extra resources that the Government have pumped into the Wiltshire coroner service in the past year or so. That must be continued if operations in Iraq and Afghanistan are to continue in years to come. If that huge burden is to be placed on the coroner in Wiltshire, resources have to follow it, and some formal structure has to be put in place to make sure that that occurs. Equally, it would be wrong if civilian inquests in Wiltshire were delayed in any way because of the large number of military inquests.

I also very much agree with the hon. Member for Blackpool, North and Fleetwood that on occasion it is important for there to be legal representation. In the case of the crash of Hercules XV179, it was strange that originally the only person who was to have legal representation on the state at the inquest was the Australian soldier killed in the flight; the Australian Government chose to pay for a barrister to represent him. Initially, the British Government refused to pay for such representation, although under pressure the Secretary of State made special provision and there was lead representation. If the Ministry of Defence is to have legal representation defending its position in the inquest, surely it is only right that the families of the soldiers involved should have equal representation, and that that should be paid for by legal aid. I hope that the Bill will be able to address that imbalance in respect of legal representation at military inquests.

The right hon. Member for Berwick-upon-Tweed argued that I had got the third aspect of military inquests slightly wrong. I am concerned about the possible secrecy of inquests. It appears that the provisions of the Bill are intended to make sure that grave, secret cases affecting the national interest could be heard in secret. There will, of course, be occasions when that is worth doing. However, we are concerned that when there was implicit criticism of the state—as in two or three of the Oxfordshire coroner's recent inquests, for example—the state would somehow or other seek to keep it quiet. It

[Mr. James Gray]

would not want criticism of military defence or the military in general and would seek to use the national interest as an excuse for making the inquest secret. Such inquests, and others—those into prison deaths, for example—involve exactly the kind of cases in which the public have a right to know what went wrong.

The state should overcome its natural inclination to keep that kind of inquest secret, and ensure that it does not do so. The Secretary of State might like to think about ways of narrowing the definition of secret inquests. The right hon. Member for Berwick-upon-Tweed reckons that these fears are misplaced; if so, let us see a narrowing of the parameters so that the secrecy aspect of inquests can apply only to a very few. The whole question of military inquests is worthy of further development in the Bill.

The second subject that concerns me greatly is suicide. I am pleased to serve on the all-party group on suicide prevention and to have a close relationship with the organisation Papyrus, which represents the parents of the 38 people so far who have committed suicide using the disgraceful sites on the web, which really are extraordinarily bad. This afternoon, I googled "How to kill yourself", and the sort of stuff that came tumbling out was simply appalling, describing how to tie the piano wire around one's neck and how it is better to shoot or poison oneself in a river because one stands a better chance of success. Some of these sites not only describe how to do it but encourage people to do it, saying, "Oh, you're a bit depressed, well here's how to end it all." They are absolutely disgraceful.

In a civilised society such as ours we cannot allow that to continue, and there was a debate about how to set about the task in a meeting of the all-party group the other day. The hon. Member for Bolton, South-East correctly said that the Samaritans, among others, have reservations, because banning anything with the word "suicide" in it would by definition ban the Samaritans site, which we cannot do. However, it should not be all that difficult to analyse the dozen or 20 really wicked, vicious, nasty sites and find ways of banning them and having them taken down. The excellent report recently commissioned by the Government agreed that that was a worthwhile thing to try to do. Australia and Japan have, with greater or lesser degrees of success, found ways of achieving exactly that.

One of the problems with the clauses regarding internet-assisted suicide is that most of the sites come from overseas. It is fine to outlaw people who write these sites and threaten them with a 14-year prison sentence when they are based in the UK, but most of them are from elsewhere. The Government should consider whether extradition might be possible for some of these people. I put that forward as an idea; I am by no means recommending it. When people around the world are sending material into the UK designed to encourage our teenagers to kill themselves, surely there is an argument to say that we could enter into discussions with other nation states about possible extradition treaties so that these wicked people could be brought to justice here, even if writing such sites is not a crime in their countries. I hope that the example of the Bill may be followed by some other countries around the world, including America and in the European Union, so that this might be increasingly an international crime.

The other matter that the Bill needs to address is what we can do to allow and encourage the internet service providers to take these sites down, because at the moment it is extremely difficult for them to do that. The Bill makes no reference to ISPs. We should find a way of saying to them, "These things are wicked; we as a nation and as a Parliament deplore them. If they were written in this country they would be outlawed and the people involved would go to prison for 14 years. We require you, as ISPs, to take them down, get them stopped, block them and finish them." I do not know how to do that because I do not know enough about computers, but they are a blot on our society and they must be dealt with.

Alun Michael: Will the hon. Gentleman give way?

Mr. Gray: I hope that the right hon. Gentleman will forgive me if I do not, as two or three other people want to speak and he spoke for quite a long time earlier.

The sites I am referring to are disgraceful. The Bill is our opportunity to get them stopped, and I hope that the Government will exercise themselves in finding a way to do just that.

This is a bit of a curate's egg of a Bill, but I support most of it. A great deal of strengthening should be done in the two areas of military inquests and suicide websites, and I hope that the Government will do that in Committee.

9.4 pm

Mr. Andrew Dismore (Hendon) (Lab): I will confine my remarks to issues that the Joint Committee on Human Rights has already reported on. We will be carrying out a detailed scrutiny of the Bill, and many aspects are of interest, but I could not possibly do them all justice today.

I should like to start with the question of coroners and inquests. There is much to be welcomed in that respect. I know from my own work when I was in practice, when I sat through far too many inquests representing bereaved families, how overdue some of these reforms are. My hon. Friend the Member for Stafford (Mr. Kidney) outlined a lot of the positive developments in that respect.

On jury trials, the list of cases requiring a jury in clause 7 is a little short. It ought to include deaths resulting from acts or omissions of other public bodies, such as mental health institutions when a voluntary patient dies. Military inquests have already been dealt with in the debate. My main concern is secret inquests, and the House will know that I tabled a series of amendments when the issue arose regarding the Counter-Terrorism Bill, ultimately leading to the Government withdrawing their proposals. Now, those proposals have returned with relatively little modification.

The starting point must be article 2 of the European convention on human rights as tested in Jordan v. United Kingdom, which set out the positive obligation of a state to provide adequate, effective investigation when an individual is killed as a result of the use of force, particularly when the force was used by state agents. The investigation should be instituted on the initiative of the state, the person conducting it must be independent from those implicated and there should be sufficient public scrutiny to secure accountability in

practice as well as in theory. The next of kin must be involved to the extent necessary to protect their legitimate interests, and the investigation must be prompt and proceed with reasonable expedition. My concern is that the new proposal will not achieve that.

A certification could be allowed in the interests of national security or of relations between the UK and another country. A new provision is that it could be allowed in the interests of preventing or detecting crime or of protecting witnesses or other persons. As a catch-all, it could be allowed for reasons otherwise in the public interest. The effect, of course, will be having no jury. I am pleased that the Government have accepted one of the amendments that I tabled to the Counter-Terrorism Bill, suggesting that the Lord Chief Justice should appoint a High Court judge as the coroner, but that is about as far as it goes.

The problem is that the proposals will apply to exactly the sort of cases that, above all others, should have the breath of fresh air from the open window of transparency blowing through them. The most serious and contentious arise when the state or a foreign Government are implicated. We have heard about the de Menezes case and the deaths of service personnel, and the Royal British Legion has mentioned friendly fire incidents. There are cases involving soldiers in training, such as at Deepcut, which my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) mentioned, and deaths at the hands of foreign Governments' torturers or security services. In the Mubarek case, when a young man died in Feltham, an inquiry was resisted tooth and nail until the Government were ordered to hold one. Exactly the sort of cases that should be held in the open run the risk of being held in secret. We do not have criminal trials without juries in terrorism, national security or espionage cases, so why do we need such inquests without them?

I believe that the Government have misinterpreted the requirements of article 2 and its case law. They are arguing for a counsel of perfection. Article 2 does not require an absolute finding of fact using every last scrap of evidence. Inquests do not operate to the criminal standard of proof beyond all reasonable doubt. What is required is an adequate and effective inquiry that is independent, constitutes public scrutiny and involves the next of kin. The system will not give the public confidence that lessons have been learned. Equally importantly, if not more so, it will not give closure to relatives if they and their lawyers of choice are excluded. It is sometimes difficult for relatives to get closure even under the existing arrangements, and it may well be difficult under the reformed arrangements. Are relatives seriously expected to take the specially appointed coroner's word for what happened to their loved one? A jury is an essential part of the closure process.

Mr. Straw: Aside from the fact that the coroner will be not just any old coroner but a High Court judge, does my hon. Friend accept that a consequence of what he suggests is that some relevant evidence could not be put before a jury?

Mr. Dismore: That may be necessary. The question is whether there can still be an adequate and effective investigation without that last piece of evidence. That evidence may not be necessary, but we have the system of public interest immunity certificates and the Government can persuade the coroner to withhold sensitive material. Both those provisions were upheld in two cases against the UK, those of Jordan and McCann. It has been stated that those restrictions are compatible in principle.

Another concern is that under clause 29, the new inspection arrangements will be excluded from investigating inquests such as I have mentioned, as inspectors cannot be present when people are excluded under subsections (3) or (4) of clause 34, which specify the direct exclusion of persons. That is a serious matter.

I want briefly to consider data protection, about which the Joint Committee on Human Rights has made many recommendations over the years. I welcome the provisions for spot checks of public bodies, the tougher powers for the Information Commissioner and the proposed code of practice. Our approach, which is set out in numerous reports, is that, when there is a demonstrable need to permit data sharing, the Government's intentions should be clearly set out in primary legislation, including the necessary safeguards, to enable proper scrutiny. Secondary legislation cannot be amended and cannot improve or question the safeguards.

Article 8 of the European convention on human rights contains the right to private life provisions, and I am concerned about clause 152 on information sharing. It is difficult to imagine a provision that would contradict more the basic views of the JCHR and—more important—the requirements of the Human Rights Act 1998 and the European convention on human rights. It is too broad and unspecific; no safeguards are specified.

The Bill contains a power to amend by secondary legislation any Act of Parliament—the Data Protection Act 1998, the Human Rights Act and, presumably, the new safeguards in the Bill. We should at least have provisions such as those in the Civil Contingencies Act 2004 to exempt from amendment by such a process those Acts and the Bill's additional safeguards.

The data-sharing provisions allow the Secretary of State to permit any person, department or company to share information, including personal information, about anyone if that serves a Government policy objective. They are not restricted to Departments, to the original reason for obtaining the data, or to a statutory duty or power. The provisions would cover all personal data, including ethnicity, credit history, medical records, DNA, tenancy records and tax and benefit records. A general, blanket discretionary power is not proportionate or necessary and does not justify departure from article 8. No legitimate purpose is specified—it remains an open question.

To depart from article 8, there must be a legitimate purpose. Departure must be proportionate and necessary. I am interested to learn the Government's justification in anticipation of the very long letter that I expect to write on behalf of the JCHR, which will pose those questions in more detail than I have time to set out today.

My last point is about witness anonymity. We debated it at length previously and I do not want to go over the old points that were made during the discussions on the emergency legislation, save for one. The Government promised to come back on the recommendations about independent counsel that my Committee made for the 50 or so so-called civilian cases in which credibility is an issue. One suggestion was for a voir dire process. Why

[Mr. Dismore]

have the Government decided not to proceed further with that? My Committee may wish to return to the matter, and it would be helpful to have an explanation now, if there is one, of the reason for not addressing that. The recommendations would provide a basic safeguard in the 50 or so cases involved, allow trials to proceed with greater confidence and enable the interests of justice to be more adequately served.

I have flagged up a few items on behalf of the JCHR, to which I suspect we will come back: secret inquests in particular; data protection, which is fundamental, and witness anonymity.

9.13 pm

James Brokenshire (Hornchurch) (Con): I want to confine my comments to the provisions on coroners, and to refer to the Data Protection Act 1998. I agree with many points that the hon. Member for Hendon (Mr. Dismore) made about the ambit and other aspects of that measure.

Clearly, there is much in the Bill that we can welcome about the reform of the coroners' courts system. I believe that this is the first reform since 1285, so those who have said that it is long overdue are probably correct. We all welcome the establishment of the chief coroner, the modernisation of the coroner's powers of inquiry and investigation, and the creation of rights for interested parties, including bereaved families. Those provisions will improve the service.

I hope that we will reflect on one aspect of the charter for the bereaved: most of the focus is on the coroner's service. From my experience of dealing with cases of bereaved families, who are trying to get through a difficult time, some of the issues often involve the relationship between the coroner service and, for example, the police service. If the release of a body is requested or required from the police, getting them to respond appropriately in relation to the coroner's activities is important.

I wholeheartedly endorse and welcome the charter for the bereaved, but it needs to take account of the relationship with other agencies, so that the bereaved do not have to chase the police for the release of the body—as happened in a case that was recently brought to me—and almost have to go through the funeral to the cremation without it. As a separate issue, the charter also needs to take into account inquests that might take place in several weeks' or months' time.

There still seems to be a distinction relating to the requirements for allowing a cremation to take place. Death certification is required, but in the case of a cremation, additional requirements and certificates are needed. That matter does not appear to be touched on in the Bill, but the recommendations that came out of the Shipman and Luce inquiries suggested that those questions would be dealt with. If that has not been reflected on to date, I hope that it will now be considered and addressed.

There is also the question of the proper recognition of the coroner service. I was grateful for the note that I received from the coroner for Essex and Thurrock, Caroline Beasley-Murray, who stressed the importance of the service while emphasising the need for training and a career structure. She hoped that that aspect would be dealt with through regulations, even though the Bill is silent on the issue. Perhaps the Minister will be prepared to reflect on that aspect of the service as the Bill goes into Committee.

I want to come back to clause 11 and the certification that would do away with a jury and enable an investigation to be held in private. I do not want to repeat the important points that have been made by other hon. Members, except to comment on the Secretary of State's point about the availability of judicial review. He said that there would be a right to challenge a decision on whether certification could take place. I have one fundamental question on that. If such a decision had been made on the basis of information that, by its very nature, had to be kept secret, how could someone challenge it on an ex parte basis and argue before a judge that there had been a procedural irregularity or that the decision had been unreasonable or irrational? A high hurdle would have to be overcome in order to gain protection in such circumstances, particularly in the context in which that right is intended to be framed.

I also want to talk about the thorny issues of data protection and data sharing. The last time I had the opportunity to debate these issues was during our consideration of the Serious Crime Act 2007, when we actively considered the use of data sharing and data matching to combat serious crime and fraud. The rules that were put in place by that Act were carefully crafted, and recognised as being there for a specific purpose. However, this Bill effectively drives a coach and horses through certain provisions, and does not properly take account of the fact that there are rights of ownership involved when we give personal information to other agencies, or that that information is given for a specific purpose. It is all very well to say that codes of conduct will buttress the provisions in some way, but the proposals are very wide-ranging and overarching. Once they are in place, there will be no real ability to change them.

Anne Main: Will my hon. Friend give way?

James Brokenshire: I will not give way, unfortunately.

The Bill seeks to justify some of the big databases that the Government propose to create. To my mind, this underlines a new concept for the Government in the creation of large databases and the storing of information at potential risk. They seem to be saying that in order to deliver services, they need to know almost everything. That is what is driving the creation of these databases. However, if that information is already at risk, because of the honeypot effect that makes it vulnerable to attack by cybercriminals and those who want to use it to perpetrate cybercrime—one of the fastest-growing kinds of crime in the country—we need robust measures to ensure that those data are properly protected.

If we then factor in the idea that the data will be shared with other agencies for those specified purposes, the chain is only as good as its weakest link. Information may have been provided to a particular agency in the knowledge that data protections would be in place in that area, but if it is then shared with other agencies, the standard of vigilance and the standard of data protection may not be as high. That alone shows how data sharing may create a further risk of cybercrime. Equally, there is the issue of insider risk in terms of the integrity of the

information, where it resides, and the role of individuals who may take the information and sell it on for their own personal gain to those who may wish to misuse it.

Because we are going down this route, those activities may make us all less safe as individuals, which shows why this whole approach needs to be considered very carefully. It also shows why it is so important that the definition of what information is used for, and to whom it is provided, is framed in primary legislation. As currently framed, it seems as if this law will enable the Government to drive a coach and horses through fundamental legislation, including the Data Protection Act itself, and the protections encompassed within it. To my mind, that simply cannot be right. If those provisions remain as they are, it is difficult to see how they can possibly be acceptable.

My reading of the Bill is that it seems not only to allow the transmission of information between Government Departments, but to envisage that the information could, if it were serving a certain purpose, be transferred outside the UK—even though normal protections in the Data Protection Act would ring-fence it within the EU.

With the Government asking for that information and those rights, it almost comes down to a question of trust: do we trust the Government to use them appropriately? Sadly, the Government's record in holding our data, securing them and making sure that they are not misused is not good. The trust that we have put in the Government to do that has been misplaced. Until we can have confidence in how our data are stored, how they are used and how standards are maintained—and, as I believe they should be, raised—many people will ask, "Why should we trust the Government to receive those wide-ranging powers if at this stage we cannot even trust them to keep our information secure?" Until the Government can answer that question, they need to go away and think again.

9.22 pm

Mr. Marsha Singh (Bradford, West) (Lab): I would like to speak about a very narrow area of this legislation—the Bill makes the tiniest of references to it—as it might have an even greater impact than the other proposals on many people. I am talking about non-invasive surgery.

My attention was drawn to the issue of non-invasive post-mortems following the information that such surgical practices were happening in the Manchester area. I was approached by members of my local Muslim community to find out what was happening there, and whether it was possible for it to happen in Bradford. To that end, I established a steering group of local people, involving Ghulam Rasool of the Bradford council for mosques, Councillor Imran Hussain and Maulana Fazal Dad of the council for mosques, Idris Bashir, Aurangzeb Khan, a community activist, and Michael Levy, a solicitor from Manchester and legal adviser to the group.

The group considered a range of issues, which I will try to summarise. First, it considered technological advances such as the MRI scanner, which made non-invasive post-mortems possible. Secondly, it noted that for certain religious groups, such as Muslims and Jews, the integrity of the body was paramount. Thirdly, it found that Muslims and Jews, in particular, must bury the body as soon as possible, and that in some cases the MRI scanner could make that possible. Fourthly, the group also felt that people of other faiths, and no faith, would in some cases also prefer to have non-invasive post-mortems.

Before I continue, I want to thank the Under-Secretary of State for Justice, my hon. Friend the Member for Lewisham, East (Bridget Prentice), for meeting me privately to discuss the issue and for agreeing to meet a delegation from the Bradford steering group. We hope that Jennifer Leeming, Her Majesty's coroner for the west Manchester district, will also attend that meeting. Her contribution has been invaluable, and I applaud her and her staff for the pioneering and groundbreaking work that they have done in the Manchester area. I hope that she will see the fruit of her labour enshrined in legislation. If any hon. Member thinks that this is an awful idea, they know who to blame.

MRI scans of deceased persons are done out of hours, usually in the evening or early morning. They do not therefore prejudice or delay any access by live patients to the scanner, nor do live patients come into contact with the deceased or their attendants. In the Manchester jurisdiction, the option of non-invasive post-mortem by MRI scan is discussed with all who object to invasive post-mortems for whatever reason. If a request for non-invasive post-mortem by MRI scan is then made, it is discussed by Her Majesty's coroner or her staff with the consultant radiologist, who carries out the procedure to ascertain whether the medical and other history of the deceased person is such that an MRI scan is likely to reveal the cause of death.

If a scan is undertaken but is unsuccessful in revealing a cause of death, Her Majesty's coroner will consider proceeding to an invasive post-mortem. The bereaved are advised that that is the case before the scan is agreed. Some cases are entirely unsuitable for scan. For example, a scan is not suitable if a police investigation that necessitates an invasive forensic post-mortem is taking place.

The cost of a scan is borne by the family or other party requesting it. That is understood by the Bradford steering group, and would probably apply across the country. When the scan is concluded, a disc recording the result is retained. Thus a scan has, to that extent, an advantage over the invasive post-mortem, of which there is no permanent record.

I shall now move on from scans to the out-of-hours service. If we want to speed up post-mortems and burials, which is especially important for the Jewish and Muslim communities, we need an improved out-of-hours service. I understand that the Greater Manchester West jurisdiction is the only jurisdiction in England and Wales offering a service that includes non-invasive post-mortems and invasive post-mortems out of hours. I press the Minister to look into out-of-hours service and, with regard to scans, to consider specifying radiologists as people who could be officers responsible within the legislation.

I have already received many representations about clause 152, on information sharing. One constituent wrote:

"I object in principle to personal information being given out without my express permission. Leaving aside the fact that the only people who seem to hang on like grim death to various bits of information about me are the biggest generators of junk mail,

[Mr. Marsha Singh]

I would still like to be able to decide who needs to know all about me. This Bill changes my position in a way that suggests that I was somehow a person in need of monitoring".

In similar vein, another constituent wrote:

"I do not consent to such an abuse of my personal information...Our personal details should remain fully protected by the Data Protection Act."

I ask the Minister to look again at the proposal.

Finally, I thank the Minister for introducing in legislation the non-invasive option. That is important to my Muslim and Jewish constituents, but equally to those of other faiths and no faith.

9.28 pm

Dr. Richard Taylor (Wyre Forest) (Ind): I thank the last few speakers for being so commendably brief. I am sure that I am the only person here who has ever signed a death certificate or cremation forms—both the first and second parts—so I am desperately keen to get in to speak. I think I have eight minutes, so I will cram as much as I can into them.

To prepare for the debate, I looked at the current death certificate, which is headed "Births and Deaths Registration Act 1953". I do not think that that has been changed since 1953, and it is certainly the same as the last death certificate that I signed, which was at least 13 years ago. I looked back also at Dame Janet Smith's brilliant and comprehensive third report following the Shipman inquiry. I shall remind the House of one or two things that she said.

First, the current system depends on the honesty of the doctor. Dame Janet said:

"Many of Shipman's patients died suddenly in circumstances in which no honest doctor could have claimed to know the cause of death. Yet Shipman, who had killed them, was able to certify the cause of death, avoid a report to the coroner and thus also avoid any official enquiry into the death."

She went on to stress the importance of training, observing:

"A further problem with the current system is that the quality of certification is poor. Doctors receive little training in death certification."

Certainly the training that I received was not really about the accuracy of the death certificate. It was about the terms that were acceptable to the registrar examining the certificate, who would be entirely unqualified.

The death certificate still contains some helpful notes. In very small writing at the bottom is the following advice on completing the certificate by giving the cause of death:

"This does not mean the mode of dying, such as heart failure, asphyxia, asthenia, etc: it means the disease, injury, or complication which caused death".

I do not think that anyone nowadays would use the terms "asphyxia" and "asthenia". Shipman, however, used the term "natural causes" in two of his death certificates. Dame Janet Smith draws attention to the fact that, amazingly, the registrars in Tameside did not know that "natural causes" was not acceptable as a cause of death. They had to get in touch with their superiors, who felt that it was acceptable, so Shipman got away with "natural causes".

Another unacceptable term—some of us are probably already beginning to suffer from it—is "senile decay". Even Shipman did not try to use that one. We were told that an acceptable term was "bronchopneumonia", and that as long as that condition was put first on the death certificate of any elderly person, whether he or she had had it or not, the registrar would accept it. It is clear from those examples that death certification is very inaccurate.

The form still asks whether the person certifying has arranged a post-mortem. Since Alder Hey, the rate of hospital non-coroner post-mortems has dropped remarkably. That has a tremendous downside. The first recommendation in the Health Committee's 2005 report on venous thromboembolism states:

"We are concerned that the number of post-mortems being performed has decreased since Alder Hey. As a result the true cause of death is not being determined in many cases."

I believe that it is very important to allow a number of hospital post-mortems to continue. If a senior clinician who has been looking after the patient approaches people for consent, that will not be too unacceptable. There are many good points on the certificate at present, but I want to know whether the Bill picks up Dame Janet's recommendations.

At least cremation forms have been changed. One that I saw recently was drawn up in 2008. Cremation form 4 is now the first to be filled in by the first doctor. There is much more space for details of the cause of death and the examination carried out. Form 5, the old second form filled in by the confirming doctor, contains the same questions, but places a little more emphasis on asking the referee doctor to talk to the relatives or others involved. Question 6 reads:

"Please state the date and time that you saw the body of the deceased and the examination that you made of the body."

Dame Janet Smith makes some play of that, feeling that examination at that stage is essential.

One must be realistic, and at present, all one can do at that stage is go into the mortuary and ask the mortuary attendant where the body is. If it is already wrapped up and in the fridge, all one can do is identify that it is, let us say, a white male or female with the right label on it. What examination can one conduct to help establish the cause of death? It is crucial that there is a system for the medical examiner who is to be appointed to conduct a proper examination at this stage, if no post-mortem has taken place.

Dame Janet Smith concludes with the recommendation that there should be one system of death certification applicable to all deaths, regardless of whether the death is to be followed by burial or cremation. There should be a requirement that the fact that a death has occurred be confirmed and certified. I welcome the parts of the Bill that go a good way towards fulfilling her requirements. However, along with many others, I do not welcome the parts that imply secrecy, or those that ride rather roughshod over data protection measures. And there I must finish, having used my allocated few minutes.

9.36 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): First, I should declare an interest: I am a former barrister.

We have had a well informed and constructive debate, and we have covered a lot of subjects. That is unsurprising, however, as this Bill has clearly been cobbled together and covers many different subjects under one heading. As the hon. Member for Cambridge (David Howarth)

pointed out, it covers 28 different topics. I fear that the Bill will lack direction and focus, and I think it would have been much better if the Government had come up with four or five separate Bills.

On coroners, it is bad enough for our constituents to lose a loved one in a violent incident or accident, but all too often the resulting inquest is a thoroughly traumatic and bewildering experience. Reform is, therefore, long overdue. I noted that the Coroners' Society said:

"If the coroner service is neglected, then society also neglects the bereaved."

I think it was Edmund Burke who said:

"The true way to mourn the dead is to take care of the living who belong to them."

I am indebted to Victims' Voice for that quote, which is highly pertinent to the Hillsborough families, whom the right hon. Member for Knowsley, North and Sefton, East (Mr. Howarth) referred to so movingly.

As I have said, the coroner service is long overdue for reform. The Shipman inquiry under Dame Janet Smith and the excellent Luce review both took place almost five years ago. They were followed by the Government's draft proposals in 2004. Reform is better late than never, however.

A great deal in part 1 of the Bill is to be welcomed. I agree with the comments of the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble), who made a well-researched speech, and I congratulate her on the work she has done on behalf of bereaved service families. I welcome the creation of the posts of chief coroner and deputy chief coroner. We welcome the new appeals system, too, and the powers to transfer investigations of deaths to another coroner. That is highly relevant to military inquests, and I was very impressed by what the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) had to say on that subject. I have always found it strange that inquests involving the deaths of fallen servicemen and women could not be transferred to the district of the bereaved families, although I take on board the point made by my hon. Friend the Member for North Wiltshire (Mr. Gray) that it is important to recognise the expertise that exists in certain areas—he referred to Brize Norton in Oxfordshire and RAF Lyneham in Wiltshire. There needs to be more flexibility, however, and the Bill allows for that.

We welcome the new charter for the bereaved, but I agree with my hon. Friend the Member for Hornchurch (James Brokenshire) and the hon. Member for Stafford (Mr. Kidney), who both said that, in future, it is important for there to be far better co-ordination between the different agencies. The people putting together that charter should look carefully at the suggestions made by the hon. Member for Bradford, West (Mr. Singh) and at the points that he made about the use of MRI scans.

Conservative Members have always been in favour of local delivery by local coroners, but within a national framework that provides effective guidance. Of course, there will be cost implications for the Government's proposal, and the points made and questions posed by the hon. Member for Stafford and the right hon. Member for Berwick-upon-Tweed need to be examined carefully. The Jean Charles de Menezes inquest alone cost more than £1 million. There must be a very strong case for central Government providing funds for court accommodation, and at a time when the private finance initiative is coming under a great deal of pressure, I hope that the Minister will look carefully at that suggestion.

We also welcome the new procedures in clause 2, which allow for the appointment of medical examiners who will oversee the independent scrutiny and confirmation of medical certificates of the causes of death. That was recommended in the Shipman inquiry report and it is long overdue. However, the Coroners' Society points out that both the Shipman report and the Luce report recommended the integration of the coroner and death registration services, but that has been ignored in the Bill. I hope that the Minister will take a close look at that issue and at the points made by the hon. Member for Wyre Forest (Dr. Taylor), who is highly respected—careful note should be taken of his expertise and insight. Obviously, the medical examiners need to be truly independent, as a number of hon. and right hon. Members have said.

On recommendations by coroners, paragraph 6 to schedule 4 gives coroners the power to make a report to the person or organisation whom they believe may have the power to take the necessary action to prevent future deaths—that was covered by the hon. Member for Bridgend (Mrs. Moon) in a moving speech containing a number of well-informed remarks about suicide victims based on the tragic constituency experience that she went through. Such a person or organisation must then give the coroner a written response. The explanatory notes state:

"Further provision may be made in rules enabling reports...to be published."

That is not good enough. Surely one of the key roles of the coronial service is to improve public safety by ensuring that obvious mistakes, omissions and bad practices are not repeated. We must take on board the suggestions and comments made by the hon. Members for Bridgend and for Stafford. Surely schedule 4 does not go far enough, because no mechanism is in place to ensure that the recommendations are properly recorded and implemented—we should look at this carefully in Committee.

If one examines the part of the Bill dealing with coroners, one finds that it is about snakes and ladders; the Government have put in place some good ladders and we praise them for that, but there is a nasty snake that may come crashing down in clause 11. That clause, which many right hon. and hon. Members have discussed, provides for the Secretary of State to issue a certificate that allows inquests to be held without a jury. That provision will gravely limit transparency and increase Executive control over the inquests process. The measure was first introduced in the 2008 Counter-Terrorism Bill, but it was withdrawn, and I greatly regret its reappearance. I say that because the grounds for removing the jury are very broad indeed—if anything, they are broader now than they were in that original Bill, because the Coroners and Justice Bill provides for its removal for reasons

"otherwise in order to prevent real harm to the public interest."

That is a catch-all phrase, as was pointed out by the hon. Member for Cambridge, my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) and the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd). He is a former deputy coroner and we should listen to him very carefully. Others to make that point included the hon. Members for Blackpool, North

[Mr. Henry Bellingham]

and Fleetwood and for Hendon (Mr. Dismore), and my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox). They all pointed out that the Bill will undermine public confidence in the inquest system. It was right, for example, that the inquest into the death of Jean Charles de Menezes was held in public, but under these proposals it would almost certainly have been held in private. I am worried that the number of inquests heard without juries would grow, and what was meant to be an occasional fall-back option could become the norm. That is why we need to strike that clause from the Bill when the time comes.

Anne Main: Will my hon. Friend give way?

Mr. Bellingham: I will not give way as I am pressed for time.

In 2004, the Law Commission published its report "Partial Defences to Murder". That was followed by its fundamental review of murder and manslaughter in 2006. The Bill is a piecemeal, fragmented and unsatisfactory approach to the issues of murder, infanticide and suicide. I listened carefully to my hon. and learned Friend the Member for Torridge and West Devon, who is an expert on criminal law. As well as putting in a strong bid to serve in Committee, he gave some good reasons why this aspect of the Bill needs to be improved. A step-by-step approach is not good enough. As my hon. and learned Friend said so eloquently, in spite of the Government's good intentions, there are always dangers in simply cherry-picking important, carefully reasoned and crafted, but highly controversial Law Commission proposals. That is why we must examine those provisions carefully.

My hon. Friend the Member for North Wiltshire has some excellent ideas for combating the existence of overseas suicide sites. Surprisingly, the Government did not properly consult on the provisions on suicide, and they must be looked at again in much more detail.

The Government did consult on sentencing, but I agree with the right hon. Member for Cardiff, South and Penarth (Alun Michael) that we need to look carefully at what really works, especially when it comes to community sentencing. We have no problems with plans for a sentencing council, but we are concerned about the guidelines that it will issue. At the moment, the courts are required to have regard to the guidelines, but in future they will have to follow the guidelines unless satisfied that to do so would be contrary to the interests of justice. That is a proposal for strict compliance and I share the concerns about that which have been raised by the Bar Council, the Magistrates' Association and many other organisations.

The Bill contains some good ladders, but it has one appalling snake—it is a 50-ft python—in the form of the data protection proposals, and I hope that the Government will rethink that part of the Bill. I will not rehearse the arguments now, but the proposals are very worrying, because they would undermine the whole essence of the data protection legislation. That is why so many Members on the Opposition Benches have spoken against them.

We have several expert lawyers on the Conservative Benches. I am surrounded by top QCs and other lawyers, and we will do what we can to help the Government to improve this ill thought-out and flawed Bill. We will do our best to make it better legislation.

9.48 pm

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): As the hon. Member for North-West Norfolk (Mr. Bellingham) said, this has been a constructive and intelligent debate, not least because my right hon. Friend the Secretary of State took 26 interventions. We have been through the Bill fairly thoroughly as a result. I welcome the many positive comments that have been made about many of the provisions in the Bill, such as the establishment of the post of chief coroner, the introduction of national standards, a new appeals system and the charter for bereaved families. They will all help to ensure that the coroner system, which dates back to the reign of Richard I, as the hon. Member for Hornchurch (James Brokenshire) said, will be made fit for the 21st century.

Shona McIsaac (Cleethorpes) (Lab): I thank my hon. Friend for giving way. Sadly, I was not lucky enough to be called to speak in the debate or to intervene on my right hon. Friend the Secretary of State. However, my hon. Friend mentioned the coroner system. Will she give some thought as the Bill progresses to allowing some form of support or representation for families of the bereaved in the coroners' courts, as has been suggested by Victim Support?

Bridget Prentice: A number of Members have raised that issue as well as my hon. Friend. We will reflect on it and we will look to see what we can do to give bereaved families more support when they find themselves at inquests. At the moment, they have very good personal support in many areas from some of the coroners' officers and so on, but I know that hon. Members want us to go further than that.

We recognise the issue that has been identified in terms of private inquests, and I am glad that other hon. Members recognise the problem that we face. The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), in particular, described those difficulties in a very reasoned way. We will welcome constructive dialogue on that subject. If hon. Members have suggestions about how we can make that section of the Bill better, we will be happy to look at the provisions again.

There are very few occasions when a coroner's investigation will involve highly sensitive information, for example, intercept evidence or the identity of a human intelligence source that simply cannot be made public. As my right hon. Friend the Secretary of State said, inquests are unlike criminal trials as one cannot decide not to proceed with an inquest. We have to go ahead with an inquest and so we have to find a way to deal with the problem posed by such information properly and sensitively. We have made significant changes to the original proposals and I hope that in reflecting on what we can do to make the provisions better, colleagues will recognise that we have moved some distance from the proposals in the Counter-Terrorism Bill. We have also made it explicit in this Bill that all other ways of enabling an inquest to be held in public have to be considered fully before the PII certificate is considered. If that is not possible, we have tied in the criteria for triggering the certification and placed a duty on the Secretary of State to notify interested parties of the certification decision so that they can lodge an application for judicial review. There are already important safeguards

The hon. Member for Cambridge (David Howarth) said that the Bill was made up of red rags and contraband—I rather liked the images that he conjured up. On the "red rag" provisions, he asked when the jury would be called. If he looks at clause 7, he will see that there are specific situations where juries would have to be called. We are open to discussion about how best to cover the arrangements for what most Members agree are difficult issues regarding sensitive material. Families would be excluded from the inquest only at the points when that sensitive material was being discussed. They would be present for every other part of the inquest.

My right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth) made a moving speech about the victims of Hillsborough. He rightly highlighted the distress and offence that has been caused to bereaved families. Under these reforms, an inquest would almost certainly be held under article 2 conditions. In future, the chief coroner will maintain links with prosecuting authorities, including the Crown Prosecution Service and the Director of Public Prosecutions, to ensure that investigations into large-scale disasters progress as quickly as possible.

Mr. George Howarth: Will my hon. Friend give way?

Bridget Prentice: I would be grateful if my right hon. Friend would allow me to move on.

My hon. Friend the Member for Bridgend (Mrs. Moon) was an excellent advocate for her constituents in a very tragic situation. I reassure her that all coroners will be required to provide statistical information to the chief coroner, who will be advised by the medical adviser on the interpretation of that information.

We will do further work on verdicts as part of a detailed development of the rules. Coroners will be given powers in the Bill to make reports to prevent further deaths—a change very similar to the one made last year to the current rule 43. Organisations will be required to respond: the chief coroner will collect and monitor their responses, and identify trends. I hope that that answers the several Opposition Members who asked what the chief coroner's reports will contain. The chief coroner will also issue national standards on how to investigate particular types of death, including suicide or apparent suicide. Provision for psychological autopsies could be included in that.

In his very measured contribution, my hon. Friend the Member for Stafford (Mr. Kidney) welcomed the section of the Bill devoted to coroners. Like my hon. Friend the Member for Bradford, West (Mr. Singh), he asked about MRI scans and the new powers that the Bill will give coroners and medical examiners. I think that he was also the first to mention the charter for the bereaved, which has been widely welcomed by organisations supporting bereaved families, and I in turn welcome my hon. Friend's support for the training that coroners will get.

Various hon. Members mentioned media intrusion. I can assure them that we continue to speak to the Press Complaints Commission about how it can strengthen its code of practice to ensure that families are not unduly upset by the way that cases are reported.

The right hon. Member for Berwick-upon-Tweed, the Chair of the Justice Committee, rightly highlighted inadequacies in the present Scottish system. We are awaiting a response from Scottish Ministers about how we can take matters forward. The right hon. Gentleman made some very reasoned points about why there was no need for an inquest in every case, and he spoke about resources and diversity at local level. We will work with the chief coroner to ensure that that is progressed properly.

My right hon. Friend the Member for Walsall, South (Mr. George) made a very comprehensive speech in which he mentioned the varying standards in the coroner service at present—

Mr. Garnier: I do not want to interrupt the Minister for too long, as it is very late, but the Bill also contains a number of criminal justice elements. Both she and the Secretary of State have seemed reluctant to talk about them, even though they are part of the Bill. Will she condescend to tell us her views on those matters?

Bridget Prentice: I remind the hon. and learned Gentleman that my right hon. Friend the Secretary of State spoke for nearly an hour and took 26 interventions, many of which concerned all the other issues raised in the Bill. However, I want to turn to the provisions on data sharing that have been so central to this debate. Once more, I shall be very happy to look in detail at the issues that a number of hon. Members have raised in that regard. I shall also be happy to meet hon. Members to discuss some of those matters in detail, but I must say that I see data sharing as a positive thing. It will make people's lives better because they will not have to go through 50 different gateways to get their information through to the right person.

I accept what the hon. and learned Gentleman says about the other aspects of the Bill. We will deal in detail in Committee with homicide and witness anonymity, to which a number of hon. Members have referred. For example, my right hon. Friend the Secretary of State for Justice wrote to the hon. Member for Arundel and South Downs (Nick Herbert) on special counsel, and I believe that he copied that letter to my hon. Friend the Member for Hendon (Mr. Dismore), who raised the issue during the debate.

I want to turn very briefly to some of the other issues that have been raised in the debate. For example, a number of hon. Members have made constructive suggestions about suicide websites. Again, we will look carefully at what we can do. It is a difficult area of work, but it is something that we want to tackle. I am pleased that we have addressed the driving ban issue raised by the hon. Member for Scarborough and Whitby (Mr. Goodwill), and we will look further at how we can address the other issues that he has raised.

At its heart, the Bill is about delivering more effective and responsive public services to victims, witnesses, bereaved families and all those who come face to face with the justice or coroners' systems. I commend it to the House.

Question put, That the amendment be made.

The House proceeded to a Division.

Mr. Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 47, Noes 278.

Division No. 21] **[9.59 pm**

AYES

Alexander, Danny
Barrett, John
Beith, rh Sir Alan
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Corbyn, Jeremy
Davey, Mr. Edward
Davies, Mr. Dai
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Holmes, Paul
Howarth, David
Huhne, Chris
Hunter, Mark
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Llwyd, Mr. Elfyn
McDonnell, John
Mulholland, Greg
Pelling, Mr. Andrew
Reid, Mr. Alan
Rennie, Willie
Rogerson, Dan
Sanders, Mr. Adrian
Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Hywel
Williams, Mr. Roger
Willott, Jenny

Tellers for the Ayes:
Bob Russell and
Richard Younger-Ross

NOES

Amger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Iranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan

Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Smeigrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Trussell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Watts, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and Chris Mole

Question accordingly negatived.

Question put forthwith (Standing Order No. 62(2)), That the Bill be now read a Second time.

Question agreed to.

Bill accordingly read a Second time.

CORONERS AND JUSTICE BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A (7)).

That the following provisions shall apply to the Coroners and Justice Bill.

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 5 March 2009.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*(Ian Lucas.)*

Question agreed to.

Business without Debate

DEFERRED DIVISIONS

Motion made, and Question put forthwith (Standing Order 41A(3)).

That, at this day's sitting, Standing Order No. 41A (Deferred divisions) shall not apply to the Motion in the name of Secretary Jack Straw relating to Criminal Law.—*(Ian Lucas.)*

The House divided: Ayes 276, Noes 108.

Division No. 22] **[10.16 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil

Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Chris Mole and
Mr. Frank Roy

NOES

Alexander, Danny
Bacon, Mr. Richard
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Bruce, rh Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, Philip
Duddridge, James
Duncan, Alan
Featherstone, Lynne
Foster, Mr. Don
Garnier, Mr. Edward
George, Andrew
Gidley, Sandra
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Stephen
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hollobone, Mr. Philip
Holmes, Paul
Howarth, David
Howell, John
Huhne, Chris
Hunter, Mark
Jenkin, Mr. Bernard
Kawczynski, Daniel
Keen, Ann
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Mulholland, Greg
Mundell, David
O'Brien, Mr. Stephen
Paice, Mr. James
Pelling, Mr. Andrew
Pritchard, Mark
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Syms, Mr. Robert
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Wallace, Mr. Ben
Watkinson, Angela
Webb, Steve
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Baron and
Mr. Philip Dunne

Question accordingly agreed to.

CORONERS AND JUSTICE BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)).

That, for the purposes of any Act resulting from the Coroners and Justice Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenditure incurred by a Minister of the Crown under or by virtue of the Act; and

(2) any increase attributable to the Act in the sums payable out of money so provided under any other Act.—*(Ian Lucas.)*

Question agreed to.

CORONERS AND JUSTICE BILL (WAYS AND MEANS)

Motion made, and Question put forthwith (Standing Order No.52(1)(a)).

That, for the purposes of any Act resulting from the Coroners and Justice Bill it is expedient to authorise—

(1) the imposition of charges by virtue of the Act in connection with costs incurred in connection with motor vehicle orders; and

(2) the payment of sums into the Consolidated Fund.—*(Ian Lucas.)*

The House divided: Ayes 233, Noes 97.

Division No. 23] **[10.29 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Fisher, Mark
Flello, Mr. Robert
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hewitt, rh Ms Patricia
Hill, rh Keith
Hillier, Meg
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Rooney, Mr. Terry
Roy, Lindsay
Ruddock, Joan
Russell, Christine
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave

Whitehead, Dr. Alan
Wicks, rh Malcolm
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Chris Mole and
Mr. Frank Roy

NOES

Alexander, Danny
Bacon, Mr. Richard
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brokenshire, James
Brooke, Annette
Bruce, rh Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, Philip
Duddridge, James
Duncan, Alan
Featherstone, Lynne
Foster, Mr. Don
Garnier, Mr. Edward
George, Andrew
Gidley, Sandra
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grieve, Mr. Dominic
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hollobone, Mr. Philip
Holmes, Paul
Howarth, David
Howell, John
Huhne, Chris
Hunter, Mark
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Mulholland, Greg
Pelling, Mr. Andrew
Pritchard, Mark
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Syms, Mr. Robert
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Wallace, Mr. Ben
Watkinson, Angela
Webb, Steve
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Barron and
Mr. Philip Dunne

Question accordingly agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6),

Criminal Law

That the draft Criminal Justice and Police Act 2001 (Amendment) Order 2009, which was laid before this House on 20 January, be approved.—*(Ian Lucas.)*

The House divided: Ayes 215, Noes 91.

Division No. 24] **[10.41 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet *(Hastings and Rye)*
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Fisher, Mark
Flello, Mr. Robert
Foster, Michael Jabez
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hill, rh Keith
Hillier, Meg
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat

McFall, rh John
McGuire, rh Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Robertson, John
Rooney, Mr. Terry
Roy, Lindsay
Ruddock, Joan
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Truswell, Mr. Paul
Turner, Mr. Neil
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Chris Mole and
Mr. Frank Roy

NOES

Alexander, Danny
Bacon, Mr. Richard
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brake, Tom
Brokenshire, James
Brooke, Annette
Bruce, rh Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, Philip
Duddridge, James
Duncan, Alan
Featherstone, Lynne
Foster, Mr. Don
Garnier, Mr. Edward
George, Andrew
Gidley, Sandra
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Grieve, Mr. Dominic
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hollobone, Mr. Philip
Holmes, Paul
Howarth, David
Howell, John
Huhne, Chris
Hunter, Mark
Iddon, Dr. Brian
Jenkin, Mr. Bernard
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lidington, Mr. David
Luff, Peter
Mackay, rh Mr. Andrew
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mulholland, Greg
Pelling, Mr. Andrew
Prentice, Mr. Gordon
Pritchard, Mark
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Syms, Mr. Robert
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Watkinson, Angela
Wiggin, Bill
Williams, Mr. Roger
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Baron and
Mr. Philip Dunne

Question accordingly agreed to.

Mr. Speaker: With the leave of the House, we will take motions Nos. 24 to 29 together.

Motion made, and Question put forthwith (Standing Order No. 118 (6)),

SUPREME COURT OF ENGLAND AND WALES

That the Civil Procedure (Amendment No. 2) Rules 2008 (S.I., 2008, No. 3085), dated 2 December 2008, a copy of which was laid before this House on 3 December, be approved.

SUPREME COURT, NORTHERN IRELAND

That the Rules of the Supreme Court (Northern Ireland) (Amendment No. 3) 2008 (S.R. (N.I.), 2008, No. 479), dated 2 December 2008, a copy of which was laid before this House on 3 December, be approved.

LOCAL GOVERNMENT

That the draft Local Government (Structural Changes) (Areas and Membership of Public Bodies in Bedfordshire and Cheshire) Order 2008, which was laid before this House on 17 November, in the previous Session of Parliament, be approved.

COMPANIES

That the draft Companies (Trading Disclosures) (Amendment) Regulations 2008, which were laid before this House on 6 November, in the previous Session of Parliament, be approved.

That the draft Companies (Disclosure of Address) Regulations 2008, which were laid before this House on 18 November, in the previous Session of Parliament, be approved.

NORTHERN IRELAND

That the draft Postponement of Local Elections (Northern Ireland) Order 2009, which was laid before this House on 10 December, be approved.—*(Ian Lucas.)*

Question agreed to.

ADJOURNMENT (FEBRUARY)

Motion made, and Question put forthwith (Standing Order No. 25),

That this House, at its rising on Thursday 12 February, do adjourn till Monday 23 February.—*(Ian Lucas.)*

Question agreed to.

COMMITTEES

ADMINISTRATION

Ordered,

That Mr Kevan Jones be discharged from the Administration Committee and Mr Stephen Hepburn be added.—(*Rosemary McKenna, on behalf of the Committee of Selection.*)

CHILDREN, SCHOOLS AND FAMILIES

Ordered,

That Ms Dawn Butler be discharged from the Children, Schools and Families Committee and Derek Twigg be added.—(*Rosemary McKenna, on behalf of the Committee of Selection.*)

Concessionary Bus Fares

Motion made, and Question proposed, That this House do now adjourn.—(*Ian Lucas.*)

10.56 pm

David Howarth (Cambridge) (LD): In April last year, the Government introduced a scheme that was welcomed in all parts of the House. The national bus concessionary fare scheme means that everyone over 60 and people with certain disabilities are now able to travel on local buses for free in any part of the country, not just where they live. The Government provided £212 million in a special grant to pay for the scheme, money which eventually finds its way into the coffers of the bus companies.

The dispute is not so much about the objective of the scheme, which many people across the country have benefited from, including Members of this House. There are still some problems to be ironed out: for example, campaigners for deaf-blind people point out that it makes no sense to charge a disabled person nothing to travel, but to charge full fare for their helper, without whom they could not travel. However, such difficulties aside, this is a well-intentioned scheme and there is no dispute about its objectives. The dispute is about the route that the £212 million goes on via local councils to the bus companies, and the serious problem that some councils are paying out to bus companies vastly more than the Government are paying to them, whereas other councils are making a handy profit out of the scheme and are diverting the money allocated to them for it to general purposes.

There were already concessionary fare schemes around the country before April, and there has been controversy over their funding, because some councils say that the amounts of money allocated to them for the previous schemes were insufficient and that this underfunding has been carried over into the new scheme. It is difficult to assess those claims, because the central funding used to be wrapped up in a very obscure way in the general grant central Government pay to local government, although I suspect councils would have something to say about that. I do not, however, want to spend time tonight on that old controversy. I want to concentrate solely on the financial effects of the new scheme that came in last April. Because it has been funded by a special grant, its effects are clear.

The problem with the new system is that its starting point is that a local authority pays for the bus journeys not of its residents, but of anyone who gets on a bus within its district. That simple rule has produced two serious anomalies that are having a devastating effect on the finances of a number of district councils, including that of Cambridge, which I represent. The first anomaly, and the most obvious, is that districts that are tourist attractions end up paying for the bus journeys of visitors. If every district of the country was equally likely to attract tourists from every other district, there would be no problem.

Mr. Andrew Smith (Oxford, East) (Lab): I am pleased that Oxford and Cambridge can join forces on this issue. In Oxford, there is the serious problem of underfunding to the tune of almost £500,000 and rising. Although, as the hon. Gentleman says, the intention behind the concessionary scheme is wonderful, this

must be addressed by looking at the formula afresh in the interests of Cambridge, Oxford and other such authorities. I think that the hon. Member for Oxford, West and Abingdon (Dr. Harris), who is present, is nodding in agreement.

David Howarth: I am glad to be able to agree with the right hon. Gentleman. I am surrounded by Oxford Members, and I think I heard my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) agreeing very strongly with the right hon. Gentleman's comments.

Dr. Ian Gibson (Norwich, North) (Lab): May I bring the hon. Gentleman to more humble origins and a city such as Norwich, which is also a truly attractive area that brings people in from the county of Norfolk? Norwich City council is £1.5 million down as a result of this scheme, whereas the council next door is £800,000 up. That is because a calculation is made on the basis of the people who come into Norwich and the council has to pay for it. I am sure there are other examples, but people are being disadvantaged in Norwich because the fact that people get off buses there means that the council has to pay—it is completely unfair.

David Howarth: I completely agree with the hon. Gentleman. I shall get on to the details of the scheme later, but what he describes is not uncommon around the country. Paying for visitors has had enormous effects on not only Oxford, Cambridge and, to some extent, Norwich, but on Torbay and the Isle of Wight.

Mr. Adrian Sanders (Torbay) (LD): Is it not an unfair system that penalises areas that are successful tourist resorts? Such areas do not receive any extra money to help to promote them or to pay for the additional costs of tourism.

David Howarth: My hon. Friend is right; I shall come to the formula in a moment, because it does not properly reflect the costs being imposed on councils in such areas.

The second anomaly is less obvious, although the hon. Member for Norwich, North (Dr. Gibson) mentioned it, but it is just as damaging. In urban districts that are surrounded by suburban or rural districts, the pay-where-the-journey-starts rule means that if someone comes into town for a hospital appointment or a shopping trip, the council covering where they live pays only for their outward journey—the council covering the place where they go to hospital or shop pays for their journey home. Far more people travel from out of town into town for health care, for shopping and for entertainment than go from town in the opposite direction to the rural areas. The effect is that urban districts pay far more for the journeys of rural dwellers than rural districts pay for the journeys of town dwellers.

The situation can be even worse where there are park-and-ride schemes. In Cambridge, most of the park-and-ride sites are just within the city boundary. People from outside town drive just over the city boundary and park, and the city council then pays for both their journeys on the bus. Just to illustrate how arbitrary this can be, I should point out that a park-and-ride site in Cambridge is being moved less than a mile, from inside Cambridge to south Cambridgeshire and that move alone will transfer about £30,000 a year between the two councils involved.

This second anomaly affects places where the district boundaries are drawn, as I think they largely should be, where town meets country. The result is large effects on places such as Norwich, Exeter, Chesterfield, and Cambridge.

Mr. Andrew Smith: And Oxford.

David Howarth: And Oxford. The fact that both anomalies affect my constituency, as they do the constituency of the right hon. Member for Oxford, East (Mr. Smith), is largely why I am standing here tonight. The effect on the Cambridge City council's budget is stark. The new scheme alone is costing the council, and thus my constituents, about £1 million a year. The council also thinks that a further £500,000 a year is appearing on its budget because of the old scheme, but I wish to concentrate on the new scheme alone.

Mr. Andrew Turner (Isle of Wight) (Con): I congratulate the hon. Gentleman on securing this debate. No buses come to the Isle of Wight, so people get there, jump on our buses and, thus, we pay for all of them. The Isle of Wight council is spending between £3 million and £5 million on the Government's free travel. During a meeting with Ministers last week, Councillor Tim Hunter-Henderson pointed out that £1.7 million had been received in grant income and the relevant Minister pointed out the difficulty of identifying what grant had been paid out in respect of the scheme. There might be enough money in the scheme nationally, but it is impossible to get figures at a local level.

David Howarth: The hon. Gentleman might be right about the old scheme, but we have more accurate figures for the new scheme and I shall just set out the figures for Cambridge under the new scheme alone. Expenditure on concessionary fares since last April has increased by £1.6 million a year—177 per cent. The Government grant to Cambridge for the scheme assumed that the increase would be only 60 per cent. The Department described that grant as "generous", but a better description would be "wholly inadequate". The Department has got its predictions immensely wrong—by a factor of three—and it should put the situation right immediately.

That £1 million will not sound like much to the Minister, who is used to dealing in billions, but it is devastating to a small district council. It represents 15 per cent. of the money that the council raises in council tax in a year, but it cannot be recouped using council tax receipts, because it would put the council many times over the Government's capping limit. On the spending side, it represents the loss of some 30 jobs, and the situation in other places is even worse.

Cambridge City council, like all public authorities, is having financial difficulties this year, but this is by far the biggest financial problem the council faces and it is of the Government's making. In the long run, a £1 million deficit has to be paid for somehow, and that means service reductions, tax increases, increases in charges or all three.

The Government's response has been to say five things, but they are wrong about all of them. First, the Government say that there is enough money in the

[David Howarth]

special grant overall. Some hon. Members may dispute that, but even if it is true, it is irrelevant to the question, which is about the distribution of the money between councils.

Secondly, the Government say that the grant formula already deals with the problem because it takes into account the number of overnight visitors and the amount of retail floor space in the district. But it is obvious from what has happened in practice that it has not done so enough. Nor has the formula taken into account all the relevant factors such as health care and the positioning of park-and-ride sites.

Thirdly, the Government say that councils could get a better deal with the bus companies to reduce costs, but that argument does not work because even the councils that have achieved the best deals with the bus companies—for example, Exeter—still face massive deficits. In any case, the reimbursement rates in a two-tier area are negotiated not by the district council, which has to pay, but by the county council, which does not.

Fourthly, the Government say that the present scheme will last only three years and that next time they might transfer responsibility for it from district councils to county councils. That might help a little in some places, because there would be fewer problems caused by journeys across boundaries, but it would not stop the unevenness caused by tourism, which is uneven across the country at a county level as well as at a district level. The Isle of Wight is an extreme example of that issue. The Local Government Association points out that it is becoming clear in several areas that even if the grant were to be pooled at county level, there would still be shortfalls. Lancashire, for example, would still be £2 million short, and the deficits in the unitary authorities, such as Nottingham and Brighton, would be unchanged.

Paul Holmes (Chesterfield) (LD): My hon. Friend is making a compelling case. The financial evidence from all over England from councils run by all parties—this is not a party political issue—is that the Government have simply not provided enough money for the bus fare scheme. In Chesterfield alone, the underfunding is some £1.7 million, which is equal to a 40 per cent. increase in the council tax or 80 council staff who would have to be sacked by the end of February to set a budget for next year. Are my hon. Friend's constituents as furious as mine at the devastating effect that the Government's broken funding promises will have on local services? My constituents are even more furious that the Prime Minister recently found time for a publicity stunt on Chesterfield railway station, but could not find time to meet the council to talk about the appalling results of the underfunding of this Government policy.

David Howarth: My constituents certainly are furious, and they are not convinced by the Government's argument that there might be a solution in two or three years' time. That does not deal with the massive financial crisis in council budgets now.

Lastly, the Government have said that councils should get together and sort the distribution out among themselves. But how can that work? Are the councils that are making a tidy profit out of this scheme by receiving more than they pay out going to give up their ill-gotten gains voluntarily? I do not think so. The Government caused this mess and they should sort it out.

The total amount at stake across the country is, according to the LGA, about 10 per cent. of the total grant, but half of that is concentrated in just 10 authorities. At a time when the Government are saying that there should be a fiscal stimulus, and are throwing money like confetti at the banks—and at other Departments, such as the Ministry of Justice, which has just received a £550 million supplementary estimate—this does not seem like a big deal. It is, however, a big deal for the councils affected and for their residents and taxpayers.

11.9 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): At the outset, I want to congratulate the hon. Member for Cambridge (David Howarth) on securing the debate. I am beginning to quite enjoy my attendance at Adjournment debates, whether they are about rail fares or concessionary fares. Both are important.

I am proud of the Government's record on concessionary travel. In 2000, for the first time, older and disabled people in England were guaranteed the same minimum concession regardless of where they lived, giving them half-price bus travel within their local authority area. From April 2006, we improved that statutory minimum concession from half-price fare to free local travel for those eligible at a cost of an additional £350 million, a sum provided by central Government that rises each year—this year, it is at £377 million—and goes in through the revenue support grant provisions. It was widely recognised at the time that the total sum of £350 million in 2006 was an adequate figure to cover the additional cost.

In addition, the Prime Minister announced that 11 million older and disabled people would be able to use off-peak local bus services free of charge anywhere in England from April 2008. As the hon. Gentleman pointed out, we provided an additional £212 million to pay for that, which was distributed using a formula that reflects areas of likely demand, whether they are shopping destinations or tourist areas such as coastal towns. I shall deal further with the formula in a moment.

The funding is additional funding. I noted that the hon. Gentleman said that we had provided £212 million to pay for the concessionary fares. No. Let me make it absolutely clear that there was already money in the revenue support grant mechanism and the formula grant provisions to local authorities. The £212 million was to reflect the additional cost of going from local free travel in local areas to free travel nationally in England.

Rosie Cooper (West Lancashire) (Lab): I am sure that my hon. Friend will be surprised to know that my constituents are no better off than those of the hon. Member for Cambridge (David Howarth), although West Lancashire district council is a net gainer—it was and is a net gainer under both the old and new systems. The council is using the money and the surplus in the general rate fund and is forcing my constituents to choose between free rail and bus travel. It will not allow them to have both, but next door, in Merseyside, residents have that facility. The Government have given the money and the money is there, but it is being used for something else. My elderly residents are being forced to choose between bus and rail. It is not fair.

Paul Clark: My hon. Friend refers to the number of variations that there are. The powers in the Transport Act 2000 that allowed local authorities to make additional provisions still exist, and they are a matter for local authorities. Equally, her point highlights the fact that in some areas the money in a given area is more than sufficient to meet the additional costs. That matter has been raised with me in a series of meetings with individual Members and their delegations.

The £212 million special grant will continue to rise, to £217 million in 2009-10 and to £223 million in 2010-11. That will give councils a significant increase in bus concession funding—typically around 30 per cent., and far higher in many places—so that pass holders can use buses anywhere in England. The change is having a real impact. The new national concession is of huge benefit to millions of eligible people, as I am sure that the House is well aware. It allows them free off-peak travel anywhere in England, and it also helps other Government goals, for example in respect of combating social exclusion, to be met.

The improved concession guarantees people access to facilities outside their local area and helps them to keep in touch with family and friends. It provides new leisure opportunities so that, when they visit other parts of England on holiday, eligible people can travel free on local buses at off-peak times. Moreover, the fact that the concession encourages people to visit popular tourist destinations brings benefits to the wider economy in those areas.

The latest extension to the statutory minimum concession brings the spending on concessionary travel to more than £1 billion each year, and I think that hon. Members will recognise that that is not an insignificant sum. We are confident that the funding that we provide is sufficient to cover the total cost of the statutory minimum concession. The size of the new grant is based on generous assumptions about fares, bus pass take-up rates, extra journeys and additional operating costs.

We also consulted extremely widely on how best to distribute the new funding. No formula will ever be perfect, but the one that we eventually used is based on four factors—eligible population, retail floor space, bus patronage and visitor numbers. All those factors correlate to the actual cost of the concession, but hon. Members need to be aware that an underlying principle of the concessionary scheme's funding is that bus operators should be no worse and no better off. Obviously, filling an empty space on a bus does not cost as much as the fare that would normally be charged in the first place.

I accept that the discussions and negotiations with the bus companies will be complex, but I have met people from all the areas represented by those hon. Members who have spoken in the debate. That is, I have met people from Torbay and the Isle of Wight, and I am due to meet people from Chesterfield. Moreover, I know that my officials have met representatives from all the councils and areas referred to in the debate.

I am aware that reimbursement rates have reached as high as 70-odd per cent. in some areas. In contrast, reimbursement rates in other authorities have been in the region of 40 to 50 per cent.

David Howarth: If the Minister were to do the arithmetic in his head, he would realise that many councils, including Cambridge, would still be massively out of pocket even at the higher reimbursement rate that he mentioned.

Paul Clark: I note that, through the special grant, Cambridge has received an increase on its 2007-08 allocation worth £650,000, or a 57 per cent. increase on the actual costs last year. In addition, the hon. Gentleman is claiming that it is anticipated that another £400,000 will be needed. That means that Cambridge will need in excess of £1 million on top of last year's provision—and anyone can work out that the new amount is almost double the cost of last year's provision. The formula that was provided was based on estimates that took account of exactly those points that he raised. The formula does not work against tourist destinations, as he claimed. In fact, it allows such matters to be taken into account.

The hon. Gentleman referred to urban districts surrounded by rural areas, but that is another factor that the formula takes into account. Obviously, the amount of retail floor space can be one of the attractions for visitors, and that is why South Cambridgeshire received an increase in its special grant allocation of only 29 per cent. on 2007-08. So the formula is working to reflect exactly some of the factors raised by the hon. Gentleman and some of the other hon. Members who have contributed.

David Howarth: There is all the difference in the world between a formula that takes into account factors and one that takes them into account enough. It is plain from what has actually happened on the ground that the formula is inadequate in the weighting that it gives. It might have some of the right factors, but that is not the same as doing the job.

Paul Clark: Let me add in response to that intervention that, when we looked at which formula should be used, we obviously had to take into account who should pay for the travel and at which end of the journey. When introducing a nationwide travel scheme throughout England, we soon realised that, if the old way had remained and areas paid for their own residents who travelled, a lot of cross-working out would have to be done and that that would be a terribly complex system. Therefore, the decision was not just taken in Great Minster house—discussions were held through the various normal channels, the travel concession authorities and the Local Government Association about the best and most appropriate way forward—and the system was based on where the travelling starts, so there was a need to take that into account.

On the other comments that have been made, the hon. Member for Chesterfield (Paul Holmes)—I am due to meet him shortly with a delegation, and I obviously look forward to that—claims that there is £1.7 million of underfunding. In fact, the out-turn for expenditure in 2007-08 was £1.44 million on bus fares. Again, it has been claimed that an increase of more than 100 per cent. has been happening, that the requirements have not been met and that all councils have been affected. May I respectfully point out that some 219 local authorities are involved as travel concession authorities and that by no means all of them are saying that they are suffering problems in the way that the hon. Gentleman suggests, so the issue needs to be put into balance?

Paul Holmes: Authorities all over the country, run by different political parties, are saying that the formula is not working and that the money is not adequate. The

[Paul Holmes]

figures that I have quoted are not mine; they were proposed by Labour-run Derbyshire county council and show that three of the councils in Derbyshire are grossly underfunded by the scheme. Even if we took the overfunding for six of the councils, it would still only make up 40 per cent. of the underfunding for the three that are badly hit, such as Chesterfield.

Paul Clark: In all the discussions that I have had, *invariably what is being indicated—if not on the record,* certainly unofficially—is that people other than the Government believe that there is enough money in any given area, usually a county. Perhaps it is a question of how the formula is working in given areas. One of the reasons why we shall consult shortly is to consider how the scheme can be administered in a way that provides better distribution, or what is believed to be better distribution, across the board.

One reason why we said that if an area decides that one authority will be the funding authority and the others agree, we would follow that route, is that we can do the same thing now. What I cannot do is impose such a decision on an area. Equally, we must recognise that there is a three-year deal, and the vast majority of local authorities have planned on a three-year basis; hon. Members will appreciate that there would therefore be consequences to a change. I am meeting Members and their delegations to assess exactly what issues are being faced by some concessionary travel areas.

Mr. Andrew Smith: Let us be clear about what the Minister is saying: is he saying that following the consultations, such revisions could happen before the end of the three-year period?

Paul Clark: It is unlikely that we would be able to move before the three-year period ends in 2011, but we have made it clear that the aim of the process is to listen to the issues that hon. Members and their local authorities face.

I have constantly made it clear that the single grant was for the additional part of concessionary fares. Underlying that is the provision within the rate support grant. In total there is more than £1 billion to give 11 million people the opportunity to travel freely. We need to work through the issues, but I welcome our discussions as part of the debate surrounding the provision of concessionary travel to 11 million people across the length and breadth of the country. The scheme gives them additional freedom to travel and to meet friends.

Question put and agreed to.

11.26 pm

House adjourned.

House of Commons

Tuesday 27 January 2009

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Midland Main Line

1. **Mr. Peter Bone** (Wellingborough) (Con): What date he has set for the full electrification of the midland main line. [250986]

The Secretary of State for Transport (Mr. Geoffrey Hoon): Electrification is advantageous on heavily used parts of the rail network. Electric trains are lighter, quieter and produce less carbon dioxide. In my statement to the House on 15 January, I announced that, commensurate with the timetable for procuring the new inter-city express fleet, I intended to make a decision on electrification of the midland main line north of Bedford later this year.

Mr. Bone: Last month there were four dewirements on the west coast main line, causing havoc to the service, so will the Government learn from previous electrifications and build a scheme that is of a high standard, and not on the cheap? Otherwise, when the wind blows in Derbyshire the trains will stop in Wellingborough.

Mr. Hoon: I do not accept for a moment the implication of the hon. Gentleman's remarks—that somehow the improvements to the west coast main line were done on the cheap, or that the failures that occurred over the new year period were attributable to the upgrade. Indeed, I am sure that the hon. Gentleman, who is generally a fair-minded man, will look at the evidence that demonstrates that a number of different problems arose, that they were all caused separately, and that they were not in any way related to the upgrade programme. I will certainly send him details of the investigations that resulted, but if he accepts what I have said, he will recognise that the proposals to electrify both the midland main line and the Great Western main line do not need to suffer from any particular problems of the kind that have been suggested as being associated with the upgrade of the west coast main line.

Alan Simpson (Nottingham, South) (Lab): In anticipation of the decision on full electrification of the midland main line, will the Secretary of State look at ways in which Network Rail could be persuaded to reverse its current catastrophic decision to cut back on track maintenance? In the face of decisions announced by Corus, will he look at ways of bringing forward the replacement of track, to give us the basis for a genuine rail infrastructure for the 21st century?

Mr. Hoon: I assure my hon. Friend that there is no basis for suggesting that there is any cut in the quality of track maintenance by Network Rail. It is something that the Government, and Network Rail, take extremely seriously, not least in the light of relatively recent tragedies. Maintaining the safety and security of the line is absolutely fundamental right across our railway network.

Mark Pritchard (The Wrekin) (Con): The chief executive of Network Rail has accused the Government of being short-sighted and betting on the wrong fuel, as the UK has only 39 per cent. of its current network electrified—the lowest proportion of any major economy in Europe. Why do the Government continue to invest pretty much all their money—notwithstanding the Secretary of State's earlier comments—in diesel trains, which are high in pollution, when there are alternatives, such as electric trains, that would be good not only for the economy but for the environment?

Mr. Hoon: If the hon. Gentleman will forgive me for saying so, that was a very odd question to ask in the light of the statement that I have made and the answer that I just gave to the hon. Member for Wellingborough (Mr. Bone). The reality is that we are looking hard at electrification, for precisely the reasons that the hon. Gentleman has just set out. To try to make a criticism out of the announcement that we have just made is, if he will forgive me for repeating the word, very odd indeed.

Sir Peter Soulsby (Leicester, South) (Lab): I welcome the Secretary of State's commitment to electrification. Does he accept that the electrification of the midland main line will bring by far the best cost-benefits of any electrification scheme, and does he also agree that it will bring enormous benefits to the east midlands region, particularly to Leicester—and to Nottingham and stations further north?

Mr. Hoon: I am grateful to my hon. Friend. I have promised myself that in future I will always refer to the Great Western line before I refer to the midland main line, but the case for both is equally strong.

Mr. Philip Hollobone (Kettering) (Con): It sounds as if electrification of the midland main line is going to be many years away, but my constituents in Kettering cannot wait that long for the train service that they need and deserve. Will the Secretary of State take steps to improve line speeds on the midland main line before electrification, so that Kettering's inter-city status can be returned to the town?

Mr. Hoon: The hon. Gentleman and I have discussed this across the Floor of the House before. I recall mentioning on that previous occasion that there will be an improvement in the service from Kettering, in terms not only of the journey time but of the service, including one service that actually starts in Kettering, to ensure that where there are difficulties, the hon. Gentleman's constituents will have first choice of the seats on that train. I hope that he will join me in welcoming the improvements that the new timetable will bring for his constituents in and around Kettering.

Rob Marris (Wolverhampton, South-West) (Lab): On 15 January, the Secretary of State said to the House:

"we will analyse the value for money, affordability and financing options of the electrification proposals that Network Rail will put to me shortly."—[*Official Report*, 15 January 2009; Vol. 486, c. 356.]

Will my right hon. Friend assure me that he will also consult the Committee on Climate Change, because electrification of major parts of our network is long overdue, and it will have climate change implications? Will he please consult the committee on this matter?

Mr. Hoon: I had not planned to do so specifically, not least because, for all the reasons mentioned so far this afternoon, electrification is generally reckoned to have positive climate change benefits. The proposed electrification would reduce the amount of carbon emitted, and, while it is true that only about 1 per cent. of carbon generated by public transport is emitted by railways in the first place, that small contribution would nevertheless be an improvement.

Regulated Rail Fares

2. **Mark Hunter** (Cheadle) (LD): What the average percentage change in the price of regulated rail fares has been since 1997. [250987]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): A comprehensive fares index is published by the Office of Rail Regulation in the "National Rail Trends" yearbook, and is available on the ORR website. Until 2008, regulated fares were below accumulated inflation. The average increase in regulated fares on 2 January was 6 per cent.

Mark Hunter: I note the Minister's reluctance to put a specific figure on the increase. According to research that we have conducted, since 1997 regulated fares have increased by a staggering 43 per cent.—way above inflation—while unregulated fares have increased by an even higher rate. As we know, just this month the Government allowed an inflation-busting 6 per cent. increase in regulated fares. Does the Minister not think it is about time the Government committed themselves to a freeze in regulated fares to help hard-pressed commuters and other rail travellers?

Paul Clark: That would obviously bring into question the funding required by train operating companies, thus involving another funding commitment. We must make a decision on the basis of the priorities. The hon. Gentleman referred to an "inflation-busting" increase, but that increase was linked to the RPI in July plus 1 per cent., which is the working cap that we have imposed on operating companies. At the end of the day, we must decide whether to continue to invest in high-speed equipment, new rolling stock and associated requirements to improve reliability, or to give subsidies to private companies.

Clive Efford (Eltham) (Lab): While my constituents are concerned about the fare increases that they face, Southeastern Trains has also announced a number of job losses. When I arrive at the station each day to catch my train, the barriers are invariably open. People are worried about money being frittered away as a result of a lack of enforcement in the rail service. I mentioned the problem to Southeastern Trains, but the situation has not improved since I did so. We need to ensure that train operating companies are operating efficiently, and that job losses do not result in a reduction in service.

Paul Clark: My noble Friend the Minister of State has raised those issues with Southeastern Trains, and will continue to monitor the position. I entirely agree that job reductions should not lead to any loss of reliability, punctuality and safety, which are core concerns for us.

Mrs. Jacqui Lait (Beckenham) (Con): Not only are my constituents suffering as a result of increased fares, but Southeastern Trains has reduced the number of carriages on many trains, which has led to serious overcrowding. What discussions has the Minister had with Southeastern about that reduced level of service, and about when my constituents can expect to be able to travel in comfort and safety?

Paul Clark: As the hon. Lady will know, operating companies—including Southeastern—take account of the need to put rolling stock to the best possible use, and changes in timetables have involved adjustments to achieve that. We continue to monitor the changes introduced recently in the network.

Kelvin Hopkins (Luton, North) (Lab): My hon. Friend is aware not only that our fares are among the highest in Europe, but that public subsidy for the rail industry has tripled or quadrupled in the last 15 years. The costs of track renewals and maintenance have risen by four and five times. Is that not something to do with the catastrophic failure of privatisation, and should we not bring the whole industry back into public ownership?

Paul Clark: I thank my hon. Friend for his suggestion. In a recent Adjournment debate in the House on rail fare increases, it appeared that Opposition Members had forgotten exactly where we were vis-à-vis the number of operating companies that we have, and our requirements in relation to private companies. Substantial investment has gone into the rail system, which is why we have record levels of punctuality and reliability—and why, of course, we have had a 50 per cent. increase in passengers using the rail system, which is good news.

Norman Baker (Lewes) (LD): Does the Minister not understand how angered rail passengers are by an increase in fares that is way above inflation, at a time of deepening recession? He seems to be a little complacent about that. Is not one of the reasons for the increase his Department's policy of extracting premiums from train companies to operate concessions, forcing an unfair ticket tax on passengers? When will he give a fair deal to passengers and remove the unfair ticket tax? How does forcing up rail fares help to tackle climate change?

Paul Clark: No increase in prices, for whatever reason, is welcomed, and we recognise the clear pressures on train travellers. But, invariably, as some fares have reduced because of the capping system that we have put in place, some have gone up. If we were to introduce a freeze, we would then need to spend more public funds on those rail companies. That would be another subsidy taking

money away from rolling stock improvements, increased main line electrification programmes and schemes such as the £8.8 billion west coast main line. We must recognise the requirements, and that there are only two places that the money can come from—the taxpayer or the fare payer. It is question of getting the balance right between the two.

Mr. Lindsay Hoyle (Chorley) (Lab): My hon. Friend will agree that a downside of people paying more for their tickets on the Manchester to Blackpool line is that the passengers at Adlington have seen a reduction in service. They were not consulted, although Greater Manchester passenger authority was. People who know the country recognise that Adlington, in my constituency, is in Lancashire. Why have people there not been consulted? Why are we not getting value for the price increases, to ensure there is no reduction in service? Will my hon. Friend personally look into the matter?

Paul Clark: I am always willing to listen to right hon. and hon. Members and to look into matters of concern. Passenger Focus is very much at the heart of giving a stronger voice to passengers.

Mr. Hoyle: Just say yes.

Paul Clark: I have already said yes to the request. Passenger Focus is there to help represent the concerns of passengers across the board.

Ports (Rating System)

3. **Peter Bottomley** (Worthing, West) (Con): What discussions he has had with the Secretary of State for Communities and Local Government since December 2008 on the effects on the operation of ports of recent changes to the rating system and the backdating of rates due. [259983]

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): I have discussed this on several occasions with the Minister for Local Government, the Parliamentary Secretary to the Treasury and other ministerial colleagues. Officials in the Department for Transport have also had discussions on the matter with officials in the Department for Communities and Local Government and other Departments.

Peter Bottomley: I am glad that the Minister takes this seriously. In ports around the country, operators are threatened with closure and workers are having their jobs threatened by a retrospective £33 million extra impost. Will he talk to the operators and the ports about whether the Government will adopt the Treasury Committee's idea of bringing in the new rating system and values in 2010, rather than backdating them so many years to 2003?

Jim Fitzpatrick: I cannot give an undertaking to meet the businesses, on the basis that I am the Minister responsible for shipping and I meet the port authorities; indeed, I have a routine meeting with UK Major Ports scheduled for tomorrow morning. I know that colleagues in the Department for Communities and Local Government, the Treasury, and the Department for Business, Enterprise and Regulatory Reform have been engaging with the business community in ports. A fast-tracking system was put in place to allow challenges and appeals to take place, and the Government announced that we would put in place the opportunity for interest-free payments to be made over the next eight years to ease the pressure on businesses and ports.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Shipping is badly affected by the global economic downturn. Will my hon. Friend press the Treasury to withdraw the backdated bills for businesses in ports, to prevent those businesses from being pushed into bankruptcy at this very difficult time?

Jim Fitzpatrick: I am not in a position to ask the Treasury to withdraw the requirement on businesses in ports to pay their fair and equal sum of rates to local authorities. What we have done, however, is spoken with, and made representations to, ministerial colleagues and, as I explained to the hon. Member for Worthing, West (Peter Bottomley) a moment ago, we have agreed with them a mechanism to allow such businesses to challenge and appeal where they feel that they have not been dealt with fairly—and, where the rateable value is appropriate, we have tried to make sure that there is a fair and equitable way for them to pay over a longer term.

Mr. Julian Brazier (Canterbury) (Con): Since Christmas, on the Mersey, Thomas Nichols Brown has gone bust and Stanton Grove is tottering under a £2 million rates bill, and on the Humber, DFDS is sacking staff. The Minister has acknowledged how difficult the trading environment is. When will he tell his right hon. Friend the Secretary of State for Communities and Local Government that a large part of this money has gone back as an unexpected windfall to port employers, and that it is quite wrong to pretend that the contractual arrangements between port employers, who were warned in advance about this situation, and their tenants is purely a private commercial matter?

Jim Fitzpatrick: I am advised that UK Major Ports and the British Ports Association refute the suggestion that money has gone to them and that they are in some way obliged to pay the money back to businesses in ports. They say categorically that that is not the case, and they have demonstrated that in discussions I have had with them. This matter is still live: there will be another Adjournment debate tomorrow morning—a 90-minute debate in Westminster Hall—which I am sure that the hon. Gentleman and my hon. Friends are looking forward to. This matter is still under review, therefore, but the Government have listened to representations, and we have put in place mechanisms to try to do whatever we can to assist businesses in ports, and we certainly recognise the important role shipping plays in the UK economy.

West Coast Main Line

4. **Michael Fabricant** (Lichfield) (Con): What recent estimate he has made of the cost to the economy of disruption on the west coast main line over the new year period; and if he will make a statement. [259984]

The Secretary of State for Transport (Mr. Geoffrey Hoon): Network Rail has apologised to passengers and businesses for the disruption on the west coast main line over the new year period, which was the result of separate incidents. Disruption on the railway does have economic consequences, which is why we are committing record levels of investment to increase capacity and resilience. The economic impact of the improved west coast main line is a very positive one, cutting journey times and allowing 45 per cent. more long-distance trains out of Euston.

Michael Fabricant: I thank the Secretary of State for his answer. In his latest newsletter, Tony Collins, chief executive of Virgin Trains, says of the delay in the implementation of the new timetable:

"we are disappointed with the current situation. We will continue to work with Network Rail".

Of the disruption over the new year, he says:

"Setting aside the tragic plane crash in Staffordshire, the bad days have largely related to overhead line equipment failures."

Does the Secretary of State understand that members of the Lichfield commuters club—and, indeed, other commuters up and down the west coast main line—feel that with increased fares they should be getting increased service? Where does the buck stop? When will the Secretary of State—

Mr. Speaker: Order. The hon. Gentleman is pushing his luck now.

Mr. Hoon: I congratulate the hon. Gentleman on his question. I am told that he chairs "a small but influential group of rail users". I trust that that small group consists of more than one member, but—

Michael Fabricant: I invite the Secretary of State to our next dinner.

Mr. Hoon: I would be delighted to visit Lichfield.

Michael Fabricant: It is being held here, in Dining Room B.

Mr. Hoon: Even better. It appears that the hon. Gentleman's "small group" is a very small one indeed. Nevertheless, I would be delighted to meet him to discuss rail services in Lichfield, and I agree that it is important that reliable services are maintained from Lichfield, and also along other parts of the west coast main line. That is precisely why we committed so much funding to its improvement, and why we continue to monitor the developments. We hope—indeed, we expect—that his constituents will have a safe reliable journey along that line.

Mr. Eric Martlew (Carlisle) (Lab): My right hon. Friend said earlier that it was not the quality of the upgrade that was the problem, but is it not a fact that the real problem, not just on the west coast main line but throughout the country, is the poor quality of maintenance on our railways? This is because there is a skills shortage, from project management to technicians. What are the Government going to do to improve the skills on the railways?

Mr. Hoon: I made it clear earlier that we will not, in any way, allow compromises to be made on safety—and that applies specifically to maintaining our railway network. It is vital that passengers and staff on the railways should have complete confidence in the equipment that they use. My hon. Friend is right to emphasise the importance of maintaining and improving skill levels, and that is why the Government are committed to an extensive programme of apprenticeships to ensure that we have the necessary skills for the future, not only on the west coast main line but across our rail network.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): The refurbishment of the west coast main line should have been cause for great celebration, but in focusing almost solely on reducing long-distance journey times, it has been an unmitigated disaster for intermediate towns such as Milton Keynes and Rugby. I welcome the fact that we are trying to get people off aeroplanes, but will taking an extra five minutes simply to stop in Milton Keynes really stop people taking the train?

Mr. Hoon: I do not accept that this was solely about long-distance journey times, because it was also about increasing the capacity on the line: some 45 per cent. more services can travel on the line as a result of the capacity improvements. That is fundamental to passengers up and down the line; it means that many more direct services from different destinations can be organised, alongside the stopping trains that travel up and down the west coast main line. It is about both improving journey times and increasing the capacity on the line.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend is right to emphasise the fact that the Government have played their role in the upgrade of the west coast main line. However, as my hon. Friend the Member for Carlisle (Mr. Martlew) points out, Network Rail has let the travelling public down badly through poor maintenance and the disruption to services. Will my right hon. Friend examine the quality of Network Rail's senior management? Perhaps he does not wish to comment on that in the House today, but will he take a view as to whether the incentives that they regard as essential ought to be coupled with disincentives when they get things so badly wrong?

Mr. Hoon: I have regular meetings with Network Rail's senior management, and I assure my hon. Friend, as I assure the House, that safety, reliability and maintenance are matters that are pursued on a regular basis. We will not allow them to slide.

Mrs. Theresa Villiers (Chipping Barnet) (Con): Is not the real reason why it takes so long for the west coast main line to recover from disruptive incidents the fact that when Labour created Network Rail, Ministers left it accountable to nobody—not to the regulator, not to the train operators and certainly not to the passenger? Is it not time to reform Network Rail so that its management have to be accountable to a more effective structure than the toothless membership that they themselves appoint?

Mr. Hoon: I find the hon. Lady's remarks curious, given the sad history of Railtrack, for which her party, in government, was solely responsible. My predecessor created Network Rail to deal with the complete failure of Railtrack, over which she and her Government presided.

Mrs. Villiers: Will the Secretary of State also agree that we can increase resilience on the west coast route and reduce the impact of disruptive incidents by building a new high-speed line from London to Manchester? Will he back our promise to do that? Why did his Department's 30-year strategy for the railways contain no place for high-speed rail? Why does the high-speed rail proposal that he put forward when he made his Heathrow announcement consist of little more than warm words and a distant aspiration for a line that might get as far as Birmingham, but no further north?

Mr. Hoon: As the hon. Lady might one day eventually find out, being in government and taking decisions involves rather more than scribbling on the back of an envelope—which was pretty much what the Conservative party's proposals for a high-speed network consisted of. I have been writing on similar envelopes for a very long time—since I was a small child. The reality is that developing a high-speed rail network, which is what we set out, requires a great deal of detailed work, and that work is under way. We have formed a company, which has an influential non-executive chair. That is the kind of work that is necessary; it is not about scribbling on the back of envelopes.

David Taylor (North-West Leicestershire) (Lab/Co-op): My constituents depend significantly on the west coast main line, accessing what is generally a fast and reasonable service at Tamworth and Nuneaton. But when they arrive in Euston, they get off the train to find a tired and tatty shopping centre that masquerades as a rail hub. When are we going to do something about that? Surely a more impressive Euston might be able to help with the other problems occurring further up the line. *[Interruption.]*

Mr. Hoon: There appear to be different opinions about the quality of Euston station, but I assure my hon. Friend that there are detailed plans in hand for refurbishing it. I hope that he will be pleased with the results.

Rail Fares

5. **Alistair Burt** (North-East Bedfordshire) (Con): What recent representations he has received in relation to fare increases for rail passengers on rail services operated by First Capital Connect and East Midlands Trains. [250991]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): The Secretary of State has received very few letters on fare increases for those franchises.

Alistair Burt: According to Andrew Long of the Bedford commuters association, the pain of the recent fare increases, which were well above inflation, has been compounded by the reduction in service by East Midland Trains through Bedford at peak times. That throws much more pressure on to the already overcrowded First Capital Connect trains. When can my constituents expect a better service, or are the Government relying on the recession to make trains more comfortable by thinning out the number of commuters?

Paul Clark: The hon. Gentleman should be well aware that there have been increases in capacity to trains serving places such as Kettering, there are faster journey times to Sheffield, and there have been improvements for Bedford. At the moment most of the peak trains consist of eight cars, and he will be aware that we will be able to strengthen the service still further when the first phase of the Thameslink programme is completed by 2011.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Like many passengers, my constituents accept that sometimes fares will increase, but they want an improved service as a consequence. Will my hon. Friend ensure that the capital refurbishment of Loughborough station—the lengthening of the platform, disability access and the regeneration of the surrounding area—is part of the package that East Midlands Trains has to put together alongside the increase in fares?

Paul Clark: I will certainly take on board the points made by my hon. Friend, and accessibility and reliability requirements are indeed part and parcel of the franchise agreement.

Greg Mulholland (Leeds, North-West) (LD): What representations has the Minister received on behalf of customers of Northern Rail about the recent inflation-busting increase of 6 per cent.? We have some of the most overcrowded trains in the country coming into Leeds, and it is not acceptable to have fare increases without any promise that the overcrowding will be dealt with.

Paul Clark: The underlying intention and main thrust of the Government's investment programme of some £10 billion is to meet those immediate requirements for increased capacity between now and 2014. That is why we have invested in additional carriages and cars to increase the number available. We have also invested in programmes to lengthen platforms to accommodate longer trains, so that we can meet the requirements of the hon. Gentleman's constituents and others who experience congestion and demand on the rail network.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Does the Minister think that those who use East Midlands Trains on a Sunday get a good service for the money that they pay?

Paul Clark: I accept that an improved service at weekends is required, but that will inevitably be the case when there is a major programme of investment to improve the infrastructure of the rail network. The best time for it to be carried out is at weekends—but I appreciate the inconvenience that it causes to the travelling public.

Driving Test

6. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): What assessment he has made of the effect of the introduction of the new multi-purpose test centres on the accessibility of driving test facilities to members of the public; and if he will make a statement. [250992]

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): The introduction of the new motorcycle test has allowed the Driving Standards Agency to refresh its estate for car and motorcycle tests. Car and motorcycle tests will be delivered from new multipurpose test centres—MPTCs. These are all Disability Discrimination Act-compliant, and offer the public improved facilities such as car parking and toilets. We plan some 60 of these centres, and 39 are already operational. In areas without an MPTC, car tests will be delivered from existing centres.

Mr. Evennett: I note the Minister's response and thank him for it, but will he explain to learner drivers who are already struggling to meet the costs of learning to drive why the Government increased the cost of the motorcycle test before the new test was implemented?

Jim Fitzpatrick: Very simply, the DSA has to raise money from fees to ensure that it stays even as a trading account. Over the past four years there has been a deficit. The expenditure on the new MPTCs has been spent, is being spent and will continue to be spent, and that money has to come from somewhere. It is appropriate that the user should pay.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Who is going to take responsibility for the botched and chaotic introduction of the new motorcycle test, which is due to come in on 27 April, seven months late? Many young riders will be deterred from taking the test because of the distance that they might have to travel or the fact that in some cases the test will be split in two. Will the Minister answer my hon. Friend's question about how he has the barefaced cheek to introduce the higher fee from October even though the new test will not be introduced until this April?

Jim Fitzpatrick: I think that I responded to the final element of the question: the money is being spent on the new centres and the DSA has to balance its books. As for who takes responsibility for the delay, ultimately, I do. The decision was taken on the basis of the number of test centres that were available. I did not think that there were enough centres to meet the accessibility criteria that the DSA had set itself in terms of the distance that individuals would have to travel to take their tests. The delay has allowed additional test centres to be completed, and it has allowed temporary test centres to be identified. The coverage will be far greater when the new test regime is introduced later this year.

Topical Questions

T1. [251006] **Lyn Brown** (West Ham) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Transport (Mr. Geoffrey Hoon): On 15 January, I set out to the House a series of major announcements on transport infrastructure. That included confirmation of the Government's support for a third runway at Heathrow airport, plans for increasing capacity on some of Britain's busiest roads and the creation of a new company, High Speed 2, to develop the case for new high-speed rail services between London and Scotland. In recent weeks, I have opened the new third platform at Manchester Airport railway station and the new green station at East Midlands Parkway. Both projects will improve journeys for thousands of commuters, reduce congestion on our roads and bring significant benefits to business, as will the newly widened section of the M1 south of Luton, which I officially opened last Friday. Last week, the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), announced new measures to crack down on uninsured drivers by reducing the additional costs and safety risks that they cause. The new measures will help to protect the law-abiding majority.

Lyn Brown: I thank the Secretary of State for that answer. Constituents have raised with me the safety of our airports following the miraculous events in New York. Will the Secretary of State reassure me about the safety of our airports, in particular London City airport? Apropos of that, has he had any further thoughts about opening a new airport in the middle of the Thames estuary?

Mr. Hoon: If I may qualify my hon. Friend's remarks to some extent, those events in New York were not miraculous. They were the result of remarkable skills displayed by the aircrew, and we should all pay tribute to them.

My hon. Friend is right, in that all airports must have regard to the risk of bird strike, and each airport is required to have a control programme. That has always been taken extremely seriously, and I am sure that with a little more thought, not least in the light of the history of proposals for airports in the Thames estuary, the Mayor of London might think again about the environmental risks, and the risks of bird strike to aircraft, of siting an aerodrome in that place.

T3. [251009] **Mr. David Heath** (Somerton and Frome) (LD): We have regular reports of drivers being led astray by their satnav devices down wholly unsuitable roads and lanes. Indeed, in my constituency there is a low bridge in Templecombe that seems to be hit almost every other week by a heavy goods vehicle, normally driven by a foreign driver who has been told to go down that road by his satnav. Some time ago, we were told that there would be a Government review of satnav devices. Has that now been completed, and are the Government prepared to introduce a route hierarchy into satnav structures, to ensure that heavy lorries do not use roads that simply cannot take them?

Mr. Speaker: Order. I am looking for short questions and sharp replies.

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): Here is a short answer, Mr. Speaker: the companies that produce the technology are still working on improving satnav performance. Work is also being undertaken to produce a satnav programme for heavy goods vehicles. HGV satnav is under review, because at the start and end of journeys such systems take drivers to the major routes via roads that may not be suitable for heavy vehicles.

T2. [251007] **Ms Sally Keeble** (Northampton, North) (Lab): My right hon. Friend will be aware of the fury over the quality of train services that has existed in

Northampton since the new timetable was introduced. What assurances can he give my constituents about improvements to the service in the short term? In the longer term, what prospect is there that his strategic rail review and new high-speed rail network will lead to more and faster train services to London, Birmingham and the north?

Mr. Hoon: I was pleased to have a very useful meeting recently with my hon. Friend, at which she put her case on behalf of her constituents in Northampton with her usual determined vigour. I was left in no doubt about the importance of the required improvements that she suggested, and I shall certainly take the matter up with the franchise holder. As for the wider question of capacity, my hon. Friend is right to say that the Government's programme of enhancing capacity on our rail network will allow for relief on crowded parts of the existing network. They are crowded because of their success, with passenger numbers now equivalent to their levels in 1946. I am grateful to her, and assure her that I shall take her suggestions forward.

T5. [251011] **Mr. Peter Bone** (Wellingborough) (Con): Last year, 12 airlines failed and thousands of passengers were left stranded abroad. Unfortunately, more airlines will fail this year. People who book through the Association of British Travel Agents, if the operator has an air travel operator's licence, will be protected and repatriated. However, people who book directly with the airline are left stranded abroad. When will the Secretary of State stop dithering and bring in a consumer protection scheme that will cover all airline passengers?

Jim Fitzpatrick: I can advise the hon. Gentleman that we are not dithering over this. The most recent crash, of the airline Excel, affected 85,000 people, and an investigation is being held into the lessons to be learned from it. People were successfully returned to this country in an operation carried out by the Civil Aviation Authority and others, and we will be making recommendations in due course. The Secretary of State and I have had a series of meetings with a variety of interested parties, and work is well under way.

T4. [251010] **Kerry McCarthy** (Bristol, East) (Lab): The users of the First Great Western franchise have had to endure cancellations and late-running trains for far too long. Despite the entreaties that we have heard from the midlands today, will the Secretary of State assure the House that plans for the electrification of the Great Western line will be given equal priority? Can he give us some idea of when those plans will be brought forward?

Mr. Hoon: I am grateful to my hon. Friend. I shall continue with my self-imposed injunction always to mention the Great Western first. I assure her that the economic case for the electrification of that line is strong, and that we shall be looking at it in detail over the course of this year before we make a further announcement.

T6. [251012] **Jo Swinson** (East Dunbartonshire) (LD): The "cycle train" at St. Matthew's primary school in Bishopriggs involves a group of children who cycle to school and back each day, under the supervision of adults. Not only does that reduce the number of car journeys, but the children arrive at school alert and energised. However, the idea of children cycling on pavements remains a grey area in legal terms, so will the Minister look again at how the problem can be addressed? We need to balance pedestrian safety with clearer guidance to encourage young children to cycle more.

The Parliamentary Under-Secretary of State for Transport (Paul Clark): Interestingly, my right hon. Friend the Secretary of State suggests that I should join in with what the schoolchildren are doing. *[Interruption.]* I shall decline that opportunity—but the hon. Member for East Dunbartonshire (Jo Swinson) raises an important point. We very much wish to encourage cycling for a host of reasons, not least of which is the need to reduce congestion and the number of car journeys, and to meet the requirements of healthy living. We are investing some £140 million in promoting cycling, and we are training an additional half a million young people between the ages of six and 11 in the Bikeability and national standards process. That will help to give children confidence in using roads and cycle lanes—and I am always willing to discuss how we can take forward work with schools to make children's cycle journeys safer.

T7. [251013] **Mr. Lindsay Hoyle** (Chorley) (Lab): My hon. Friend will be aware of the big issue of concessionary travel, and Chorley borough council's claims that the Government are short-changing it by not giving it enough money. In fact, the treasurer stated to the editor of the local paper that the council is £250,000 short. I do not believe that he has got the figure right; in fact, I think that he is struggling with his sums. Will the Minister meet the council and me to discuss the issue, as I do not believe that the situation is as bad as the council portrays it?

Paul Clark: The simple answer is yes. I am happy to meet any Members and their delegations. Chorley had a 33 per cent. increase over and above outturn last year—some £280,000—

Mr. Hoyle: A huge amount!

Paul Clark: A huge amount, to help to meet the cost of the Government giving 11 million people the freedom to travel the length and breadth of England.

Mr. Gary Streeter (South-West Devon) (Con): As I am sure the Secretary of State knows, the A38 between Marsh Mills and Ivybridge in Devon was closed yesterday for six hours. It is the third time that has happened since Christmas, and it causes problems to the local economy. I have on several occasions pointed out that that is a fast and dangerous piece of dual carriageway. When will the Department for Transport do something about the road? Will it be before there are more fatal collisions on that stretch?

Paul Clark: I was not aware that the road was closed yesterday. For investment in roads, the process involving the priority of meeting the requirements is kept under review through the regional funding allocation process. None the less, I will certainly look into the issues that the hon. Gentleman has raised.

WOMEN AND EQUALITY

The Minister for Women and Equality was asked—

Equal Pay

1. **Ms Katy Clark** (North Ayrshire and Arran) (Lab): What steps she plans to take to facilitate women pursuing claims for unequal pay against employers. [250976]

The Solicitor-General (Vera Baird): A key to helping women bring equal pay actions is transparency. Once the equality Bill and its related policy package are in place, employers will not be able to rely on keeping their pay structure secret. We will ban secrecy clauses in employment contracts, so that women can identify unequal pay and seek redress. Women often have different employment patterns from men, but their input into the economy is essential, especially at this time. Women are equal and they will be paid equally.

Ms Clark: I thank the Minister for her answer. Of course she will be well aware of the obstacles that prevent women from taking up equal pay cases. In particular, she will know of the range of technical defences available to employers, which often mean that equal pay cases take many years. She will also be aware that the trade unions are calling for class actions as a way of making it easier for women to bring equal pay cases. Is that something that she is considering? What else is she thinking of doing to make it easier for women to bring equal pay cases quickly?

The Solicitor-General: My hon. Friend is to be congratulated; when she was a lawyer for Unison, she won what was, I think, the biggest equal pay case in the UK. We intend to clarify and simplify the law, as far as is practical, in the new Bill, in particular as regards the way in which the burden of proof operates, and how technical questions of general material factors are dealt with. The Civil Justice Council has just reported, and it advocates representative actions that would fulfil the same purpose as the class actions that my hon. Friend champions. The Government Equalities Office will consider how representative actions might apply to equal pay and discrimination cases in employment tribunals, and how they might feed into broader work in the Ministry of Justice, because the CJC is advocating representative actions in all civil cases. We think that representative actions may well have helpful application in equal pay and discrimination cases, but of course we will consult on any proposals for change.

Lynne Featherstone (Hornsey and Wood Green) (LD): It is pretty widely accepted that the voluntary approach to managing the financial services sector has been an abysmal failure, yet although the Minister just said that women will get equal pay, there is no proposition to bring in mandatory pay awards; there are only to be voluntary ones. What reassurance can the Minister give us that that will be any more successful, and will not end in equal failure?

The Solicitor-General: The hon. Lady refers specifically to the financial sector. She will be aware that the Equality and Human Rights Commission is conducting an inquiry, which it announced recently, into inequities in pay in that sector, so we can expect greater transparency there very soon. We think that mandatory pay audits are probably too broad and draconian. Sometimes pay audits are very effective, but sometimes they are cumbersome processes that do not always come up with the goods that we would wish them to. Sometimes they are a process rather than an outcome. We prefer different approaches that rely on voluntariness, but let us make no mistake: in the end, if transparency and voluntary measures do not work, we will take stronger measures to ensure equal pay for women.

Mr. Jim Devine (Livingston) (Lab): As my hon. and learned Friend is aware, the single status agreement in local authorities and Agenda for Change in health authorities were meant to eradicate the problems of unequal pay in both services. Sadly, with the increase in no win, no fee lawyers, many such negotiations have stalled because people are suing not only their local health authorities or local authorities but the trade unions. Will my hon. and learned Friend use her good offices to resolve the problem?

The Solicitor-General: My hon. Friend is right and points to a significant issue. In a way, he supports my last answer, in the sense that those were total pay orders and they still have not got away from tribunal actions. The Ministry of Justice is looking into the role of go win, no fee lawyers in what is still regarded, slightly oddly perhaps, as a non-contentious area, as employment tribunals are. I can, at the very least, say to my hon. Friend that there are many eyes looking at the problem, with a real intention of solving it.

2. **Mrs. Maria Miller** (Basingstoke) (Con): What steps the Government are taking to reduce the gender pay gap. [250977]

The Minister for Women and Equality (Ms Harriet Harman): Because there are many things that lie behind unequal pay for women, we are acting across the board to tackle it, particularly by supporting women who are going out to work as well as caring for families with young children or older relatives, and by strengthening the law to tackle discrimination.

May I say how intriguing it is to see that the Conservative Front-Bench team for women and equality consists of 75 per cent. men and 25 per cent. women—but perhaps it is a good sign that the men in the Tory party are applying to join the honorary sisterhood.

Mrs. Miller: The most recent Government statistics show that women are losing their jobs at twice the rate of men in this recession. Beyond exposing illegal discrimination, what are the Minister's plans to address the problem, which could further entrench the gender pay gap that women still have to endure in this country?

Ms Harman: We are well aware of concerns across the board about job loss during the recession. Because women are employed disproportionately in retail and in financial services, we have to look at the effect of the recession specifically on women. We have to look at the effect of the recession on women because women

are still the main managers of the household budget. That is one of the reasons why we will make a focus not only of the work that we do through the National Economic Council and across Government Departments, but of the work on the issues that will be raised in the G20 when it is hosted by this country in April. Everybody is affected by the recession, but women are affected differently, so we need to focus on that.

Mr. Mark Harper (Forest of Dean) (Con): I thank the right hon. and learned Lady for her characteristically generous welcome to me.

In the other place on Friday, on the Second Reading of our Equal Pay and Flexible Working Bill, the noble Lady Vadera said that the Bill was unnecessary because the Government are to introduce an equalities Bill, which will contain measures on equal pay. Can the Minister confirm that her equality Bill will contain all the measures that are in our Equal Pay and Flexible Working Bill?

Ms Harman: In our manifesto, we committed to bring forward a new law to strengthen the laws on equal pay that previous Labour Governments had brought into force, and we have consulted since then. It is disappointing that the Conservative party did not put forward proposals for consultation. In the Bill, we will strengthen enforcement and toughen the law. The Opposition should table proposals, if they want to, when we introduce the Bill, or simply support our equality Bill when we introduce it in April.

Miss Anne Begg (Aberdeen, South) (Lab): Can my right hon. and learned Friend explain to the House how changes to public sector procurement practices could help to narrow the gender pay gap?

Ms Harman: Procurement is important for helping to narrow the gender pay gap in the public sector. As well as public authorities having a duty to narrow the pay gap as one of their existing public sector duties, procurement is a public function. They therefore have a responsibility, when they procure goods or services and pay for them under a contract, to take the opportunity to ensure that those with whom they are contracting are making efforts to narrow the pay gap. At present it is not very clear how they can do that. We are working with the Equality and Human Rights Commission to make sure that public authorities are able to use their procurement power, which applies to a third of the private sector, to ensure that that is another place where we can take action to narrow the pay gap.

Female Entrepreneurs

3. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When she next expects to meet representatives of small business groups to discuss measures to increase the number of female entrepreneurs. [250978]

The Parliamentary Secretary, Government Equalities Office (Maria Eagle): My right hon. and learned Friend the Minister for Women and Equality meets business representatives, including those representing small businesses, from time to time, as do I. The Government's enterprise strategy, which was published in March last year, includes a package of support for women setting up and growing businesses. Support for women entrepreneurs and employees in the present global circumstances is a priority, and, as my right hon. and learned Friend has said, we are exploring the scope for an international meeting on the matter in London around the time of the G20 in April.

Mr. Bellingham: Does the Minister agree that during these incredibly tough economic times what women entrepreneurs want above all else is a sensible regulatory regime? Will she confirm that it is still her Government's policy to resist the EU agency workers directive and any moves to remove the UK opt-out from the EU working time directive?

Maria Eagle: Now that the agency workers directive has been agreed, the Government are moving ahead with plans to introduce the necessary legislation. I reassure the hon. Gentleman that there will be detailed consultation on the UK implementation of the directive in the near future. I am perfectly happy to meet him and anybody he cares to bring with him to discuss any concerns in that respect.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): One of the difficulties that female entrepreneurs face is varying patterns of employment, which can have knock-on effects into retirement in terms of national insurance stamps. What steps can the Government take to make sure that female entrepreneurs and other female workers have full national insurance stamps at retirement?

Maria Eagle: The Government have a good record on trying to make sure that women get fair pensions and do not face poverty in old age simply because of their caring responsibilities. Although women entrepreneurs have led a small percentage of UK enterprises thus far, that number is increasing, which indicates that self-employment is becoming increasingly attractive to women.

Corston Report

4. **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): What discussions she has had with the Secretary of State for Justice on steps to implement the recommendations on women's prisons contained in the Corston report. [250979]

The Parliamentary Secretary, Government Equalities Office (Maria Eagle): As champion for women in the criminal justice system and as a Minister in the Department, I regularly talk to my right hon. Friend the Secretary of State for Justice. Last December, I issued a written ministerial statement to Parliament reporting the substantial progress in delivering the Government's response to the Corston recommendations and wider work on female offenders. That includes a commitment to provide additional resources to divert women from custody. We are also piloting a women's conditional caution with Together Women centres, which presents a chance for diversion at an early stage from custody. The Secretary of State for Justice and I recently visited the Together Women project in north Liverpool, and I know that he was impressed by what he saw.

Dr. Blackman-Woods: Will my hon. Friend say whether progress has been made in tailoring community support services better to address women's needs on release

from prison? In particular, are voluntary organisations, such as the excellent Open Gate project in my constituency, being used to provide specialist services to women?

Maria Eagle: I can reassure my hon. Friend in that respect. The Open Gate project, which she has mentioned, does good work with women before and after their release from Low Newton prison in her constituency. It is a fine example of the kind of multidisciplinary, wraparound support that women leaving custody often need to prevent them from sinking back into a cycle of reoffending, which can be avoided with a little bit of help and support. I anticipate that any resources that we announce in due course will be focused on boosting that kind of help.

Shared Parental Leave

5. **Jo Swinson** (East Dunbartonshire) (LD): What recent representations she has received on shared parental leave; and if she will make a statement. [250980]

The Parliamentary Secretary, Government Equalities Office (Maria Eagle): In recent months, I have not received any particular representations on shared parental leave. However, I can confirm that the Government intend to extend the right to request flexible working to parents of children aged up to 16 from April this year. That demonstrates the Government's continuing commitment to supporting parents in balancing their work and family responsibilities.

Jo Swinson: A recent Netmums survey found that 28 per cent. of dads would like to share the child care equally with their partners, although only 5 per cent. managed to do so. Surely we will achieve proper equality for men and women as parents only when the state stops prescribing that it must be mothers who stay at home to look after the children and lets families themselves decide how to split the parental leave.

Maria Eagle: The hon. Lady forgot to compliment the Government on our record on producing and increasing just that flexibility. The Government have extended paid maternity leave, introduced paid paternity leave, given parental leave to mothers and fathers and introduced the right for mothers and fathers to request flexible working. That, in addition to £25 billion of investment in child care, is surely something on which she should have complimented the Government.

Domestic Sexual Abuse

6. **John Robertson** (Glasgow, North-West) (Lab): What steps she plans to take to encourage women who are experiencing sexual abuse in their own homes to seek help; and if she will make a statement. [250981]

The Solicitor-General (Vera Baird): Sexual abuse is almost always present in domestic violence, although that is not widely appreciated. It plays a role in why women are often slow to seek help. We are making real progress in encouraging agencies involved in health and education to identify vulnerable victims earlier and ensure that they access the support services that they need.

John Robertson: I thank my hon. and learned Friend for her answer, and I commend her for the work that she has done. Would she like to visit Glasgow to see what we are doing to make sure that women who deserve help get it? Our success with convictions is increasing all the time, and women are getting pleas now rather than having to go through the courts. Is it not important that all women, no matter where they come from in the United Kingdom, are treated fairly? Should we not all use best practices such as those used in Glasgow?

The Solicitor-General: My hon. Friend is right to say that zero tolerance started in Scotland, so there is a good deal to celebrate. I have visited Glasgow many times, and I would be very glad to go again. The city has a system of specialist domestic violence courts similar to the ones that we have here. They have proved very successful in increasing the conviction rates when complaints of domestic violence are made, largely because complainants are befriended and supported so that they sustain their complaint and are not frightened off. That sends out a powerful message to deter such offending in the first place.

Automotive Industry

3.32 pm

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): With permission, Mr. Speaker, I shall repeat a statement made by my noble Friend the Secretary of State for Business, Enterprise and Regulatory Reform. I begin by extending a warm welcome to the right hon. and learned Member for Rushcliffe (Mr. Clarke), who has returned to the Opposition Front Bench.

I want to make a statement on the Government's plans to help the British automotive industry to weather the downturn in the global economy. The automotive industry—with its nearly 1 million employees, from manufacturing to retailing, and its £10 billion in added value to the economy—is in the front line of the downturn, with its output falling faster and further than any other sector's since the summer.

We need to counter that to prevent an irreversible loss of capacity, skills and technology. The health of the automotive industry is vital to the strength of manufacturing in Britain and is at the heart of many of our regional economies. The industry and its supply chain will benefit from the measures that the Government have already taken to boost the economy. Those include the VAT cut, which saves consumers hundreds of pounds when buying a vehicle, and Government guarantees that secure £21 billion in new and existing credit lines and lending for businesses, many of them in the automotive industry supply chain. However, I recognise that we need to do more. Today's measures will give a specific boost to the industry, providing real help and laying the foundations of its reinvention for a low-carbon future.

The industry is not a lame duck, and this is no bail-out. The industry has been transformed over the past decade. Productivity has risen, catching up and overtaking that of both France and Sweden. In Britain today, we have some of the world's most productive car plants. For the future, Britain needs an economy with less financial engineering and more real engineering. The car industry can and should be a vibrant part of that future. The steps that we are taking today will help companies to speed their way to becoming greener, more innovative and more productive. This is the route to securing jobs for the long term as we build a more balanced economy for Britain's future.

The world's car industry is at a turning point. In Britain, we need to be at the leading edge of the development of low-carbon vehicles and green manufacturing. This offers a major business opportunity for us. However, this greening of industry needs investment in plant, research and development. Today I can announce that to back that investment, we will provide loan guarantees to Britain's automotive manufacturers and large suppliers. First, we will offer guarantees to unlock loans of up to £1.3 billion from the European Investment Bank. Secondly, we will offer guarantees to support up to a further £1 billion of lending, or loans where appropriate, to cover worthwhile investments that are not eligible for EIB support or that will bring special value to Britain. Applications will be assessed by us on a case-by-case basis. There is no blank cheque on offer; there are no operating subsidies. We are committed to ensuring that anything backed by the scheme offers value for taxpayers' money, enables us to green Britain's economic recovery, delivers significant innovation in processes or technologies for the long term, and supports jobs and skills in Britain.

To support these aims, the Government will build on their programmes that are currently supporting the automotive industry. To further strengthen the sector's skills, we are increasing funding for the training of all employees. We have developed a package to tailor the Government's Train to Gain programme to meet the automotive industry's specific needs. If there is the demand from the industry, my right hon. Friend the Secretary of State for Innovation, Universities and Skills will boost the funding to support new training to £100 million from its present £65 million. This offers real help to people, including workers in small and medium-sized enterprises in the automotive supply chain. The £50 million economic challenge investment fund that is being announced separately today by the Higher Education Funding Council also creates new opportunities for automotive employers looking to tap into academic expertise in improving business performance.

Earlier this month, my right hon. Friend the Transport Secretary announced the provision of £250 million to support consumers switching to ultra-low-carbon cars, but we want the car industry in Britain to meet that demand for low-carbon cars. So alongside our loan guarantees for the greening of the industry, the next element of today's announcement is that I am inviting the regional development agencies to work with the Technology Strategy Board to bring forward a further step change—*[Interruption]*—in our programmes for research and development into cleaner engines, lighter cars, plug-in hybrids and components for electric vehicles. *[Interruption.]*

Mr. Speaker: Order. Hon. Members must listen to the Minister. He is putting a statement before the House, which is something that Back Benchers often call for—so please listen.

Ian Pearson: Thank you, Mr. Speaker.

This investment will build on the £110 million of support for research and development that was announced last September.

We are looking at steps to improve car company financing arms' access to additional funding. The finance arms play an important role in providing the credit that keeps the industry functioning. The Secretary of State has asked the new Trade and Investment Minister, Mervyn Davies, to draw up a plan for improving their access to finance—a task to which he will bring considerable experience and expertise.

Taken together, today's announcements will provide our leading automotive companies, their workers and suppliers with a significant boost. It will also ensure that the downturn does not derail the investment in innovation and change that is needed to make Britain a world leader in the development and manufacture of low-carbon vehicles. This is both an economic objective and an environmental imperative.

The automotive industry knows that it must change to succeed in this new world. It has to be cleaner and greener. The Government know that this is an important national objective—a key to building a competitive and balanced economy. Within the resources agreed in the

[Ian Pearson]

pre-Budget report and the provision made then for such contingencies, we are determined to counter the credit crunch, counter the recession, create a level playing field for the industry and build Britain's low-carbon industrial future. As a Government, we will take whatever action it is possible and appropriate for us to take. I commend this statement to the House.

Mr. Kenneth Clarke (Rushcliffe) (Con): May I begin by thanking the Minister for welcoming me to my new position? I think I have debated matters upstairs in Committee with him twice in the past six months, so I am used to his courtesy and competence, and I look forward to our exchanges.

I am grateful to the Minister for his courtesy in repeating to this House the statement made a few moments ago by the Secretary of State in the upper House. I actually think it is a constitutional outrage that it is being done in that way, and that it is a very poor way of accounting to the House of Commons, but at least we have been given the details of the package, such as it is.

May I say that I am slightly disappointed? I thought that the Secretary of State, whom I am shadowing, would produce some new ideas and some dynamite. He has been trailing a massive programme of support for the automotive industry, but unfortunately the Minister has had the task of producing pretty small beer. Is it not the case that the Secretary of State is not producing a bail-out because the Treasury has finally won an argument inside the Government and explained to him that it cannot afford the kind of support for the industry that, it seemed to me, his Department was trailing over the weekend?

Does the Minister realise that this package is part of the Government being behind the curve and too late, and not responding to events that are deteriorating by the week before they produce any package at all? Does he recall that back on 16 October, he stated that the Government "stands ready to assist" the car industry? By November, we were advocating a loan guarantee scheme for the finance arms of car companies. *[Interruption.]* So was the hon. Member for Ellesmere Port and Neston (Andrew Miller).

The key problem was obviously that demand had fallen off a cliff, no one was buying a car, and the people who wanted a car and could afford the hire purchase could not get the credit arrangements to buy it. It is part of the credit crisis, the credit crunch, in this country that should be the main object of our intentions at the moment. The Secretary of State said that the Government were already working on that, but here we are months later, and during that time sales of cars in this country have dropped by half while the Government dithered. And what do they produce on this key subject of how to help those consumers who can afford it to get credit, so that they can buy a car? We are delighted to discover that the Government say, "We are looking at steps to improve car company financing arms' access to additional funding." The new Trade and Investment Minister, Mervyn Davies, is to set up a task force to consider that. Will the Minister ask the new Minister to do something to improve the Government's competence, their ability to keep up with events and their ability to produce programmes that work? May I advise the new Minister not to involve the Prime Minister in any preparations? We have all lost faith in his competence in the delivery of anything.

To the rest of the statement I think the car industry will have listened in vain. The Minister made a great deal, in his few sentences, of the money from the European Investment Bank, which I think was first announced back in September last year, and which is already being expended by other European countries.

The other matter in the statement is the loan guarantees for green technology and so on. Again, they are well intentioned, but the Government are not giving details. We will have to explore whether they produce detailed answers on how they are going to allocate them. They say that they will have to be satisfied and mention all the provisos that are in place, but again, experience shows that these packages are usually not in place for weeks and weeks after the Government have announced them. They are well intentioned, but they are not well financed—they are loan guarantees. At the end of the statement, somebody has insisted on including "this is all within the resources announced in the pre-Budget report." The Treasury—or somebody—has noticed what we have been saying: that the wave of panic-stricken announcements has pledged the taxpayers' credit for tens of billions of pounds. Someone has said to the Department for Business, Enterprise and Regulatory Reform, "We can't afford anything but modest loan guarantees, with all these provisos about how to give them out."

This is a vital industry, of particular importance to the industrial midlands, but important throughout the country. I suspect that one of the problems with the loan guarantee scheme is that, in the past 12 years of the Government's activities, there has been such a decline in our manufacturing base that 80 per cent. of any sales money now goes to cars that are made abroad and imported. In the past 12 years, our trade deficit in motors has more than doubled, so packages for the car industry are relevant.

I understand that a car summit will take place tomorrow. Given that a Commons Minister must be there, perhaps this Minister may even be allowed be attend. I urge him, when he gets there and faces Tata and other multinational giants, which have strong balance sheets, to ask them what they will bring to the party and to try to clarify what on earth the Government can do that is targeted properly at the automotive industry now. As he rightly says, the industry is suffering worse than almost any other at a time of catastrophic decline, which the Government are plainly unable to answer or measure up to with proposals and schemes.

Ian Pearson: I think I am going to enjoy debating with the right hon. and learned Gentleman downstairs as much as I enjoyed debating with him upstairs. Once we get beyond his synthetic anger about our having a Secretary of State in the House of Lords—the right hon. and learned Gentleman was in the Cabinet when Secretaries of State sat in the House of Lords—perhaps we can make some progress.

I also hope that we can make progress on debating the real issues. I do not want to play party political point-scoring games about who first thought of a working capital guarantee scheme to help with company credit. It has been known for a long time that that was a problem for the industry.

The right hon. and learned Gentleman quoted me, but he should also quote the pre-Budget report, and the announcements about setting up the working capital scheme and the enterprise finance guarantee. Both measures give significant support to industry as a whole, not only the automotive industry, and respond to some of the key issues that companies have presented to us, day in, day out. They want access to credit. The enterprise finance guarantee provides loans now for small companies with a turnover of under £25 million. They can go to their local banks and discuss the position with them. From 1 March, we hope that the working capital scheme will be available, too, providing credit that is needed for new and existing credit lines.

Perhaps the right hon. and learned Gentleman misread the statement, but we said that we had tasked Mervyn Davies to work to find a solution; we did not say that we had set up a taskforce. *[Interruption.]* The right hon. and learned Gentleman asks me from a sedentary position whether I can explain the distinction. There is a great difference between asking somebody to do something and setting up a taskforce. We have asked Mervyn to do the job. If the right hon. and learned Gentleman paid a bit more attention to detail when reading the statement, we would all be the better for it.

What we are announcing today is support that will guarantee the loans that the EIB is going to be issuing—very shortly, we hope—to some of our major car manufacturing companies. Under EIB rules, there has to be a guarantee for funding above £200 million, and we are saying today that we will make that guarantee available. We have also stated clearly that we are making available guarantees for up to £1 billion more in lending to companies with a turnover of above £25 million in the automotive supply chain. I believe that that will be widely welcomed by companies in the automotive sector.

We did not hear any constructive suggestions from the right hon. and learned Gentleman. I know that he is new to speaking from the Opposition Front Bench, but in addition to opposing what we say, he needs to come up with some of the characteristic policy interventions that I think have been the hallmark of his political life. We heard nothing positive from him today, however. We believe it right that there should be a fiscal stimulus, including a VAT cut. The package of measures that we are announcing today is possible only because we are putting a fiscal stimulus into the UK economy. I thought that the right hon. and learned Gentleman believed in that; now, I suppose that he does not.

I hope that he and I will be able to have constructive debates on these matters in the future; I am sure that there is the potential to do so. Meanwhile, I would have thought that he would wish, on reflection, to welcome the support that we are putting in place for the automotive industry.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): May I reassure my hon. Friend that there will be a warm welcome on this side of the House for his statement today, particularly from those Members who have interests in cars, vans and trucks in their constituencies? May I press him a little further, to ensure that there will also be a positive welcome from the industry for what he said about the £16 billion EIB funding that will be available over four years for the greening of the industry, as he put it? Am I right in saying that that Government guarantee will be made available to those companies that do not enjoy a single-A rating—I think that that applies to the whole of the British motor and truck industry at the moment—and that we will be able to go further than the £200 million, access to which would otherwise be restricted, with a full Government guarantee? That could be a major influence in getting the funding that we need.

Ian Pearson: My hon. Friend is a long-standing expert on these matters, and he is absolutely right. Under the EIB's rules, loan applications in excess of £200 million have to be guaranteed if companies do not have the requisite credit rating. A number of companies in our automotive industry fall into that category at the moment, but they need this guarantee, and our proposals will help to unlock up to £1.3 billion of funding from the EIB. That will be welcomed by the industry. The Government have pushed for green research and development to be supported further through the EIB, and we continue to do so. Again, we believe it right to take positive action, and to have an active industrial policy to support our companies through difficult times. That is what we are doing today.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I thank the Minister for his usual courtesy in supplying an advance copy of the statement. I also welcome the right hon. and learned Member for Rushcliffe (Mr. Clarke) to his duties. I rather suspect that I shall enjoy his interventions a little more than the Minister will.

It is worth repeating that at the heart of this recession is the financial crisis, and that restoring confidence in the financial system remains the single most important task if there is to be any improvement in the economy. Does the Minister accept that, given the trends in the economy and unemployment, it is clear that there will be a significant and serious increase in unemployment in the year ahead? In that situation, the Government cannot undertake a series of piecemeal bail-outs. They can, and should, adopt a strategic approach based on clear principles, to ensure that we can take advantage of the recovery when it comes. A fundamental principle within that approach must be long-term value for the taxpayer. Provided it is based on considered strategy and informed by clear principles, it is sensible to look at strategic industries, such as the automotive industry, which includes both cars and commercial vehicles, and to assess how best to preserve their core competence for the future.

The Minister is right to highlight the potential of green technology and the part that the automotive industry can play in it. Indeed, we have an opportunity for a real step change towards achieving those goals, but how will the measures announced in the statement deliver them? The core of the package is the European Investment Bank loans and non-EIB loan guarantees, much of which have been announced already. What is effectively new and what have been the barriers to using what has already been announced? On the detail, how will these proposals be administered, who will undertake the due diligence, what will be the estimate of costs to the industry and the taxpayer, and how will this help the component supply chain?

This statement provides a number of worthy crumbs of comfort for the automotive industry, but as it has been announced today, it is neither strategic, nor comprehensive, nor the panacea it was trailed to be. I thus have grave concerns about whether it will work.

Ian Pearson: The hon. Gentleman is right to say that the first priority is to stabilise the financial system. That is exactly what the Government did when we recapitalised the banks and made our announcements last Monday. I do not think anyone could seriously disagree with the proposition that a major banking crisis would have a devastating effect on all our economies. It is also right to have an activist industrial policy that is set within a clear framework. First, we ensure the stability of the financial system; then we ensure that the economy gets the stimulus it needs during these difficult times; then we get credit flowing in the economy, set out a clear policy framework for taking action rather than doing nothing, while at the same time rebalancing the public finances over the medium term. That is exactly what we are doing. We need to look into where there is a case for Government intervention to ensure that we put in place the right sort of bridges to the future that will get us through the difficult economic times we face at the moment.

The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) asked what was new in all this. The fact that we are guaranteeing the EIB loans so that they apply above the £200 million level is new, and it is important that we are doing this. As I say, it unlocks round about £1.3 billion of lending through the EIB. Also new is the fact that we are supporting up to £1 billion of loans through the guarantees that we are providing. That will support a number of companies in the automotive supply chain. As for mechanisms, we look into these on a case-by-case basis. It will be for companies with a turnover of more than £25 million; below that level, they can go through the enterprise finance guarantee scheme. We will also be looking at companies that are investing in green R and D, plant and capital equipment. We believe that those are the right sort of policy responses.

Again, I characterise our position, which is taking measured and appropriate policy responses—*[Interruption.]* Unlike the hon. Member for Caithness, Sutherland and Easter Ross and his party, Conservative Members do not seem to want to do anything—or if they say they do, they do not want to will the means to do so, because they are against the fiscal stimulus that is so needed in our economy today.

Andrew Miller (Ellesmere Port and Neston) (Lab): I welcome the work being done jointly by Ministers in the Department for Innovation, Universities and Skills, the Department for Transport and the Department for Business, Enterprise and Regulatory Reform. It is the collective impact of their efforts around the car industry that we should examine. The greening work and the work of the European Investment Bank is all-important, but as the right hon. and learned Member for Rushcliffe (Mr. Clarke) said, the issues around finance arms have been pressed for some time. I remember first pressing the Minister on this some time ago.

After tomorrow's meeting of the Society of Motor Manufacturers and Traders, there will undoubtedly have to be rapid movement to put that mechanism in place. Will my hon. Friend ensure that he and the new Minister, Mervyn Davies, meet key Labour Members with direct interests in this process, to ensure that it is turned into a reality as soon as possible?

Ian Pearson: I am always happy to meet my hon. Friend. There is a significant and complex issue to be grappled with, but we want to see progress. I think that Mervyn Davies will be an excellent man to take lead responsibility for ensuring that we can make that progress, and I hope we can do it quickly. Even if we do ensure that credit is available to the car financing arms, however, there is a question to be asked—whether people still want new cars, sales of which fell dramatically in November and December.

We need to restore overall public confidence if people are to want to buy cars in the future, even if they are to buy them through cheap finance deals. That is why the wider measures we are taking to boost the economy are so important. Restoring public confidence is one of our vital tasks, and I should be happy to discuss that with my hon. Friend, as well as the specific issues relating to car financing arms.

Peter Luff (Mid-Worcestershire) (Con): This should have been an important statement, and it should have been made to the House by a member of the Cabinet, not a Parliamentary Under-Secretary of State, no matter how decent and able he is as an individual. I say that this should have been an important statement—

Mr. Speaker: Order. I will not allow this. It is within the rules of the House for the Minister concerned to come to the House. It is up to the hon. Member for Mid-Worcestershire (Peter Luff), who is Chairman of the Business and Enterprise Committee and whom I have called, to question the statement. The question of who delivers the statement is the business of the House: it is for the House to decide, and the rules of the House are quite clear. This is within the rules.

While I am on my feet, let me also say that I want brief questions.

Peter Luff *rose—*

Mr. Speaker: The hon. Gentleman must speak to the statement.

Peter Luff: My Committee has made its views clear, and I shall let our report speak for itself. However, this should have been an important statement, and it is not. It falls well short of the industry's expectations.

There are many issues on which I should like to press the Minister, but I want to press him on one issue in particular, the one raised by the hon. Member for Ellesmere Port and Neston (Andrew Miller). When will the car company financing arms' access to additional funding be improved? The Minister was told three months ago that the matter was urgent, but nothing has happened. When will action be taken?

Ian Pearson: I have just made a wider point about the need for confidence in the economy, the measures that we have taken in terms of the fiscal stimulus, and the measures that we will continue to take to help us to get through this difficult economic time. Those are the key measures that are required. We need people to have confidence in their prospects, so that they want to buy cars in the future. Of course we will continue to hold discussions with the car financing arms, because we recognise that a real issue is involved. Mervyn Davies and I will be happy to meet them, and to try to make progress as a matter of urgency.

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): The car industry and its work force at Nissan in my constituency and throughout the United Kingdom have had to face the consequences of a dramatic downturn. I want to ask two questions. First, while I realise that the Minister cannot name a time, may I urge him to ensure with the utmost speed that Mervyn Davies presents specific proposals on car financing? Secondly, will the Minister commit himself to working with his European counterparts to ensure that there is co-ordinated action to try to help the car industry? Given that 76 per cent. of the cars produced in my constituency are exported to Europe and the rest of the world, European and wider, global co-ordination is essential to help the industry.

Ian Pearson: My hon. Friend is a long-standing campaigner on these issues, and he has been pressing me and other Ministers both on car financing and on wider support for the industry. He has heard what I have said about wanting to make progress with the car financing arms, but he is right to refer to the vital need for European co-operation. We have a car industry that is integrated not just in the United Kingdom but in Europe, and, some would argue, globally as well. Engines made here are exported and put into cars manufactured in Germany, France and other countries; equally, components from the UK are outsourced to Europe. We must continue to engage in dialogue with our European partners, and take concerted action at EU level to support our industry during this difficult time.

Mr. Edward Garnier (Harborough) (Con): Can the Minister explain briefly the practical differences between the over-£25 million turnover and under-£25 million turnover schemes? Many companies in my constituency make components for the automotive industry but do not do so exclusively. Are they eligible? Will the schemes also cover those who contribute towards military vehicles and those who make trailers?

Ian Pearson: When the banks and Government are looking at these things in the normal way, we would not expect a company's turnover to be 100 per cent. with the automotive industry. It is the case nowadays that many companies in the automotive supply chain will supply the automotive sector but might also supply aerospace, defence and other industrial sectors. We need to take a pragmatic approach to that. On turnover levels, the enterprise finance guarantee is for companies with a turnover of up to £25 million. We will guarantee loans by up to 75 per cent., up to a value of £1 million. The scheme that we are announcing today will operate on a case-by-case basis, but it will be principally for companies with a turnover of above £25 million. We will be looking, probably, to have a minimum level of £5 million for loans and possibly a maximum of £50 million, because above that, one can apply to the European Investment Bank. We have a staircase of finance to help different companies at different stages of their development, which we believe is appropriate.

Richard Burden (Birmingham, Northfield) (Lab): I pay tribute to the efforts that my hon. Friend personally has made on this issue. Coming from the west midlands as he does, he knows that the automotive industry, and companies such as Jaguar Land Rover in particular, are part of the glue that binds together our regional economy and on which the skill base and so many jobs depend. I welcome the lines of credit and loan guarantees that he has announced today, particularly for low-carbon technology, but if they are going to work, I emphasise the importance of their going into effect quickly, particularly if they are going to link to institutions such as the European Investment bank.

Ian Pearson: My hon. Friend is a longstanding champion of the automotive industry and I thank him for his kind words. I do not think that one can be born in the black country without having a passion for manufacturing and engineering. We tend to be born with engineering oil under our fingernails and have swarf for a pillow. He is absolutely right to point to the central importance of the manufacturing sector to the UK economy and I thank him for his welcome for the credit lines in the working credit scheme and for the measures that we announced today, which are providing real help for businesses. That is the vital thing now—to help businesses through the next 12 months by providing real and practical help and to make sure that we can all signpost businesses in our constituencies that have difficulties so that where it is sensible to provide help, that help is available.

Adam Price (Carmarthen, East and Dinefwr) (PC): Surely the purpose of Government intervention in the car industry at this time has to be to defend jobs through increasing sales. Laudable as they may be, I fail to see how any of the measures announced today will lead to a single additional car being sold. Why are the Government not considering, for example, the generous time-limited incentives through rebates and so on—possibly linked with a car scrappage scheme—that are being introduced in Germany in order to get money flowing again through the supply chain by getting people to bring forward their car purchases and getting them into car showrooms?

Ian Pearson: I agree with the hon. Gentleman that it is important to increase demand. We all want to see greater demand in the economy, which is why boosting demand through a fiscal stimulus is the right thing to do. He mentioned scrappage schemes, and he will be aware that the German scrappage scheme is pretty contentious. It has not been introduced and there is some debate about whether the Lander want to approve some of it. In my view scrappage schemes look expensive and would be best done at a European level, rather than in individual member states. In many ways, at their best they probably underpin the second-hand market rather than encourage people to buy new cars. It is not as simple as a lot of people think when they are discussing these issues.

Dr. Tony Wright (Cannock Chase) (Lab): Does my hon. Friend see any role at all for a Government wage subsidy scheme for the automotive industry? ThyssenKrupp in my constituency in good times employs 1,000 people, making car bodies for a range of manufacturers. It says to me that its plants in Germany are currently helped by an 80 per cent. wage subsidy from the Government there, so both companies and Government share the cost of the recession but they also keep a skilled work force together ready for the good times. Is there a role for such a scheme here?

Ian Pearson: What the Government have done so far is look at what measures we can provide to help companies with training during the downturn, and at what we can do to help unblock credit lines where there are problems with them. We have to evaluate what is the sensible thing to do when spending taxpayers' money. We will look at some of these issues, but we must consider very carefully whether the policy mentioned is the most appropriate action compared with other policies available to us at present.

Mr. Michael Jack (Fylde) (Con): What steps is the Minister taking in the automotive industry to ensure that credit risk insurance is readily available?

Ian Pearson: When we made our statements on the working credit scheme and the enterprise finance guarantee, we said we were still working on the issue of trade credit insurance. I recognise that it is an important policy area. Companies in some sectors are saying to us that they are having credit lines withdrawn and that that is affecting their business model. The Secretary of State has said he hopes to be able to make a further announcement on that issue shortly, but I cannot give any definitive time scale.

Mr. David S. Borrow (South Ribble) (Lab): Can my hon. Friend confirm that the proposals he has announced today also apply to the commercial vehicles industry, and in particular to Leyland Trucks in my constituency? I urge him to work as hard as possible to get the financing arms in place, as that is crucial to bringing through more orders in the truck industry. I also ask him to work with colleagues in the Treasury and the commercial vehicles sector to look at ways in which we can encourage haulage companies to bring orders through early, and to be in a position at the Budget to make announcements on the tax system that will allow that to happen.

Ian Pearson: My hon. Friend makes a very good point. The automotive sector does, of course, encompass the commercial vehicles sector. As he will be aware, just as we have seen a dramatic drop in new car sales, we have also seen a dramatic drop in sales of new vans and lorries. That is an equally significant problem, and I can confirm to my hon. Friend that it is our intention that companies such as the one he mentioned should be eligible for the loans to which I have referred.

Mr. Andrew Mackay (Bracknell) (Con): May I gently put it to the Minister that it was not synthetic anger that he heard from this side of the House, but deep, deep concern that this Government have dithered while car sales have dived, and that they have done nothing for three months? Does he not realise that the only way we will increase car sales in the longer term is by reducing production in the short term, which will improve residual values and allow people to afford to buy a new car?

Ian Pearson: The simple fact is that car sales have dropped almost all over the world: they are down significantly in the United States; they are down in Spain; they are down slightly less in France; and they are down in Germany. This is an economic problem that we are facing right across Europe. It is a problem that, as we have all said, originated in the United States, and certainly in its automotive sector there are major problems with new vehicle sales.

What we have to do as a Government is try to assess what are the most effective and appropriate measures that we can take. The measures that we have taken to support industry in general, such as the working credit scheme, the enterprise finance guarantee and the fiscal stimulus, are all sensible and appropriate steps for the Government to take. We have gone a step further today, specifically in respect of the automotive industry. I believe that, again, it is right to do so, because that industry is encountering some dramatic problems. We should not pretend that this is just a UK problem—it is a European and a global one.

Mr. Lindsay Hoyle (Chorley) (Lab): Following on from the point made by my hon. Friend the Member for South Ribble (Mr. Borrow), I point out that the Minister failed to mention the van and truck industry and the shadow Secretary of State failed to mention the crisis in that industry. There is a way to assist the van, truck and car industry: if tax breaks could be put in, it would help fleet purchases. Without that, there is no incentive for the trucks, cars and vans to be bought in the volume that we need to see going through the production line. Will the Minister examine that issue? The other way forward is through procurement by the Government. I would have thought that Ministers on the Front Bench should consider what car they are riding around in and make sure it is British-built and we can give support though the Warwick agreement, so that we have a truck, car and van industry that we can be proud of and that will last this country into the next century.

Ian Pearson: We are happy to look at all constructive suggestions about what more we can do to help the van and truck industry during these difficult times. My hon. Friend mentions procurement, which I sometimes think we ask to do everything. We want to see green procurement, and we want procurement to achieve a number of other objectives too. He is right to say that we need to be thinking about what cars, vans and other equipment the Government want to purchase in future. On the market for low-carbon vehicles for the future, I strongly believe that it is strategically important for the UK to make some medium to long-term decisions about its purchasing intentions, in addition to investing in research and development and new technology, so that we can have a home-grown, low-carbon green industry. That is what we are working towards.

Sandra Gidley (Romsey) (LD): The Minister will be aware that the commercial vehicle market is being hit harder than the car market, and that Ford in Southampton has had a particular problem. It assures me that although people want to buy vehicles—that contrasts with the Minister's indecision on this—the finance is crucial. When will Mervyn Davies finish his report? How many jobs does the Minister expect to be lost in the meantime?

Ian Pearson: That was a rather churlish response from the hon. Lady. She referred to Ford in Southampton, and I must tell her that a number of discussions on the situation have taken place between Ford and the Government. We are well aware that the industry, be it in terms of vans, trucks or cars, is going through a terribly difficult time at the moment. Members of the

House need to recognise that there are some things that the Government can sensibly do and others that would not be an appropriate use of taxpayers' money. The response that we have announced today, which builds on the other measures that we have taken, provides a significant boost to the automotive sector at this difficult time, and I would like to think that hon. Members would welcome it.

Mr. Jim Cunningham (Coventry, South) (Lab): May I suggest to the Minister that when the Government meet the car manufacturers tomorrow he should bear in mind that Jaguar Land Rover is at the forefront of developments on environmentally friendly cars? I visited the plant yesterday, and I was very impressed. Will he also bear in mind that thousands of jobs in Coventry and in the west midlands are at stake, and that a lot will rest on the outcome of tomorrow's meeting? May I stress once again to him that lots of people in Coventry fear for their jobs if Jaguar Land Rover goes, and that goes for the suppliers too?

Ian Pearson: Jaguar Land Rover is an important car company for the United Kingdom. It has a significant research and development programme running into many hundreds of millions of pounds. As my hon. Friend will be aware, because he takes a close interest in these matters, it has applied to the European Investment Bank for significant funding for green R and D in the future. Jaguar Land Rover is taking exactly the right sort of steps that we would want to see on reducing carbon. Its products are at the high-range end of the market, but its new vehicles are, increasingly, far more green than their predecessors. In the first half of 2008, the company was making significant profits, and I have no reason to believe that it will not do so in the future. We need to look at what support we can provide through the measures that I have announced today to help Jaguar Land Rover access the EIB funding that is available. Of course, we will continue to have regular dialogue with the company, too.

Mr. Edward Timpson (Crewe and Nantwich) (Con): There has been a severe slump in car sales at Bentley Motors, the largest employer in my constituency, and it is only thanks to the company acting responsibly that it has avoided making compulsory redundancies. However, it is on the cusp of having to make some very difficult choices. Discussions that I have had with representatives from Bentley have made it clear that, despite representations to the Government, they are still struggling to access finance and credit. Like other hon. Members, I urge the Minister to ensure that the company has access to finance and credit now, rather than in the months to come, before more jobs are put at risk.

Ian Pearson: Bentley is a great brand, but I know that the company is having difficulties, because as with other companies in the automotive industry, people are not buying its cars. That is one of the reasons why it has had to make some of the decisions that it has made recently to cease production for a period. There are challenges facing Bentley, just as there are challenges facing all our major car manufacturers in the UK at the moment. All that the Government can do is look at what sort of sensible measures we can put in place to help the industry, and the working credit scheme will help many companies in the supply chain, especially as the cessation of production by some companies creates enormous problems for a lean, integrated, just-in-time supply chain. We will continue to work with the industry on tackling the problems that it faces and providing solutions where it is sensible to do so.

Mr. James Plaskitt (Warwick and Leamington) (Lab): My hon. Friend will be aware of the importance of the industry in my west midlands constituency, which has many design and component companies. They have told me that two things are essential at this stage. The first is support for credit lines, and the second is encouragement to adopt green technology, so I think that they will welcome the statement as right on the button in terms of what they have told me is necessary. However, I have noticed that the money will be accessed via application, and the companies have also told me that the application process is sometimes very complicated, tortuous and involved. Can my hon. Friend ensure that the application process is as simple and as streamlined as possible?

Ian Pearson: My hon. Friend is right to stress the importance of the automotive industry to his constituency, and I am well aware of it. He is also right to say that what companies want is access to support as quickly as possible, and we are endeavouring to achieve that. We need to look at the issue on a case-by-case basis and there are certain due diligence steps that we will need to take because taxpayers' money is involved; the whole House would expect us to be responsible with it. Having said that, we need to move as speedily as we can in all these areas, including access to the working capital scheme, on which we are working actively with the banks at the moment.

Anne Main (St. Albans) (Con): Access to credit and loans is not working in the way that the Government would like. In my constituency, I have a small specialist company that distributes bearings and supports the bearing industry. It cannot access any funding under the current schemes and I doubt that it will be big enough to access funding under the scheme proposed by the Government. However, that company is a key component of the aerospace and automotive industries. Will the Minister meet my constituent who runs this company—he would happily take on three or four extra people if he could access funds—to discuss the problems facing small and medium businesses?

Ian Pearson: In the first instance, if the hon. Lady e-mails me with the details I can get some officials to look at that matter right away. We will see how we go from there, but if it is appropriate to have a meeting I will be more than happy to do so.

Alan Simpson (Nottingham, South) (Lab): General support schemes for industry can do a range of things, but they do not green industry by one jot. Will the Minister reconsider the German scrappage scheme? My understanding is that the €2,500 subsidy is offered specifically to those who are the owners of older high-carbon vehicles when they trade in those vehicles in exchange for new low-carbon vehicles. Will he consider using demand to make the same green shifts in the UK and to tie improved access to finance to precisely the same green demand agenda?

Ian Pearson: As I said, I do not think the German scrappage scheme is necessarily quite as straightforward as it might seem from reading about it in the newspapers. It is a lot more complicated. We continue to monitor the situation with the German scheme and the French scheme, too, which I understand is not without its problems. I remain to be convinced that the schemes are an effective use of public money. I will always keep my mind open and we need to consider the evidence on such schemes, but my judgment is that there are better ways to support industry and to achieve our environmental objectives at this point in time than going ahead with the scrappage scheme. We will continue to review these matters.

John Howell (Henley) (Con): I have listened to the statement twice and I am none the wiser as to how many new cars the money will help to sell. Would the Minister like to tell us?

Ian Pearson: I have been at pains to stress that the measures we are announcing, which will provide guarantees that will support £2.3 billion-worth of lending to the automotive sector, will help to ensure that we give the companies that are supported a bridge to the future to enable them to get through the difficult times that we are in and to support the development of cleaner, greener cars. That is what we can do. The sensible thing to do is to help companies through the short term to ensure that they are best placed for the future when the economic upturn comes.

Margaret Moran (Luton, South) (Lab): I particularly welcome the training and greening initiatives that my hon. Friend has outlined, which appear to be in stark contrast to the do nothing or "lay workers off" policies of the Opposition. The provisions will be of particular use to IBC Vans in my constituency, a company that is very highly productive but where workers are facing a 30-hour week from February. May I press the Minister further on the issue of tax incentives for businesses to purchase fleet vehicles, as I think that they would benefit small and medium-sized enterprises, IBC Vans and white van man?

Ian Pearson: My hon. Friend is absolutely right to point out the importance of the green and training components of the packages that we are announcing. I want to support white van man, too. I want to ensure that white van man has the confidence in his business to say that he wants to buy a new white van because he can see the business opportunities in the future. Restoring that confidence is vital. There is an important point to be made about the fleet market, and we are open to discussions about whether more can be done in that policy space. As I said, my hon. Friend is right to point to the green and training aspects of the package, which will both be welcomed.

Mr. Roger Williams (Brecon and Radnorshire) (LD): It is difficult to overemphasise what a parlous financial state many car dealerships find themselves in. One in my constituency reports sales of new cars dropping from more than 30 a month to fewer than 10 a month. If those businesses fail, all the other measures will count for nothing. I urge Mervyn Davies to get on and do his work as quickly as possible but also to investigate other ways to support those businesses, such as relief from business rates. They have to be paid every month regardless of the level of business, which is causing the businesses great distress.

Ian Pearson: I have heard what the hon. Gentleman has said. As I have said, we want Mervyn Davies to be actively engaged and to deal with the matter with the urgency that is required. The hon. Gentleman asked specifically about the dealership network, in which many small businesses operate. He will be aware of the business support scheme operated by Her Majesty's Revenue and Customs for companies with particular difficulties. There are more than half a million people in the dealer network at the moment. Some of them are tied to big companies but some are small and independent, and we must ensure that they are aware of the range of support on offer. I sometimes think that when we come to the House to announce new initiatives, we need to do more to communicate the vast range of initiatives that are already available out there. We are looking to do more in that area as well.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome the measures taken by the Government, but I want to stress that their success or otherwise will depend ultimately on how much of the money is distributed. What measures are being taken to ensure that small companies that wish to access the loans know how to do so and where to go? Will the Minister ensure that the institutions disbursing the loans know what is a reasonable basis for their disbursement? Finally, what role does he see the regional development agencies playing in bringing consistency to the process?

Ian Pearson: My hon. Friend makes a very good point. The RDAs, with Business Link as their agent, have a primary responsibility in promoting a wide range of Government services through the Business Link brand. He will be aware of the Solutions for Business programme, which provides a range of different Government support in addition to the measures such as the enterprise finance guarantee scheme that I have mentioned already today. We must make sure that we have the most effective communication channels out there. Companies are facing challenges, but sources of funding are available that are either backed or directly funded by the Government. We will see whether there is more that we can do to make sure that MPs have the information that they need, because I am acutely conscious that lots of MPs are being approached all the time by companies that are having difficulties. They need to signpost those companies in the right direction.

Welfare Reform Bill

Second Reading

4.32 pm

The Secretary of State for Work and Pensions (James Purnell): I beg to move, That the Bill be now read a Second time.

I should like to start by welcoming the right hon. Member for Maidenhead (Mrs. May) to her new post. I also welcome the hon. Member for Northavon (Steve Webb) back to his old post, although we are no less happy to see him for all that. I know that we will disagree on many things, but also that their scrutiny will improve this important Bill. I look forward to working with both of them, where we agree.

In the debates ahead of us, we shall hear much jargon. We will hear talk of contribution conditions, taper rates and conditionality, but it is important that we start by remembering what the Bill is about. It is about changing lives—of the people who have been stuck on incapacity benefit for too long and of the lone parents who could work if they knew about the support available to them. The Bill is also about giving disabled people control over the public services that they receive, instead of their being controlled by the bureaucracy.

This Bill is based on the simple idea that people will be given more support and, in return, more responsibility. That is not the Government's idea, nor the Opposition's. It was expressed in the Beveridge report—indeed, it is one of his three founding principles.

In his report, Beveridge said:

"social security must be achieved by co-operation between the State and the individual...The State in organising security should not stifle incentive, opportunity"

or responsibility.

The Bill is intended to renew the partnership between the state and the individual by ensuring that virtually everyone on benefits is preparing for work, so that support is matched with responsibility. We will support people, but in return they must support themselves. Some people have asked why we are taking measures now. The answer is simple: it is because it would be wrong to abandon people. If we gave up on welfare reform now, we would be condemning people who find it harder to get back into work to not being able to do so. That is precisely the mistake made in the recessions of the '80s and '90s, when conditionality and investment were cut, and unemployment rose more than it need have done.

Governments have a choice: we can either invest millions now in helping people back into work, or we can waste billions in the future when we cannot get people back into work because it has become too difficult. We have a choice between an ambitious welfare state that lifts people out of dependency and a passive one that traps them there.

John Robertson (Glasgow, North-West) (Lab): I thank my right hon. Friend for giving way so early in his speech. Will he assure me that we will not do what was done in the past, when unemployed people were hidden in the benefits system, and hidden away in the figures? Unemployment was actually a lot higher than the figures suggested. Will he assure me that we will tell the truth right down the line?

James Purnell: I can absolutely give my hon. Friend that assurance. He describes the Opposition's policy when they were in government: they massaged the figures and shuffled millions of people on to incapacity benefit. The real crime is that those people were then trapped there, without help. *[Interruption.]* Well, the truth is that incapacity benefit tripled when the Opposition were in government. Frankly, I am surprised that they want to talk about that record. On top of that, they still have not learned from those mistakes. They would still cut investment in helping people back into work. The right hon. Member for Maidenhead may want to break with her predecessor's policy right now—she is welcome to intervene if she wants to. The Conservative party's policy is to cut £1.8 billion from Jobcentre Plus, from our private providers, and from the support in place to stop short-term unemployment.

Mrs. Theresa May (Maidenhead) (Con): *indicated dissent.*

James Purnell: The right hon. Lady shakes her head, but that would be the consequence of refusing to back our fiscal stimulus. The recession would be longer and deeper than it need be, and the cost to human lives and to the Treasury would be greater. That is the policy of the Opposition, and if Opposition Members want to disown the consequences, they should stand up now and do so. Obviously the right hon. Lady backs the policy of her predecessor on this issue, as on so many others.

Conservative party policy would return us to a passive welfare state—one where we fail to invest in people and fail to have the right level of conditionality. We would end up with more, rather than fewer, people dependent on benefits. That is the opposite of what we should do. We should have an active welfare state that helps people to take control of their lives.

Mr. Terry Rooney (Bradford, North) (Lab): My right hon. Friend rightly talks about the rights and responsibilities agenda. Of course, the responsibilities of claimants are enforced through sanctions, and the state's right to co-operation is enforced similarly, but the responsibilities of the state to the claimant and the rights of the claimant tend to get diminished. Will he consider the idea of a claimant's charter, in which those rights and responsibilities would be clearly delineated? Claimants would then know what they could expect, as well as their obligations.

James Purnell: I am aware that the idea has been suggested by Gingerbread, as well as by my hon. Friend, and it has a lot of promise. We want to consider how we can make sure that it is not restrictive and does not become a lawyer's charter. As I will argue, we want to move towards a more flexible system based on personalised conditionality. If we are to do so, we need to look at how individuals can know that they will be treated fairly. Perhaps the way forward is to have a seminar, to which my hon. Friend and some of his colleagues would

[James Purnell]

be invited, to discuss how that could be done. I would be happy for Conservative Members to attend, if they are interested.

Bob Spink (Castle Point) (Ind): I welcome the Bill, as far as it goes, and will support it, but does the Secretary of State accept that if it is to work well, people must accept it as fair? Will he therefore consider the condition of fibromyalgia, and make sure that it is properly recognised, as it is a very debilitating condition?

James Purnell: Of course we are happy to look at anything in our review of the work capability assessment. The hon. Gentleman may know that there is a review coming up, so he will have a chance to make that point then.

How can we have a system that is active and gives people control over their lives? I want to cover three main ways in which we can ensure that. First, we can do so by ensuring that children have a fair start in life, so that they can have a fair chance in life. That is why the Government are committed to ending child poverty and why we will enshrine that commitment in legislation this Session. It is also why we are committed to supporting families. We know that in the modern world we cannot keep all couples together, but we know that we need to look after children, whatever the relationship status of their parents.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): When my right hon. Friend is considering the needs of families and children, will he look especially at the needs of families with children with disability? Sadly, that often leads to a break-up of the relationship between the parents. Also, if a lone parent is looking after a disabled child, there is huge difficulty in finding appropriate child care to enable that parent to go into work. Will my right hon. Friend look into those special issues?

James Purnell: I am happy to do so. Indeed, in the next few days the Government will publish the refreshed child care strategy, which looks at that issue. My hon. Friend will also know that the Government have invested significant sums in respite care for parents caring for [illegible]d children. However, she highlights an important [illegible] the extra costs for child care for children who are disabled.

Child maintenance is important because it gets more money to children whose parents have divorced or separated. It has already taken 100,000 children out of poverty. If all non-resident parents paid what they owed, that number would double and another 100,000 children would be lifted out of poverty. That is why the Bill proposes some changes to strengthen the regime by which we collect money.

The people who suffer most when parents separate are mothers. Mothers are three times more likely to be in poverty after separation than their husbands. Research out this week shows that whereas mothers' incomes fall, those of fathers often rise. That is why making sure that fathers—not always, but in particular—live up to their responsibilities is so important.

We will do that in two ways through the Bill. First, in benefit calculations we will completely disregard child maintenance payments. We believe that that is the right thing. It means that instead of the money going to the taxman, it goes to the child. In addition, it will give a real incentive to parents to make sure that they know that the money is going to their children. We therefore think it will increase payments.

There is a minority of non-resident parents who are determined to do everything they can to avoid their responsibilities. They hide their money, they become self-employed and they employ expensive accountants. One of the ways in which we believe we can hit those parents in a way that gives them an incentive to pay is by saying that we will remove their passports or driving licences if they fail to live up to their responsibilities. Of course, the point is not to take away people's passports or driving licences. It is to make sure that they comply with their responsibilities. Where this has been tried—for example, in Australia and in the US—it has resulted in a significant increase in child maintenance payments, in particular in the few days before people are due to lose their driving licence or passport. We therefore think it is an important measure to introduce.

Mr. Peter Bone (Wellingborough) (Con): Will the Secretary of State reconsider something he said a moment ago? Employing expensive accountants to get right figures seems to me to be the way forward. Anyone who is self-employed does not want wrong figures. I hope the right hon. Gentleman is not implying that the accountancy profession is in league with—

James Purnell: It is not my intention to slur accountants in any way. However, where fathers in particular are using accountants to avoid their responsibilities, they should be ashamed. We intend to stop that.

Last year—*[Interruption.]* The hon. Member for Eastbourne (Mr. Waterson) is chuntering away to himself. He may want to listen to this point. Last year his party stopped such a measure going through in a Bill in the other place. The Opposition pretended to support it here but they stopped it in the other place, so I hope there will be a commitment from the right hon. Member for Maidenhead in her speech to support the measure that her party stopped in the House of Lords last year. I hope she will now commit to change her party's policy.

Mrs. May: Perhaps the Secretary of State ought to look at the record of the debates that took place on that issue. It was, in fact, the Government Minister who chose to amend the Government's position on the matter.

James Purnell: Precisely because we were running out of time, and it was the only way of getting the Bill through because the Conservatives were opposing it. I take it that the right hon. Lady is now reversing her party's policy. She does not deny that, so I take it that the Opposition will support the Bill here and, we hope, in the other House. I hope that is one of many U-turns that we can look forward to under her leadership of the Opposition Front-Bench team.

Fathers also have an important role to play. As well as underlining people's responsibilities, we want to make sure that the role of fathers is properly recognised. At the moment, it is much easier for a father to register

their name on a birth certificate if they are married than if they are not. There are about 45,000 births a year to unmarried couples where no father is on the birth certificate. We think that that is wrong, and we want to put that right. We want to change the system so that the default is that both the mother and the father are on a child's birth certificate, so fathers are clear about their responsibilities from the very start but, on the other hand, are involved in their child's life, even if the relationship with their partner has broken down.

Mr. Frank Field (Birkenhead) (Lab): What will the Government do if people do not produce two names?

James Purnell: If the mother says, for example, that she is unable to do so—which happens—or does not want to because of, for example, fear of violence, we will take the mother's word. There is a careful balance between changing the system so that the default is that the father is registered and, on the other hand, going too far and involving the father where there is a threat to the child.

Mr. Field: We rightly place great emphasis on children knowing who their parents are. Some of us have constituents who have no knowledge of who their father is, and there is a real danger that half-brothers and half-sisters will get together. Surely there should be a procedure whereby, while protecting the position of the mother, at some stage children can actually find out who their father is.

James Purnell: We are trying to strike a balance, and I think that this proposal is the right means of achieving that. If we were to go in the other direction, we might put a mother in a position where she must involve a father whom she thinks is a threat to her or her child. The balance we have struck will mean far more children being able to know who their father is. I hope that my right hon. Friend will support the proposal on that basis.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): What evidence does the Secretary of State have that putting the names of the small proportion of irresponsible fathers on birth certificates will make them responsible?

James Purnell: This is partly about evidence and partly about the wishes of fathers. At the moment, fathers feel that it is far too complicated to register when they are not married. There are lots of examples in which fathers wanted to be involved but were unable to be. It is only fair to say that if we expect fathers to live up to their responsibilities, they should also have the right to be on the birth certificate. I am not saying that this is a magic policy that will solve all those problems, but combined with the other things that we are doing, it will help fathers to live up to their responsibilities and to be properly recognised.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Will the Secretary of State clarify the difference between, as he has said, "taking the mother's word for it", if she says that she does not know or that there is a threat of violence, and making the whole scheme voluntary? Simply taking the mother's word for it is not sufficient.

James Purnell: As I have explained to my right hon. Friend the Member for Birkenhead (Mr. Field), we are trying to strike a balance. We think that we have struck the balance in the right place. The proposal involves working with registrars to get far more fathers registered, and registrars have plenty of experience and are at the cutting edge of practice in that area. The proposal represents the first way in which the Bill will give people greater control over their lives by making sure that families work to support our important efforts on child poverty.

The second area where we need to make a real change involves giving disabled people the right to control the services that they receive. Hon. Members on both sides of the House recognise that Britain is probably at the cutting edge in terms of the framework for disabled people. In particular, good work has taken place on giving disabled people greater control over the support that they get in the health service through individual budgets. Although that change may sound dry, it is completely transformative.

I was in Barnsley yesterday talking to people who have benefited from individual budgets. In particular, a man called Patrick spoke about how he had been stuck in residential care for years and had been unable to go out because his carers did not have time to offer that to him. He felt that he was trapped and did not have control over his life. When he and two of his friends got individual budgets, they were able to rent a house and hire carers to look after all of them. They are now saving up the time with their carers to be able to go on holiday in Spain. Their lives have been completely transformed. Geoff, another man who was there, spoke about the change in his life. It meant that he had gone from being treated as a body that needed to be cared for to a person who needed to be helped. He mentioned that he now said to the people who looked after him that they were not his carers, but his enablers and that he was their boss. That is a complete change in the power relationship for disabled people. Through the Bill we want to take that idea, which has worked particularly in health, and widen it to a much broader range of support that disabled people get. We want to include a much wider range of services for disabled people, so that they can put them together to spend as they feel fit.

Mr. David Blunkett (Sheffield, Brightside) (Lab): Will my right hon. Friend reassure those inside and outside the House who have been campaigning for a higher mobility component in the disability living allowance for those with little or no sight? As he said during his eloquent description of the young man in Barnsley, people must not be trapped in their homes but be enabled to prepare for work by engaging again with society, being able to leave their homes safely and having equality with other similar groups.

James Purnell: My right hon. Friend raises an important issue on which he has been leading the charge. The Government do not have any objection to it in principle. They totally understand the case that is being made; the question at the moment is how it would be financed. We would be happy to work with my right hon. Friend and other colleagues on how to make progress on the issue. We totally recognise the strength of feeling that has been expressed on both sides of the House.

Roger Berry (Kingswood) (Lab): Is my right hon. Friend honestly saying that the Government cannot find £45 million in his Department's budget or elsewhere?

James Purnell: There are questions about how much the cost will be, and we have worked with the Royal National Institute of Blind People on that. However, yes, the Bill is self-financing. We have made a number of simplifications and changes so that we can invest more in helping people. If we move forward with this, we will have to find the investment not only for now, but for the medium term, because a continuing commitment would be involved. However, as I say, we do not have an objection in principle.

Angela Browning (Tiverton and Honiton) (Con): I support direct payments, but how does the Secretary of State intend to assist people who have either no capacity or a fluctuating or partial capacity to make decisions for themselves? That can happen in a lot of conditions such as learning disabilities, mental health disorders and, sometimes, autism. How will he help roll out direct payments to that group of people? They need something more than just the basic framework.

James Purnell: The hon. Lady makes a good point. That is what good social care is all about. Carers and families could be appointed to act as agents or support people in making the choices. As I am sure the hon. Lady would agree, in the past few years we have seen a real shift in the decisions that we expect people—including those with learning disabilities—to take. Such issues are certainly not a bar to individual budgets or this policy. The people whom I met yesterday had mental health needs and were classified as having learning disabilities, but the smiles on their faces showed exactly how their lives had been transformed by the opportunity to make the decisions for themselves.

Miss Anne Begg (Aberdeen, South) (Lab): Will my right hon. Friend assure me and the House that the move to individual budgets can never be used as an excuse to cut budgets? A local authority might see some way of reassessing people that takes them out of its control but does not give the control back to the individual—because of lack of capacity or because there is less money.

James Purnell: That is an important point. I believe that the Liberal Democrat-controlled council in Aberdeen has used individual budgets for that very reason. That should not be done with this policy, which is not about changing people's entitlement but about how they get their money and making sure that they can control it. If people are happy with the service that they are getting from the state, that is absolutely fine. However, the power should be with them so that if they are not happy, they can get the service changed or get the money themselves and use it as they can. After all, they—and not anybody else—are the experts on their own lives.

The Bill takes the powers to do that on a national basis. We will test it with trail-blazing public authorities, because it is a ground-breaking piece of legislation and we need to know exactly how it will work in practice. It introduces a fundamental change, and it will ensure that disabled people have the power to achieve what they want to in life in the same way as everybody else.

Thirdly, the Bill will give more control to people by helping them back into work. A decade ago, there was too little support for people to get back into work and too little expectation that they take it up. We started to put that right through the new deal and by merging the Benefits Agency and the Employment Service into Jobcentre Plus. We helped lone parents back into work, and we introduced pathways to work—the first time that people on incapacity benefit have had any help to get back into health and back into work.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): My right hon. Friend keeps talking about helping people back into work. I am particularly concerned about people with learning disabilities or other significant disabilities who perhaps have never had the chance to get into work in the first place. Will he include those people in his remarks? If the Bill is to make a difference to some people, it must tackle some of the situations that those who are truly excluded from work have experienced, and therefore take things further than ever before.

James Purnell: My hon. Friend makes a good point. People often talk about help for people who can work and security for those who cannot. When I talk to disabled people, I find that they hate that expression because they hate the idea of anybody being told that they cannot work. We have, as a society, changed expectations of what disabled people can do, and we should therefore be looking to help people, whatever their circumstances, to get back into work. We can do more in that respect—for example, through our subsidised employment programmes—and we are considering how to do so.

Liz Blackman (Erewash) (Lab): My constituents will welcome many of the measures in the Bill. However, we have to face the brutal statistic that 6 per cent. of people with autism are in full-time work and 12 per cent. are working part time. What assurance can my right hon. Friend give me that job advisers are fully cognisant with the situation of people who come to them wanting to go back into work? What support can they give, and are they fully up to scratch in terms of their training?

James Purnell: We have worked with the National Autistic Society, for example, to see exactly how we can deal with that, because people who are on the autistic spectrum may have difficulty understanding or complying with some of the expectations in the job-seeking system. We want to ensure that we are sensitive to those needs while giving people the right support. For people who have more serious mental health needs, we may need to think about a different approach apart from just helping them to interview for a job and then expecting them to be able to stay in it when their condition will often recur or get worse. We can start to think about that new approach through the work that Dame Carol Black is doing on mental health and employment.

Importantly, because the Bill will reduce public expenditure in some ways, we have been able to increase the money for Access to Work—a scheme that helps people with disabilities to stay in work or to go into work. Because of that extra money, we will be able to do far more for people with mental health needs, particularly those with fluctuating conditions. We are working with Mind on a project in precisely that area.

Tom Levitt (High Peak) (Lab): Does my right hon. Friend agree that the Bill is very timely, because at a time of economic downturn it is more important than

ever that we put the work in to ensure that people do not get too far away from the workplace and are able to come back into it as soon as the economic conditions allow?

James Purnell: I agree. It is because we know that our support helps people get back into work that we want more people to take it up. That is why we want to have a system where virtually everyone who is getting benefits is doing something to prepare for a return to work. The benefits system is not there for people to stay on benefits but to help them to get back into work.

Mr. David Anderson (Blaydon) (Lab): At the jobs summit that the Prime Minister held with the TUC on 3 January, the TUC produced a document called "An emergency ten point plan to tackle unemployment". Has the Secretary of State had a chance to read that, and will he work with the TUC to take it forward?

James Purnell: Yes, I have. I have discussed it with Brendan Barber, and we are working on precisely how we can take it forward. Indeed, since the jobs summit, the TUC has been working with us on the proposals that we made then.

John Robertson: My right hon. Friend mentioned access to work and getting people into work, but the Government have not fulfilled employment retention needs. They have touched on the edges of the subject and helped in some ways, but is it not time that we took the matter on board and wrote it into the Bill, so that every company, and the Government, must consider employment retention and ensure that they keep people in employment?

James Purnell: My hon. Friend is a fervent campaigner on employment retention. We believe that his goal is met by the existing legislation on disability, but we are working particularly on examining how we implement the equality Bill to see whether we can give him more reassurance. For example, we could point to examples of companies that have considered employment retention as part of their compliance with the Disability Discrimination Acts. We are happy to keep working with him on the matter.

Steve Webb (Northavon) (LD): The Secretary of State has mentioned the impact of the recession on his strategy. Will he clarify his idea of using private providers and giving them a cash reward as the principal source of remuneration for getting people back into work? Is it his intention to shift the balance in those contracts in a world in which it is more difficult to get people back into work, so that more of what the providers get is a lump sum and less is related to performance?

James Purnell: We had very good interest in the bids for that. People said that companies would not bid, but they did. We are now in the phase of post-tender negotiations, so there is a limit to what I can say, but we have said in the past that we are happy to consider whether we can front-load the payments for taking people on. We have also made it clear that the contracts say that if the volumes rise by more than 40 per cent., we can reconsider the matter. There is also a break clause after 18 months, so whereas we used to give contracts and then come back to them at the end of the contract period, now there is much more of a relationship throughout that period. We have a mutual interest with our providers in ensuring that they deliver a good service for us. That is how we will approach the matter, and I am sure that the hon. Gentleman will find out more when we say which tenders have been selected.

As I said, the principle is that virtually everyone in the benefit system should be doing something to prepare their way back into work. We know that when people take up our support, it changes lives, but we also know that when it is voluntary, only a small proportion of people ever do so. That is why we want to increase the requirements for people to come in, take up that support and put it into practice.

Angela Watkinson (Upminster) (Con): One group of people that I do not think has yet been mentioned is young people who care for their parents with disabilities. That has quite a serious impact on their education, and they find it more difficult than other young people to get into work in the first place. Will the Secretary of State give special thought to that group?

James Purnell: That particular group is mainly the responsibility of the Department for Children, Schools and Families, with which we obviously work closely. The Bill will not make any difference to people under 18, as its measures are focused at the over-18s, but the hon. Lady makes an important point. It is important that when people reach adulthood, they should be able to make that transition. Individual budgets should be able to help with that.

Lynne Jones (Birmingham, Selly Oak) (Lab): My right hon. Friend said that when schemes are voluntary, there is less engagement. What evidence does he have that that is purely because they are voluntary, rather than because there has been a failure to engage people, a lack of communication and a lack of action on the part of the various agencies? Conversely, what evidence does he have that applying sanctions to lone parents and people with mental health conditions, for example, is successful in helping people into work?

James Purnell: Of course, we never want to impose sanctions. We want people to comply with the system, which is exactly why we asked Professor Paul Gregg to look into conditionality regimes around the world and in the UK. He found that where people are required to come in and take up support, there is lower unemployment and people are able to improve their health and get back into work. I think that that is the right approach, but it needs to be done in a personalised and sensitive way. That is exactly why the Bill will bring in a different approach.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): The Secretary of State mentioned conditionality, which, he knows, has pretty much fallen away under the jobseeker's allowance, in that little happens if people do not co-operate in the sense that he means. What sort of conditionality and penalties does he envisage for those—there will be a few—who simply do not want to co-operate, and who will not co-operate?

James Purnell: The right hon. Gentleman is right to suggest that there is an issue with the system. People can lose their benefits if they refuse a reasonable job—the Conservative party proposes to introduce that, but provision for it already exists. It is difficult to sanction someone on the basis of their doing a bad job interview, even if it is done purely to avoid going back into work. Professor Gregg recommended a quicker, clearer but escalating system, whereby people are warned, and have the reason for a potential sanction explained to them, so that the sanction is not based on misunderstanding. One can take away people's benefits for a week or four weeks, and require them to come in to do full-time activity or things that the adviser believes will ensure that they comply with the system. We must strike a balance between ensuring that we treat people sensitively and do not cause them undue hardship, and ensuring that they carry out their obligations.

Indeed, I believe that the right hon. Gentleman, in his report from the commission on social justice, said that workless parents should have to come in for interviews and undertake preparation for work. That is the policy that we are proposing in the Bill. Unfortunately, unless the right hon. Member for Maidenhead performs a second U-turn, Conservative Front Benchers will oppose it. I therefore hope that the right hon. Gentleman will support us and have a word with his party leader, who said just before Christmas that he opposed the policy, and obviously had not read the report of the commission for social justice. We have read it and learned from the bits that we think we would work.

Mr. Davidson: The Secretary of State said that he did not feel that he could impose sanctions on people who were unsuccessful in interviews. However, he knows that some people who attend interviews make it clear to the prospective employer that they are not in the least interested in the job and that they are there only because they are obliged to come. Perhaps the Secretary of State might want to reconsider his view about never applying sanctions to people who are unsuccessful in an interview.

James Purnell: My hon. Friend makes a good point. I do not say that we should not sanction people who behave in the way he describes, but that it is hard to find out when they are doing that. When it is clear, we can take away people's benefits.

However, my hon. Friend prompts me to deal with clause 1, which covers exactly those circumstances. It requires people to work for their benefits, and those who play the system are required to do full-time activity precisely to deter them from claiming and working at the same time, and to provide incentives for those who try to avoid their responsibilities to move into work. That is right as a deterrent and because it would teach people basic work skills, which they may have lost if they have been out of work for a long time. With the changes to sanctions and the requirement for full-time activity, the regime for jobseekers generally works pretty well.

In the past, the system has worked less well for people who are outside the JSA regime. We therefore introduced pathways and the new deal for lone parents. The Gregg review recommended that we go further and create a new category in the benefits system for those who are preparing for work. They do not have to take work immediately, but must prepare for their return to work at the right time. We strongly agree with that and we want to introduce it.

Mr. Russell Brown (Dumfries and Galloway) (Lab): On the work for benefit pilots, will the Secretary of State assure the House that he is not introducing workfare in this country?

James Purnell: I am happy to give that assurance. Indeed, the Gregg review covered that. Workfare is a system whereby people are punished and distanced from the labour market by removing their entitlement to work search and by stigmatising them. We propose full-time activity, supported by looking for jobs and helping people with their skills, to ensure that they get back into work rather than being distanced from the labour market.

Mr. Frank Field: How does the Secretary of State square saying that the aim is to ensure that people are not distanced from the labour market with some of our constituents, who have left school, reached the age of 25 and have never worked? Surely in those circumstances, we have a duty to provide work rather than benefit for them.

James Purnell: Indeed; that is exactly what the provisions in the Bill would enable us to do after two years. We want to ensure that we give people work at that stage, but we would require them to take it up. I saw my right hon. Friend's proposals yesterday; I always look seriously at his suggestions. The reason that time limits have not been supported in this country is that there is a danger of establishing an arbitrary system in which people who have been on benefits through no fault of their own—for example, if they found themselves out of work in the current economic circumstances—could find that they had used up the time in which they were allowed to take up their benefits. Such individual injustices would probably undermine the argument for such a system.

Mr. Field: I was actually making the proposal in relation to people who have never worked. Also, we do have time limits for the national insurance scheme. Even people who have paid contributions for 30 or 40 years receive benefits for only a very limited period of time.

James Purnell: The system proposed in the Bill would bring in that requirement earlier—after two years—so perhaps there is not so much difference between our proposals as has been understood.

Mr. David Winnick (Walsall, North) (Lab): Will my right hon. Friend give way?

James Purnell: I want to make some progress, if I may, as I do not want to strain the patience of the House.

The new progression to work category will be about saying to people not that they have to work immediately but that they have to prepare for work. That will apply to people on employment and support allowance and to workless parents. At the moment, people on incapacity benefits have to turn up for work-focused interviews but, if they do not want to carry out the activities that they have agreed to, there is nothing that we or our

providers can do. The Bill will change that system. People will have to come in for interviews, but they will also have to draw up an action plan and carry it out. We think that that is the right thing to do.

We will retest everyone on incapacity benefit to ensure that they are on the right benefit, and if they are not, they will go on to jobseeker's allowance. Again, that is something that the Conservatives say should be done; we are actually doing it. We expect the vast majority of people to take up this support but, for those who do not, we think it right to have a backstop power to require people to carry out their action plans.

Mr. Winnick: Following one or two interventions that I have heard today, I wonder whether there is a danger of giving the wrong impression. There are certainly some people who claim benefit and who do not want to work; I do not dispute that for one moment. However, the large majority—I would say the overwhelming majority—of people who are unemployed and who go to jobcentres are very anxious and very keen indeed to work. That point needs to be made; otherwise, people might get the impression that we are dealing with lazy people who remain unemployed just for the fun of it.

James Purnell: That is a very good point. Indeed, the Leader of the Opposition argued recently that there were 5 million people on benefits, each of whom was a potential Karen Matthews. That is the wrong argument, because it stigmatises people, and because the vast majority of people on benefits do want to get back into work.

To match the changes that we are making to the conditionality regime for people who are sick and disabled, we will also invest more. We are spending £1 billion more on pathways to work between now and 2011, and we will also bring in the new changes recommended by David Freud—the invest to save model—so that people will be able to invest in helping people back into work and be paid back out of the benefit savings. That will cover 20 per cent. of the country, and could lead to a radical change in the system—*[Interruption.]* Opposition Members ask when that will happen. It will be from 2011, and it will happen at exactly the pace that David Freud has recommended. The Conservatives like to pretend that this is some kind of magical piggybank, but if they know of people who want to invest in these projects now, and who will do so further and faster than we are doing, they should ask them to come forward. I would be very surprised if they can find people in the City who will do that. David Freud has said that this is the right pace at which to go. Indeed, the Conservatives used to say that they liked David Freud's proposals.

That will be the right way forward for people who are sick and disabled. We also think that it will be the right way forward for workless parents. Workless parents already have to come in for interviews, but, if they do not want to carry out their action plan, they do not have to. We believe that the vast majority want to carry out their action plan, but it should be possible for an adviser to say to those who do not that it is now time for them to do so. That will reduce child poverty, and ensure that more people get back into work.

The Conservatives are not prepared to give money to certain people. One of their main policies in this area is to increase tax credits, but not for lone parents. Another is to have a transferable married person's tax allowance, which would not help single parents either. They are not prepared to give more money to single parents; nor are they prepared to help them into work. They are prepared to stigmatise, but not to help people with money, or help them get into work. I hope that the right hon. Member for Maidenhead will change her policy on that and agree with the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith).

Ms Katy Clark (North Ayrshire and Arran) (Lab): Does my right hon. Friend recognise that there is great concern, particularly about people with young children who simply may not be able to carry out the kind of work-related activity proposed in the Bill? Will he confirm that everybody's personal circumstances will be taken into account, because in some families, it is in the interest of neither the parent nor the children to go down this path? Will the particular circumstances override the simple view that work is the most important thing?

James Purnell: The whole idea is that this is based on people's personal circumstances, so that in tandem with their adviser they can come up with their own action plan. Instead of treating people according to the category that they are in, we want a system that treats them according to their particular ambitions and circumstances. That is precisely the idea behind this policy.

Finally, we also want to make sure that people on drugs, of whom there about a third of a million in the benefits system, do not just act as a conduit for the money to go into the pockets of drug dealers. We think that people should be able to receive support and treatment, but in return for their benefits, they should be expected, if they are drug abusers, to take up that treatment—precisely to break the cycle of crime and deprivation. The Conservative party, under the right hon. Lady's predecessor, did not support that policy—

Mrs. May *rose*—

James Purnell: Perhaps we have a second U-turn; I look forward to hearing this.

Mrs. May: This is not a second U-turn. I say to the Secretary of State that we would get a lot further in the debate if, instead of making these grand claims about the position of my party, he actually looked at the facts. On 20 July last year, my predecessor, the hon. Member for Epsom and Ewell (Chris Grayling), issued a press release in which he made our position absolutely clear:

"Drug addicts should not be able to claim benefits unconditionally."

That is our position, so I would be grateful if the Secretary of State apologised for misrepresenting it.

James Purnell: Unfortunately, on 7 December the right hon. Lady's predecessor said that he did not think that those measures would actually work. He did not know what his policy was and the right hon. Lady obviously does not. I am glad that she is going to change the position again. Two U-turns in one debate: we are getting somewhere, which we were not under her predecessor.

John Mann (Bassetlaw) (Lab): The Secretary of State is trying for the first time to define in legislation drug addiction, which the Home Office has never attempted to do, and drug treatment, which the Department of Health has never attempted to define in British legislation

[John Mann]

before. As with many first drafts, will my right hon. Friend give close consideration to the detail of schedule 3, and perhaps tear it up and write it again in a coherent way?

James Purnell: If my hon. Friend has some suggestions, we will be happy to look at them. We have met a few times to discuss this matter, but it is obvious from the second part of his question that we have not gone as far as he would like. He has great expertise in this area.

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): Will the Secretary of State clarify whether the Bill takes account of individuals who are addicted to tranquillisers and prescription drugs? An estimated 1.5 million people have been on these agents for many years; I know one individual who has been on them for 45 years. Surely it would be cost-effective for the Government to look into helping to get these people into work.

James Purnell: I know that my hon. Friend is talking to the Department of Health about this matter. This particular provision focuses on the drugs that cause the greatest amount of crime in the system—crack cocaine and opiates—so my hon. Friend's point is not an issue in this Bill. I know that he has pursued it elsewhere.

Lynne Jones *rose—*

James Purnell: I have given way many times.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP) *rose—*

James Purnell: Perhaps the hon. Gentleman would like to tell us whether the Scottish Government are going to support this policy to help people get treatment, thus reversing his party's policy as well.

Mr. MacNeil: I wanted to help the right hon. Gentleman in a genuine feeling of mutual help and advancement rather than party political knockabout. I am aware of work going on with drug addicts in the city of Zurich and wondered whether the right hon. Gentleman has learned anything from it. If so, could he share what he has learned with the House?

James Purnell: I can tell the hon. Gentleman that we have certainly not learned from the Scottish Government, whose policy is one of opposition on ethical grounds. Our ethical position is that money should not be going from the taxpayer into the pockets of drug dealers, but should be used to help people to get better.

John Mason (Glasgow, East) (SNP) *rose—*

James Purnell: Perhaps we have yet another U-turn coming up.

John Mason: Does the Secretary of State accept that the Scottish Government have, in fact, been at the forefront of dealing with drugs, and that we believe, and the Scottish Government believe, that whether people receive treatment should be based on medical need rather than on whether they are on benefits?

James Purnell: No, I do not accept that. People have to wait for a year to receive treatment because the Scottish Government will not invest enough money, and they oppose these proposals. I hope that members of the Scottish National party will support them tonight. It appears that, as always, they are sitting on the fence. However, I think that they should learn from what is working down south, and ensure that they do support proposals to reduce the amount of drug dependency throughout the United Kingdom.

This is about a welfare state that is active. This is about a welfare state that changes lives. This is about a party that is serious about welfare reform, and about one that wants to posture and is not serious. I hope that we shall see a third U-turn from the right hon. Member for Maidenhead.

5.20 pm

Mrs. Theresa May (Maidenhead) (Con): I thank the Secretary of State for his welcome. I do indeed look forward to debating with him over the coming months, and I hope we can work together to find practical and sustainable solutions to some of the difficult issues that face us today. I particularly hope that we shall be able to agree on policies that will make a real difference to people's lives, especially as those people struggle to come to terms with the impact of recession.

The Secretary of State may remember that I have shadowed the employment brief in the past. I am delighted to return to it, particularly as at that time, too, I was dealing with welfare reform. It has taken the Government some time to get here, but I welcome their conversion to the need for reform of our welfare system.

Before I comment specifically on the Bill, let me pay tribute to my hon. Friend the Member for Epsom and Ewell (Chris Grayling). When he shadowed this brief, his work was radical and daring. Not only has that work informed Conservative policy, but it can be traced to the Bill. I am grateful to my hon. Friend for developing such a strong foundation of work that not only can we build on it further, but the Government have clearly taken it on board as well. Certainly a change of personnel does not mean, in any sense, a change of direction or commitment.

I recall that on 21 July last year, the Secretary of State said to my hon. Friend the Member for Epsom and Ewell:

> "If something is the right thing to do for the country, that is exactly what we should do."—[*Official Report*, 21 July 2008; Vol. 479, c. 533.]

On welfare reform, we will help the Government to achieve what we believe is right for the country—possibly, I suspect, in the face of opposition from some Members on the Secretary of State's own Benches. We believe that welfare reform is right for the country, and also right for people who find themselves out of work and relying on support from the state.

We know that in Britain today nearly 5 million people are claiming out-of-work benefits, almost 2 million of whom have been claiming for five years or more. As we saw from the unemployment figures last week, that overall number is now rising quickly, and unemployment is at its highest level since 1997. But, of course, behind the numbers the human story is even starker. There are families in which generational worklessness is the norm.

There are people who live their whole lives dependent on handouts from the state, and for whom benefit income is the only kind of income that they will ever experience. Work is not just a way of bringing in money; it is about giving people dignity and purpose, and it is also the best route out of poverty.

As I have said, the Government are right to tackle this issue. Indeed, I thank them for the compliment that they paid us in drafting the Bill. It is refreshing to see so many of our own ideas being enacted. It will therefore come as no surprise to the Government when I say that we broadly welcome the direction that they are taking, and will support the Bill today. There are areas of concern which I want to raise with the Secretary of State, but first I wish to dwell on another issue, which no doubt the Secretary of State has had to face down and to which, indeed, he referred in his speech: the whole question of whether the Government are right to tackle welfare reform now, during a time of recession.

I believe that it is right to press on with reforms. They have been needed for over a decade, and the Secretary of State's predecessors in the role have failed, often at the first hurdle. I am delighted to observe that the Secretary of State is not so faint of heart. His determination is, I believe, even more necessary now than it has been in the past 12 years of Labour government, precisely because we are experiencing an economic downturn.

In view of the figures published last week showing that the number of unemployed has now hit 1.92 million—not including, of course, the redundancies announced in December and so far this month—providing better-targeted support for the unemployed is particularly necessary. There is a separate argument to be had about what Government should be doing to encourage the creation of more jobs and to protect those that remain, but that is not for our debate today. Today we welcome the Government's commitment to welfare reform, and, while regretting their failure to act earlier, recognise that given the greater number of people who will be relying on the welfare state in the months to come, improving and strengthening it are urgent tasks.

There are some parts of the Bill that we welcome wholesale—for example, the measures on the right for disabled people to control the provision of services. The Government's own evidence from previous pilots of individual budgets shows that they give people more control over the care that they receive and lead to better outcomes. The Government need to ensure that this is made a real priority so that the many disabled people who could benefit from more personalised services are not made to wait any longer.

However, there are other areas where I am disappointed that the Government have not gone as far as is needed with the reform of the welfare system. The right hon. Gentleman may like to be seen as progressive and determined. I fear he may be a lonely, dissenting voice among the ranks amassed on the Labour Benches. Perhaps that is why his rhetoric is stronger than his Government's actions. Nowhere is that more clear than in the lack of support these reforms are offering to people on incapacity benefit to return to work.

When the Secretary of State published the Government's White Paper in December, he declared it was based on

"a simple idea that no one should be left behind, that virtually everyone should be required to take up the support that we know works."

If only that were the case with the Government's approach to existing incapacity benefit claimants, because all 2.6 million of them will be left behind by these proposals.

What is the Government's radical plan to help these people back into work? It is an interview in the jobcentre. That is all the support that the Government will offer to the 1.2 million incapacity benefit claimants who are over 50. The other 1.4 million IB claimants will get three interviews at the jobcentre. The right hon. Gentleman's idea of support may be different from mine, but a plan to offer people who have been out of work for some years—decades, for some—an interview at a jobcentre is not radical or fair. It is no use saying that support will be available on a voluntary basis because, as the Secretary of State himself said, the take-up of voluntary schemes is very limited. The Government have admitted that only 5 per cent. of people on incapacity benefit take up such support already.

James Purnell: Just to clarify, that is not the proposal. The proposal is that the Freud pilots will apply to 20 per cent. of people on incapacity benefit. The proposals we are bringing forward for pilots with people who are new claimants will apply to 20 per cent. Everybody else will get at least the three interviews if they are under 50 and they can do more if they want to. That compares with the situation under her Government, where they got nothing. If the right hon. Lady says that there should be more, she needs to say where the extra money would come from, given that she is committed to cutting nearly £2 billion. There will be less support under her party, not more.

Mrs. May: I suggest that the Secretary of State actually looks at the publications to which he has put his name. Page 96 of the White Paper says that

"most existing claimants over the age of 50 will be offered a single Work Focused Interview."

That means that those 1.2 million people on incapacity benefit aged over 50 are effectively being written off.

James Purnell: The right hon. Lady is wrong. Twenty per cent. of the stock will be getting the Freud pilots. When we roll that out, it will apply to the whole stock of people on incapacity benefit. They got nothing under her Government. It is only this Government who are bringing in support for people. She is simply wrong.

Mrs. May: The Secretary of State has just hinted at precisely why he is not able now to offer the greater support that those 1.2 million people over 50 on incapacity benefit need. The reason is that the Government are being too timid in another area of reform, which is the issue of funding for the additional back to work places that will be needed following the assessments of those on incapacity benefit. By not fully implementing the changes to the Treasury rules to allow money saved in, and here we get into the jargon, the annually managed expenditure budget to be spent on the departmental expenditure limit budget—the so-called DEL-AME switch; put simply, it means taking the savings from taking people off benefits and into work and enabling them to be used to provide the programmes that support that process—the Government have limited what they can do on welfare reform. They have limited themselves to pilot projects in five areas without any chance of expansion until 2013. There is where the problem lies with what the Secretary of State is proposing.

Miss Begg: I would accept what the right hon. Lady says if this were the first piece of welfare reform legislation that the Government had introduced, but it is not. It is building on existing provision such as pathways to work and other things that have made sure that people have come off incapacity benefit already and gone into work. Those are still operating in my area and throughout the country. This is not year zero; the Bill builds on what already exists.

Mrs. May: I thank the hon. Lady for her intervention. All I would say in response is that 2.6 million people are still on incapacity benefit, 70 per cent. of whom started their claims under this Government. I refer her to the blog posted by her party colleague the hon. Member for Glasgow, South (Mr. Harris), who says:

"The scandal of incapacity benefit (IB) claim levels is one for which the government should take its share of the blame; IB culture has led not only to a huge expense on the public purse but also, more importantly, to an unacceptable waste of human talent and resource, and contributed significantly to the growth of the underclass."

Let me move on to another area of concern. After so many years in which the Government have failed to produce welfare reform, many of their proposals remain unclear, unfinished and undecided. One example of that is the social fund. In November, the Government published a consultation on the social fund in which they proposed charging interest rates of up to 27 per cent. on loans to some of society's most vulnerable households. Unsurprisingly, these plans caused outcry, and the Government quickly backtracked, yet the Bill includes plans to press ahead with these reforms as set out in the consultation. Ministers have been saying that they have no intention of charging interest on these loans, but if that really is the case, why on earth does it not say so in the Bill? This Bill leaves open the possibility that external providers will be able to charge interest on social fund loans.

Mr. Frank Field: Leaving aside for the moment the interest rate question—although I should say that some of my constituents who deal with backstreet moneylenders would willingly settle for 27 per cent., given what they are currently asked to pay—is there not something of real significance in the Government's idea that we should move away from the ration-book, centrally decided issuing of loans or grants to a system that is much more community based? Is that not something that the right hon. Lady's leader, the right hon. Member for Witney (Mr. Cameron), greatly supports?

Mrs. May: The right hon. Gentleman is, I think, referring obliquely to credit unions, which do a very good job in certain parts of the country. I support the concept of credit unions, as they play an important role. For those on low incomes, there is a role for properly community-based loans at low rates of interest, but we are talking here about loans that will be available under the social fund, and as the right hon. Gentleman knows, some people are not in a position to pay them back at interest rates of up to 27 per cent. The Government must think very carefully before they allow external providers to charge such rates to some of the most vulnerable people in our country and to those who find themselves in the greatest financial difficulty. The issue is not simply that under the Government's proposals it will be possible for such interest rates to be charged on these loans, but that the Secretary of State is seeking powers to remove social fund provision from areas where external provider loans are available. So in some parts of the country, people will be able to get social fund loans only from these external providers.

The Secretary of State may not want to listen to what I have to say on this issue, but perhaps he will listen to some of the groups that work with some of our most vulnerable families every day. Gingerbread has said:

"We are concerned that Government is moving ahead with legislation on the future of the Social Fund without having set out the consequences or even intentions of such legislation."

The Child Poverty Action Group has described the consultation as "hasty and botched" and Barnardo's has expressed concern that these proposals will lead to a "postcode lottery" for claimants, with those covered by external providers having to pay interest on their loans.

James Purnell: It is impossible to charge interest under this Bill. That would require further primary legislation.

Mrs. May: First, the consultation paper makes it absolutely clear:

"To fund the cost of these extra services, we are proposing that the credit offered under these arrangements could attract an interest charge of 1-2% per month".

I also say to the Secretary of State that I have read the Bill. It does not say that interest cannot be charged; what it says is that the Secretary of State will bring forward regulations on the terms and conditions under which these loans can be made available. I shall come on to the further point about the sorts of regulations the Secretary of State will make under the Bill, but why did he put those words in his consultation paper if he does not believe that interest should be charged by external providers on these loans, and why has he not expressly put that in the Bill?

James Purnell: Because what the right hon. Lady describes is legally impossible, and I hope that she will not repeat her mistake.

Mrs. May: If the Secretary of State thought it was legally impossible, why has he admitted that there is a possibility that interest will be charged on these loans by putting it in his consultation paper? There will be further discussion on this issue when the Bill reaches Committee, but our position is clear: we believe that the Government should not be creating a two-tier approach to these social fund loans and he should not potentially be charging such rates of interest to some of the poorest people in society, who need access to the money.

Another area of concern for many people—this was raised by one of the Secretary of State's Labour colleagues a little earlier—is the Government's planned changes for lone parents. Our green paper published last year proposed that lone parents should be transferred to jobseeker's allowance and required to seek work actively once their youngest child turns seven. The Government initially agreed with us, but their proposals now go further. *[Interruption.]* The Secretary of State puts up his hands and says "Five", but when we published our green paper we said seven—he could go back and check

that. The Government would now demand that parents with younger children engage in what is described as "work-related activity".

We will want to probe the Government on exactly what they mean by that. How much of a commitment in both time and activity will they demand from lone parents with very young children? The Government say that the activity plans will be drawn up in partnership with lone parents, yet they want the power to direct them to do activities to which they have not agreed under that partnership. How will child care be provided? In many areas up and down the country good-quality, affordable child care is not available to these parents.

The Secretary of State says that he wants to introduce new conditions for lone parents who have children aged three to six, but I fear that he may go even further—down to lone parents with children as young as one. As he told *The Times* last year:

"I wouldn't rule out going down to one".

Crucially, what sort of sanctions do the Government intend to impose on lone parents who do not comply? If the sanctions are to be financial, I would remind the Secretary of State that these families are often among the poorest in society. If the penalties are to be paid in time, I would ask how the child care will be provided and funded. Understandably, clarification of the detail behind this proposal is needed. Although my party and I agree that parents should be supported to get back into the workplace, it is crucial that parents of very young children are given the freedom and support to determine how they manage that choice.

Another issue on which we will be seeking clarity from the Government in Committee—the Secretary of State referred to this matter earlier—is that of sanctions against absent parents who are not paying their child maintenance. The sanctions are to be in the form of taking away passports and driving licences. He and his Ministers have been keen to use this provision as a media hook, but, as I said, it was a Minister in the House of Lords who on the Report stage of the Child Maintenance and Other Payments Bill agreed that the power should remain with the courts. All parents have a responsibility to support their children, no matter what their family circumstances. Although I welcome measures to aid that, I shall seek more detail from the Government on how this provision would work in practice, particularly as regards an effective and efficient appeals system.

Mr. Russell Brown: This is a vital part of the Bill, and if I manage to catch Mr. Deputy Speaker's eye later, I hope to pass comment on it. Does the right hon. Lady support the removal of someone's driving licence and passport, especially in cases where the non-resident parent appears to be living way beyond their means?

Mrs. May: The power already exists, and the answer is yes. I am looking at the sort of provisions that the Government are proposing in the Bill, and there are two ways those could go. The Bill contains a lot of caveats—for example, licences will not be removed from people who need theirs for work because, obviously, if they are not able to get into work, they will not be able to earn the money to pay the child maintenance. So there is a question as to how many people this would actually affect. It is also important for there to be an appeals mechanism, and there are other issues to be addressed—for example, the level at which an officer in the child maintenance organisation would be able to determine that this provision should be used.

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): So you support it?

Mrs. May: If the hon. Lady looks at the *Hansard* record, she will see that I said yes. But what I have said clearly is that this involves many detailed issues and we want to look at them to ensure that the arrangements that the Government propose are ones that we believe meet the requirements of natural justice and, more crucially, are workable, so that this becomes not only a headline-grabbing opportunity for Ministers, but something that will benefit parents who are desperately in need of those maintenance payments.

Mr. Davidson: Following the comments about accountants being generally a bad lot, does the right hon. Lady agree that the activities of some accountants who clearly assist men, in particular, to skew their financial affairs in a way that allows them to avoid their responsibilities should be examined? It should also be policed by the appropriate professional associations, which appear only too willing to condone that sort of behaviour, through their inactivity.

Mrs. May: In common with all hon. Members, I see cases in my constituency of parents, usually mothers, who are desperate because they believe that the other parent is living the life of Riley while they are not getting child maintenance. However, the whole issue of ensuring the proper payment of child maintenance is one with which the last Conservative Government and this Government have wrestled for many years.

All the issues that I have mentioned give rise to another general concern about the Bill, which is the extent to which it relies on future regulations to put its intentions into practice. Mencap has said that it is

"deeply concerned that some of the most crucial aspects of the Government's welfare reform agenda will, under this Bill, be brought into legislation by regulations which have not yet been written nor debated by Parliament, rather than primary legislation. The Bill refers to regulations 387 times in its 114 pages—more than three times per page. We are very concerned that there will be no opportunity for adequate scrutiny of these major changes to the benefit system."

Mind shares that concern, and says:

"it is difficult to welcome without reservation a Bill which leaves many of the details of the proposed reforms to be set out in as yet unpublished regulations."

I hope that when the Minister winds up he will be able to give the House a categoric assurance that draft regulations on at least the key proposals in the Bill will be available for scrutiny and debate in Committee. I also hope that as the Bill makes its way through this House and the other place Ministers will keep an open mind about some of these concerns.

John Robertson: The right hon. Lady appears to have bypassed the issue of mental health and employment retention. It is an important part of the Bill and I would like to know what her party's policies on that issue are.

Mrs. May: I know that the hon. Gentleman has tried to introduce legislation on that issue, although it turned out that what he was trying to achieve had been covered in the Disability Discrimination Act. However, I accept that there are often issues about implementation of the requirements in statute. As I said, we believe that much can be done to help the many disabled people who want to work to enter the workplace, and—through the payments over which they have control—to have much more control over their lives and decide which services will help them best.

The Government have promised many times that they would finally reform welfare, but every time they have made that promise, they have failed, because too many Labour Members believe that to support welfare reform is not progressive. However, there is nothing progressive about just handing out cash for being out of work. Real progressives—like the Secretary of State and me—know that we need to reform welfare so that we can help people to help themselves. That is why we Conservatives support this Bill. As it passes through Parliament, the Secretary of State will come under great pressure from many of his colleagues to backtrack. In those circumstances, we will support him if he stands firm, but I shall certainly be watching over his shoulder to ensure that he does so. If he does not, hon. Members can rest assured that he and his colleagues will be replaced by a Conservative Government who will be utterly determined to introduce real welfare reform and to get Britain working.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I must remind the House that Mr. Speaker has placed a 10-minute limit on Back-Bench speeches, which operates from now.

5.45 pm

Mr. Terry Rooney (Bradford, North) (Lab): May I join in welcoming the new shadow Secretary of State to her position? She has certainly increased the comedy element, and I hope that she spends many years in that position. I also welcome the return of the eternal hon. Member for Northavon (Steve Webb), who has spent a long time dealing with this issue.

I welcome the broad thrust of the Bill and the proposals in it, not least because most of the ideas were originally suggested by the Select Committee on Work and Pensions—at least, all the good ones were. In the limited time available, I want to pick first on the issue of simplification. I know that the Secretary of State is wedded to the idea of simplification—simplifying the benefits system has been the holy grail for the past 60 years—but I caution him to go slowly and carefully along that route and to bear in mind that a consequence of simplification is the diminution of the rights and benefits of women. There are very serious issues to do with that.

In recent years, the amount of money lost to fraud has plummeted, but the amount lost to error has stayed more or less the same, as a consequence of some of the complexity in the system. The Secretary of State knows that I am a good friend of his—I do not like falling out with him—but I do not think that removing a benefit and then having three different categories of benefit to cope with that removal is a process of simplification. That is a problem. Sadly, people's lives do not fit into neat boxes. When we are considering simplification or reform, we should understand that creating three categories of jobseeker's allowance to cover such a change is part of the issue of continued non-simplification. I think that everybody would welcome any progress, but the Secretary of State needs to take a cautious route and to be aware of the consequences of such changes.

Despite the valiant but unfounded efforts of the right hon. Member for Maidenhead (Mrs. May) to state otherwise, there has been significant welfare reform over the past 10 years. We now have an extremely active welfare system instead of the extremely passive system that existed in the past. Many of the provisions in the Bill for an active welfare state should be welcomed, but they are heavily dependent on two things: resources and extremely good personal advisers.

I know that the Secretary of State has recently been very successful in getting additional resources despite the economic situation, but there is a danger that the psychology of asking why we should do that when there are no jobs takes over. We have heard some of that today, but the idea that there are no jobs is a myth in itself. Apart from anything else, about 800,000 people retire every year, which means that jobs automatically become available. The churn every month is in excess of 200,000. There are still lots of jobs and job opportunities out there, and even if somebody cannot get a job today it is right and proper that the state should prepare them to get a job tomorrow, next month or in three months' time. It should not wait until the jobs are allegedly available.

John Mason: The hon. Gentleman says that plenty of jobs are available, but does he accept that many people have come out of Woolworths, for example, who are highly trained and experienced, and who will immediately jump to the front of the queue, which means that people at the back of the queue are driven further away from a job?

Mr. Rooney: The retail trade in general has a 25 per cent. turnover in staff. In the big four supermarkets, the rate is nearer 40 per cent. The job churn in the retail trade is phenomenal.

John Mason *indicated dissent.*

Mr. Rooney: I am sorry, but the figures speak for themselves. There are job opportunities in the retail sector almost all the time, but my argument is that it does not give people careers. Employers want people who are fodder to take money on the tills, but they do not train them for a career in retail. The turnover every year is huge.

It is true that a person who was working yesterday will have more chance of getting a job tomorrow than a person who has been out of work for two years, but that is precisely why so many of the proposals in the Bill are about assisting people and helping them to develop their skills background and CV experience. The aim is to make people more employable.

The alternative is to do nothing, and we have seen in the past what happens when Governments do nothing. Sadly, the Government of the 1980s did not do nothing: they cut benefits and the state earnings-related pension scheme, and they froze child benefit for three years. The 1988 changes to income support took away the long-term rate for lone parents, so it is clear that that Government reduced people's income. In the recession of the 1990s, the wages councils were abolished, with the result that wage levels were reduced and poverty increased. Not one job opportunity resulted from that, but if hon. Members from Scotland are happy to go back to that situation, they should do so.

Mr. Russell Brown: No, we *are* not going back.

Mr. Rooney: I did not think that any Labour Member would want to go back, but I thought someone on the Opposition Benches might. We *are* not going back to those days.

I come now to the problem of job retention, which one or two hon. Members have mentioned already. Part of any welfare strategy must be to do as much as possible to keep people in work. Two issues need to be considered in that regard, and the first is the possible introduction of a form of wages subsidy scheme. The one used in the 1980s was not entirely successful, but with some fine tuning it has the potential to keep people in work and thus prevent them from entering the benefits system.

The second issue has to do with the widespread concern about the efficiency of statutory sick pay. Far too many people with disabilities or mental health problems who are dumped out of work receive statutory sick pay for 28 weeks and then join the benefits system. By that time, it is almost too late for them to do anything about getting another job. We need to look at the employer's responsibility to those people, and consider reforming SSP so that it is not a totally inactive benefit. Much more responsibility should be placed on employers. Around 40 per cent. of all new incapacity benefit claims are made by people who left work with mental health problems. We need to reverse that trend.

John Robertson: I am listening to what my hon. Friend is saying, but does he agree that there should be a one-stop shop in Jobcentre Plus? Employers could go there for help, while people with disabilities or mental health problems would be able to find the one person who is the expert and who could point them in the right direction.

Mr. Rooney: I am sympathetic to what my hon. Friend says, although I suspect that it would be difficult to find one person with enough knowledge of these matters to be an expert. What we need is much better signposting for people, and a much better exposition of their rights and means of redress. The benefits system still has many barriers that hinder people's return to work. Instead of being an inducement to people to try out work, the 51 different income disregards are often an impediment.

There is an interesting debate to be had about mini-jobs—for instance, lone parents are not allowed to work between four and 16 hours a week. Although we must be cognisant of the danger that people will merely get a series of mini-jobs and not engage with the welfare system, flexibility must be the key word for personal advisers. If a mini-job is going to help someone move to more permanent employment, it must be allowed. After all, tools such as mini-jobs, disregards and access to education and training will all be used by private providers.

The benefits system does not allow much in the way of education and training. Why should people be able to access things that will help them to get employment after 12 months out of work, but not in the first six to nine months? We need to rethink where the rules and regulations came from. Many have been in existence for 30 or 40 years, and are no longer relevant to today's labour market and work force. Perhaps we should set some of them aside, or at least give personal advisers more flexibility to support people in doing educational or training courses that will make them more employable.

Two years ago, the Department for Work and Pensions contracted for 40,000 places on courses teaching English as a second language, but only 15,000 were taken up. Employment among certain ethnic minorities is far too low, but although many people say that the barrier is the English language, why are they not taking up the courses on offer? Is it a failure by the Department or by the individuals involved? The Government provided the funding and secured the places, yet 60 per cent. have not been used, so there is clearly a problem.

It is becoming more and more crucial as the recession develops that people get a skills audit and that any skills deficit is made up. In my Jobcentre Plus area, there are almost exactly the same number of jobs to be filled as there are jobseeker's allowance claimants, but there is a significant difference between the skills of people on the claimant count and the skills needed in the available employment.

The more we join the Leitch agenda with the welfare reform agenda, in the spirit of joined-up government, the more we will remove some of the silly barriers that exist between the learning and skills councils, the regional development agencies and the colleges. By making them work for people, and not for themselves as providers, we will improve our chance to give people the tools and skills that they need to get back into work.

I know that time is short, so I shall conclude by saying that we must press whoever in the Treasury is in charge of the child care tax credit review to publish it. Sadly, it has been a significant failure, with only a third of people entitled to child care tax credit actually taking it up. We know that, for many people, child care is the key to getting employment, so if it is a policy failure, let us change the policy so that it helps rather than impedes people.

As I said at the start of my speech, I support the general thrust of the Bill. We must work on the basis that people who lose their jobs will suffer only a temporary loss. We must get them back into work as fast as possible, but it is also important, especially for people with mental illness, that we continue to support them after they get back to work, because we must make sure that people stay in their jobs.

5.57 pm

Steve Webb (Northavon) (LD): It is a pleasure to follow the Chairman of the Work and Pensions Committee, who made a characteristically well-informed critique of the Bill. It is nearly four years since I last shadowed this Department. I seem to recall that at that time, a Secretary of State had just published welfare reform proposals that were the boldest since Beveridge—or since the ones that came immediately before; I cannot remember which. That Secretary of State had just promised a crackdown on dads who would not pay child maintenance, so today seems like déjà vu.

I thank the Secretary of State for his earlier welcome. He and I go back a long way in this field. He will recall that his predecessor but seven, new Labour's first Secretary of State in this area, was the present Leader of the House. Introducing the Bill that became the Social Security Act 1998, she said that she wanted to

"develop a modern, integrated system that is simpler, streamlined and more efficient." [*Official Report*, 22 July 1997; Vol. 298, c. 784.]

That Act did not quite achieve that aim, so when the present Chancellor introduced the Bill that became the Child Support, Pensions and Social Security Act 2000, he said that it was a "radical package of measures" that would be

"fair to those who meet their responsibilities...but...tougher on those who are not prepared to face up to their responsibilities." [*Official Report*, 11 January 2000; Vol. 342, c. 164.]

However, the proposals were clearly not tough enough, so when the present Defence Secretary introduced the Bill that became the Welfare Reform Act 2007, he said that it

"set a new direction of travel for the welfare system."

He added that it was a

"major shift from...established orthodoxy". [*Official Report*, 24 July 2006; Vol. 449, c. 616.]

Inevitably, the 2007 Act was tougher in some places and tenderer in others.

So here we are again. Earlier, I thought of intervening on the Secretary of State to ask whether he thought that welfare reform was in a state of permanent revolution, or whether this Bill showed that the Government had arrived at the right balance between rights and responsibilities. Alternatively, if he stays in his post, does he envisage another Welfare Reform Bill being introduced in the next Parliament, and yet another in the one after that? One is tempted to think that a Government who keep on reforming things and then coming back and reforming them again may not have got their approach right. I wonder whether the Secretary of State thinks that the Bill is the end, or the final leg, of the journey, or whether the attitude is, "We'll have another go next year, and the year after." Welfare reform Bills are not quite as frequent as Home Office justice Bills, which fail every year; welfare reform Bills are about three years apart. It would be interesting to know whether he thinks that the journey is broadly over.

Mrs. Anne McGuire (Stirling) (Lab): I am reluctant to intervene on the hon. Gentleman, given his expertise on the subject, but does he not agree, with his undoubted knowledge of the issues, that it would have been faintly ludicrous to reform something as complex as the British benefit system in one fell swoop?

Steve Webb: The hon. Lady is very gracious. What I am really saying is that I do not sense that there is a strategic road map, and incremental moves towards a carefully honed goal. It is more a case of a series of botched reform attempts that have come unstuck. The rhetoric has been the same all the way through, but it has been applied to half a dozen different policies. Even now, we are introducing great complexity into the system. What the Government call simplification means cutting the money for carers, maternity benefits and so on; that is what they mean by simplification. As the Chairman of the Work and Pensions Committee said, we are introducing employment benefits with multiple rates and multiple sets of eligibility criteria. As Citizens Advice has said, there will be a real chance of genuine official error and claimant error. Complexity has bedevilled the whole subject. What people really need to know is simply and straightforwardly where they stand.

Mr. Duncan Smith: The hon. Gentleman will know that I was on the Front Bench when he held one of his earlier Front-Bench positions. Does he not accept that one of the biggest problems in the past 10 years has been one particular person? People have produced what might be called comprehensive reform packages, but they were thrown out because the then Chancellor, now the Prime Minister, was intent on a very narrow form of change that made things intensely complex. That change narrowly targeted groups of people, which caused the whole system to shunt around. Now we are faced with another reform package, but the Prime Minister will not allow real benefit reform, which would change everything, to take place.

Steve Webb: Indeed, we have suffered from the curse of incrementalism. Earlier, a Minister was at the Dispatch Box talking about support for industry. He said something like, "We've had so many initiatives; we ought to get round to telling people what they are." One gets that feeling with a lot of employment-related programmes. I was taken back when the Secretary of State spoke about complete maintenance disregards for child maintenance—something that I very much support. He must have been reading my maiden speech in this House, in which I called for that very thing. It has been a long time coming—11 years—but it is very welcome.

I want to give a somewhat philosophical perspective on the debate, because as the Child Poverty Action Group put it, the Bill is not so much skeletal as invertebrate. It is not entirely clear what powers the Government are giving themselves. What with the 384 regulations, I sense that we will have years' worth of statutory instruments, and many happy hours upstairs on the Committee corridor. I wanted to try to take a strategic approach to the Bill.

To start on an issue on which we can make common cause, I agree with the Secretary of State about the clauses to do with empowering disabled people and giving them control over individual budgets. Broadly, I very much agree with that. We also support the language that he used in speaking of enablers, not carers; we support that change in the power relationship. There is

just one concern that I want to register with him on that. Individual budgets cannot buy collective provision in quite the same way as collective budgets. For example, if a group of people are being provided for in a residential setting, and provision is made for them all en masse, it may not be tailored and personalised, but it is an awful lot cheaper than one person buying a package for themselves.

To give a simple example, there is a day centre in my constituency, and when I visited it, an outside person came to entertain, or give a talk to, 20 people, and it was economic to do that. When individuals have their own budgets, they cannot buy that shared provision in the same way. The danger is that what they can buy is less varied and of lower quality. I ask the Secretary of State to look at whether we lose something when individuals are solely in charge of individual budgets, and if we do, to consider how it might be replaced.

Miss Begg: A Liberal council in Aberdeen closed such a centre. If people had been given their individual budgets, they would have bought what that centre provided. The council in Aberdeen did not give them that opportunity.

Steve Webb: Obviously, I do not know what happened in Aberdeen, so I cannot comment, but my point would apply in the case that the hon. Member cites. It simply would not happen that the dozen or so individuals would co-ordinate everything carefully and organise something collectively. It is 10 times more difficult to do things that way. That is what I worry will be lost if we go down that avenue.

I have set out where we agree, but we Liberals are in profound disagreement with the Bill on the coercive power of the state and the extent to which it is to be used. I want to apply my point specifically to the provisions relating to people with drug problems. The Secretary of State envisages that people on benefits with a drug problem will be, shall we say, encouraged to go down certain paths—to have treatment and rehabilitation. I am sure that none of us would have any problem with that, but at the end of the line, if the person will not do what is proposed, the Government will take their money from them. The question is: what does the Secretary of State think that somebody with a drug addiction does when we take their money from them? What is the consequence?

The issue of what happens after the sanctions are applied was missing from the right hon. Gentleman's entire speech. Of course we do not want to get to that point, but we absolutely, certainly will get to that point, particularly with the group of people that we are talking about. What happens next? We never get the answer to that question from the Government. What happens to a lone parent who is sanctioned and goes off benefit? They go off the welfare roll, so that is a tick in a box, but what happens to the mother and child? What happens to the person with a drug addiction who ends up off benefit?

John Mason: That issue is of particular concern to me, especially because of the children. What happens to the children? Do they suffer, and how does that tie in with child poverty?

Steve Webb: The hon. Gentleman raises an important point. In my previous incarnations, when I have asked Departments about sanctions, they have said, "You don't have to worry—we apply the sanction to the adult bit of the benefit only," as if the household pot is ring-fenced. It is as if they assume that the children's bit will go on being spent at the same rate, and the adult will not touch it. That is nonsense. Not only will the benefit claimant suffer, but so will the children. Our concern is not about the idea that we should encourage and stand alongside people, engage with them early and give them quality choices that have all too often been lacking. Our fundamental point of concern is the heavy-handed, stick approach, particularly when it is taken early in the process.

Nigel Griffiths (Edinburgh, South) (Lab): What the hon. Gentleman fails to see is that there are 100,000 drug addicts who are not on any programmes. Many of them have children. There is no compulsion on them. Their lives are often chaotic, and there is no order that requires them to take responsibility. One of the reasons why people in Edinburgh who work in the field—I will name them if I catch Mr. Deputy Speaker's eye—support the measure, as do I, is that if there is a degree of compulsion, there is a chance that the drug addicts will get into parenting and other schemes. However, frankly, if their No. 1 priority is not keeping a roof over their children's heads and giving their children a decent upbringing, their children would be better off in the hands of those who care more about them.

Steve Webb: These are profound issues that raise questions to do with drugs policy and other areas of policy. We have to ask ourselves why so many people are in that position in the first place, and whether coercion from the Department for Work and Pensions will get them on to programmes. How far have we tried supportive and effective medical intervention and the intervention of social services? If such programmes were resourced properly, we would not have the massive problem that the hon. Gentleman describes. The idea proposed is that we pick people up at the end, when it has all gone horribly wrong, and threaten to take their money away if they do not accept treatment. He described such people's lives as chaotic. Someone who is chaotic might say, "I've got to go on a rehabilitation course" and fail to turn up three times out of four, because they are chaotic. The Secretary of State would then come along and say, "You haven't attended your course; we're taking your money away from you." How does that help the situation?

James Purnell: Surely it is right to break the cycle, so that people take up treatment. We are asking people to come up with an action plan to do that, and to make their best efforts towards it. We recognise that coming off drugs is difficult, but it is right to say to people that in return for that support, they should get treatment. Many experts on the subject support that. Is the hon. Gentleman saying that he opposes the policy? I would be very surprised if he genuinely thought that it was right to do so.

Steve Webb: I have grave reservations about the policy, and about the people who will implement it. The Bill assumes a person who is drug-dependent, as though

[Steve Webb]

that is a neatly defined category. Who will determine who is drug-dependent and falls within the scope of the relevant clause? Presumably they will be Jobcentre Plus staff, who, with the best will in the world, will not necessarily have the relevant specialist knowledge. Presumably such staff will have to be in every single jobcentre. Who will categorise someone as drug-dependent? Where will they get the skills to do so? Will they categorise someone on the basis of one interview, a conversation or rumours from the neighbours? How will all that work?

Sandra Gidley (Romsey) (LD): Is there not a wider problem? Two thirds of employers would not employ somebody with a known drug problem, so somebody considering going along to Jobcentre Plus and admitting a problem may be trying to get help—it is not easy, and the success rate is not good—but may be deterred because that is not kept confidential. The fact that they have been on a programme will be a matter of record. How can we reassure people that a future employer will not be put off by something that they have been encouraged to do by the Government?

Steve Webb: My hon. Friend makes an important point—one of many issues concerning people's civil liberties, right to privacy and right to decline treatment that they do not think is in their best interest. Those are profound matters. I have a feeling that the DWP is crashing around, with potentially disastrous consequences.

The policy towards lone parents is a classic case of departmentalitis. The Department wants to get lone parents off the benefit roll. By excluding, first, lone parents with children above 11, then above seven, and now above three or even one, the Department achieves its departmental goals, but who else has to pick up the pieces when it has done so? When a lone parent with pre-school age children is coerced into employment to tick a box to satisfy a Government Department, how do we know what impact that has on the family and on the welfare of the children? What research evidence is there on the impact on families with very young children if lone parents who would not otherwise choose to be in paid work start working? *[Interruption.]*

The Secretary of State says, "We are not doing that," but the environment envisaged by the Bill is one of coercion and conditionality. He spoke about personalised conditionality. That was the jargon phrase that he used. My party has grave concerns about pressurising lone parents with young children into paid work when they would not otherwise choose to take up paid work.

Meg Munn: I can tell the hon. Gentleman that when I visit Sure Start in parts of my constituency, there are often lone parents with young children who are looking for opportunities to do more than just care for their child, because they are looking to that child's long-term future. Where Sure Start is able to develop training and support for parents, their child is cared for, they know it is a good environment, and they gain experience and training, which can lead them into work. It is a win-win situation. That is what we should aim for.

Steve Webb: The hon. Lady made the point very well—there are lone parents who want that, who can already seek it and whom we should assist. But we are not talking about that. We are talking about coercing those who do not choose to work, with the ultimate threat of benefit sanctions. Those who want it already can seek it.

Since 1997 the Government have regarded bringing up young children as a second-class activity. It is not job search—*[Interruption.]* That is absolutely true. The first new Labour Secretary of State, the right hon. and learned Member for Camberwell and Peckham (Ms Harman), and the right hon. Member for Leicester, West (Ms Hewitt), who was Secretary of State for Trade and Industry, have admitted that new Labour got it wrong in its language on parenting.

Initially, the only thing that mattered was paid work. I thought Labour had learned that spending time bringing up a young child—as mum or dad—is an incredibly valuable thing to do. It is unacceptable that someone cannot say, with the support of society, "That's what I'm doing." I am extremely alarmed. I understand that the Secretary of State is tacking to the right on some of these issues, and this is one of them. He is missing the point about the value of parenting and the signal that society sends when it says, "As soon as your child is one year old, we are going to start checking up on you and whether you are looking for real work." That is not my policy or that of my party.

Mrs. McGuire: Does the hon. Gentleman accept, though, that in order for lone parents to have the potential to go back to work, to take up a career or to take up a job, it is important to offer them support to enable them to keep in contact with the job market and to keep their skills upgraded? At what point does he suggest that the Department for Work and Pensions or Jobcentre Plus should engage with lone parents?

Steve Webb: As I said at the start of my remarks, I have no problem with the Department engaging constructively alongside people as soon as they engage with the system, but not in a coercive way. That is the distinction. What is backing the Government's policy is threats, otherwise they would not need legislation. We would not be discussing the Bill today if there were no threats, because it would not be necessary to legislate. It is about coercion, which we object to. We as Liberals support the principle that mothers and fathers make their own choices about their family arrangements, child care, work and the balance between those things. We do not believe that the state should make that decision on behalf of parents, particularly when children are young.

James Purnell: On a point of clarification, we are not coercing parents to take a job if their youngest child is under seven. Will the hon. Gentleman confirm that his first comment as shadow spokesman was to say that we should not be bringing in these reforms for lone parents because

"they will be taking the very jobs the long-term unemployed could have filled"?

That is a quote from the Press Association. That is the opposite of what we should be doing. We should help everybody get into work, not say that we will help one category and then abandon lone parents, which seems to be the hon. Gentleman's policy.

Steve Webb: I am happy to respond to that point, because it raises the question of what we do during a recession. The Secretary of State's policies are ratcheting up the coercion on sets of people who are legitimately on benefit, including lone parents and disabled people, increasing the pressure, the threats and the anxiety for that group, at a time when there is huge pressure on jobs. That is the distinction that I would make—the approach of the state. People who are legitimately in receipt of benefits should be entirely welcome to make their own choices and be supported by his Department when they make their choice. What I object to is coercion. That is the distinction between us.

We have heard about the Bill's provisions on the social fund. The Secretary of State says, "We need more legislation to charge interest," but he knows that his own consultation paper envisaged the charging of interest at credit card rates, and he has not ruled it out. He simply said that we would have to legislate further. I am happy to give way for him to say explicitly that if private providers offer these services, they will not be allowed to charge interest.

James Purnell: Yes.

Steve Webb: That is very good to have on the record. It would be interesting to know why he floated the idea in the first place. One thing that drove me into politics was the Tory Government scrapping single payments for people on benefit and replacing them with loans. The idea that a Labour Government would even float high interest rates for poor people was pretty shocking. I know that the Secretary of State said no, but why did he say yes in the first place? That is what is so worrying. It even became a policy for a weekend, until it was stamped on by an adverse press reaction. We have to make sure that that does not happen, as he says.

On child support and child maintenance, we had a bizarre exchange about driving licences and passports, as though such sanctions cannot be imposed at present. It does not happen very often, as far as I am aware, but the Government have had the power for many years to take driving licences and passports, so what is new in the Bill? Presumably the fact is that there is a bit of due process to go through and it takes a bit of time, so the Government, in characteristic new Labour fashion, want to sweep away the due process because it gets in the way and slows things down.

By and large, before the Government get to the point where they threaten a father, typically, with taking away his driving licence or passport, the Child Support Agency or the Child Maintenance Enforcement Commission have been engaging with that person for years. The idea that a few weeks, or however long due process takes, is some insurmountable barrier is absurd.

Mr. Russell Brown: We are not speaking of just a few weeks' delay. If the hon. Gentleman has had anything like the casework that I have had, he will have encountered cases where people have gone to appeal not on one occasion or twice, but three times, and won their case, but the entire process has been frustrated by the courts and solicitors who, in my view, should hang their heads in shame for leaving a mother and three or four children with nothing, because a father who may have two national insurance numbers is up to all sorts of antics. That is no way for a court in this country to behave.

Steve Webb: And whose fault is it that someone has two national insurance numbers? Which Government administer a system that allows such a thing to happen? The idea that they respond to that by curtailing appeal rights—*[Interruption.]* Will the hon. Gentleman listen to the response to the question that he asked? He said that the process is slow because of all those appeals. Is he suggesting that appeal rights get in the way? This pesky right of appeal, people's right to appeal to an independent body and challenge what has been done—I do not consider that a problem. People should have a right to legitimate appeal where they can challenge a decision.

As a constituency MP, the hon. Gentleman knows, as do I, that the CSA makes mistakes. What if the CSA wanted to take his driving licence away, because the person that he just mentioned was using his national insurance number, but he did not get his day in court because somebody in the CSA, whom he could not speak to, was able to take his driving licence away? What would he do in those circumstances? *[Interruption.]* The Minister for Pensions and the Ageing Society says that he could appeal and get the decision revoked—after however long that would take. The Government are saying that there is no reason to go through a court, that an official can take driving licences away and that people will be able to appeal, which is presumably akin to a judicial process. So what would we gain? The state would be allowed to take people's driving licences away without going through a court while allowing people to appeal to a tribunal. That would be a really big step forward.

Will the Secretary of State clarify the position in the European Union on passports? The countries that he has cited where people had their passports taken away, or where they were threatened and then began to contribute to maintenance payments, are outside the EU. Will he clarify whether withdrawing passports would threaten people's freedom of movement within the EU—I wonder whether he has got the legal position on that—or is the policy empty posturing once again, which involves sounding tough but not delivering?

We will not oppose the Bill tonight, because of the provisions on disabled people. We do not want to stand in the way of the chunk of measures that will enable and empower disabled people. The philosophy, if one can grace the measure with such a term, of coercion, as against support, and making people take up packages—if the packages were any good, people would take them up anyway—is fundamentally coercive and illiberal, and it does not command our support.

6.21 pm

Mrs. Anne McGuire (Stirling) (Lab): It is a pleasure to follow the hon. Member for Northavon (Steve Webb). His speech took me back to the philosophy lectures that I used to attend on John Stuart Mill. Today, he has given us a lesson that I can only describe as John Stuart Mill-plus.

I welcome the Welfare Reform Bill, because it is a further step in the development of a more proactive welfare state—the hon. Member for Northavon calls it coercive; I think that it is proactive—that is more personalised and more supportive of the needs of individuals. At a time when political parties are sometimes

[Mrs. Anne McGuire]

accused of converging on some issues, this Bill is a clear indication of the fundamental difference in approach between this Government and the official Opposition.

The underlying philosophy of this Labour reform is to ensure that our welfare state is responsive to the individual's needs and seeks to help them overcome some of those problems. I congratulate the right hon. Member for Maidenhead (Mrs. May) on making a speech that was full of fine and warm words, but the Opposition still see the welfare state as a problem rather than as a vehicle by which we can support people. If there is any doubt about that, we have only to look at the comments made just before Christmas by the Leader of the Opposition, when he castigated and insulted people on benefits in Britain by asking:

"How do we stop them turning into Karen Matthews?"

That attitude still prevails within the Opposition.

The Bill proposes more support in return for personal responsibility. Although some organisations have raised concerns about elements of the package, they fundamentally agree with the principle of offering more support to those who need it. Since the publication of the Green Paper last year, however, the landscape has changed, and there is an increasing chorus of concern from those who challenge the need for reform at a time of global downturn. We must accept that in times of uncertainty there are those who argue that we should hold on to what we have and not attempt to change. As my hon. Friend the Member for Bradford, North (Mr. Rooney) has indicated, however, we should not accept that view, because it was prevalent in the 1980s and 1990s, when we needed the benefits system to change, but that did not happen, which resulted in the abandonment of millions of people to a life on benefit. We are still dealing with the legacy of that approach, even in the 21st century.

Over the course of the progress of this Bill through Parliament, I hope that Ministers will take the opportunity to challenge that somewhat defeatist attitude, which would have the Government make no changes during the current downturn. I hope that they will say to those who promote that approach that they are doing unemployed people and those on other benefits absolutely no favours, if they continue to think that we cannot improve on what we have in place already by introducing the changes in the Bill.

When people are losing their jobs, surely we should not cut support. Surely it is important to invest in people and not to talk about real cuts in the DWP budget, which the Tories would make. Their idea of reform of the welfare state is now, as it has always been, about salami-slicing benefits and reducing investment in training and other support. I welcome the additional investment to ensure that people return to work as quickly as possible, particularly if they have been out of work for more than six months.

I want to raise three specific points in the short time available to me. In principle, the inclusion in the Bill of joint registration of birth is a laudable aim and one that recognises, as my right hon. Friend the Secretary of State has highlighted, the responsibility of two parents. I know that many fathers' groups, which sometimes feel that fathers are marginalised, welcome it, but I want the Minister who is winding up the debate to consider the "what if" questions. What if the mother does not want to or cannot declare who the father is, and is not in one of the excluded categories? What if she identifies a man who says that he is not the father and he refuses to take a paternity test? Who will be responsible for chasing that? Will it be the registrar or the DWP? What will happen on day 42 if there is no resolution and the deadline for registration has been reached? Will child benefit still be paid, and will the child trust fund still be activated? Will the child still be registered, even if the mother is the only parent who appears on the birth certificate? The principle is sound, but I am not yet convinced that the implementation will be as straightforward as it might appear to be.

Mark Durkan (Foyle) (SDLP): Perhaps it will help hon. Members if they look at what happened in Northern Ireland on that very issue. In 2000-01, I took legislation on the parental responsibility of unmarried fathers through the Assembly, which included the presumption of joint registration for all the reasons that have been raised. In the end, if the mother did not want joint registration, there was no joint registration. It was necessary to provide advice to allow people to know the implications of what they were doing rather than finding out afterwards.

Mrs. McGuire: I look forward to reviewing the legislation that my hon. Friend piloted through the Assembly, which relates to the reassurance that I need from my Front Benchers today.

On the proposals on drugs users, I understand that the SNP Government are refusing to co-operate with the approach highlighted in the Bill. I cannot for the life of me understand why the Administration in Scotland cannot see the importance of offering tailored support to drug users on benefits to help them get off drugs and into work.

John Mason: It is especially good to hear another Clyde supporter speaking on the matter. Will the right hon. Lady accept that the Scottish Government are keen to work with the UK Government and the DWP on that issue? The people choosing the fight are in the DWP.

Mrs. McGuire: I should explain what a Clyde supporter is, in case anybody thinks that it has something to do with the river. Clyde is a football club in the town where I live. I make that clear for the record in case hon. Members think that the hon. Member for Glasgow, East (John Mason) and I are somehow associated in some secret society. I say to the hon. Gentleman that the comments and criticisms that I have made this afternoon about the SNP Government have not come only from me; they are highlighted in today's *Scotsman* by Professor Neil McKeganey, the director of the Centre for Drug Misuse. He discusses the claims that the SNP is not participating in this piece of work. In his column, the professor writes:

"I do think it is questionable whether we should be giving addicts cash benefits in the same way that we do to other vulnerable people."

He goes on: "I think that"—*[Interruption.]* Will the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) let me finish? The professor goes on:

"I think that the Nationalist government should be putting more money into rehabilitation. At the moment there is evidence

that there are existing rehab units with empty beds and insufficient places on rehab programmes, and yet the government just seems to be putting more money into the methadone programme."

Those are not my words, but those of the director of the Centre for Drug Misuse in Scotland. I hope that SNP Members here today will press their colleagues in Scotland to participate in what is recognised as an important way to support drug addicts who want to get off drugs, but might have never had a vehicle for doing so. I also hope that our Department for Work and Pensions will not give up on the SNP Administration, although that might be tempting. I hope that the Department will continue to encourage the SNP to look again at these proposals.

Finally, I congratulate the Secretary of State on recognising the importance of access to work, on the extra funding that he has put into the budget and on embracing the right-to-control agenda. The plans in the Bill move us a significant way forward in transforming the lives of disabled people, ensuring that they can make decisions about their own lives. I wish that the hon. Member for Northavon could conceive of a situation in which 20 people could make individual decisions to come together to buy in the services and all the attractions that he identified in his local residential home.

The right to control will be a long-lasting legacy to those disabled people, such as Baroness Jane Campbell and Rachel Hurst, among others, who fought for so long for real equality in our society, and it will be another step forward towards ensuring that this country will improve disabled people's lives and reach true equality, as highlighted in the then Prime Minister's 2005 strategy unit report. Yes, there are some detailed issues, and I am sure that we will work them out during the progress of the Bill. However, I hope that the House will unanimously support the Bill, because it is another significant step in transforming our welfare state.

6.33 pm

Mr. Charles Walker (Broxbourne) (Con): Thank you, Madam Deputy Speaker, for calling me to speak so early in this debate. I am a little surprised, but this is a very welcome early opportunity.

First, I congratulate the Government on their direction of travel. This is a fairly brave Bill, and I congratulate them on introducing it. There are, of course, areas of reservation, which will be explored in Committee and on Report. However, I believe that we live in a humane and civilised society, and such a society tries to lock people into the world of work, not exclude them from it. If the Bill's direction of travel is to bring people into work and help them gain sustainable employment, I definitely welcome it.

It is important to remember that work socialises people. We spend a lot of time in this place talking about income—allowing people to earn money and move off benefits. That, of course, is hugely important because it gives people their self-respect and often allows them to move out of poverty. But we must not overlook or forget the other hugely important aspects of work. Nothing is more depressing than sitting at home and looking at four walls day after day, completely removed from the world outside. The great thing about work is that it involves going out and meeting people. People work in teams and create and generate new friends and relationships; whole new vistas open up. That is hugely important. We must look at work as a way not only of helping people get an income and move off benefits, but of improving their quality of life, long-term prospects and long-term mental health and well-being.

The Bill has perhaps come at the wrong stage of the economic cycle. It would have been better if it had come a few years earlier; as we have seen today, we face a huge wave of redundancies across the economy. That, of course, is not welcome but it is a reality of the recession that we are in. I am concerned that at a time when we want to help people to re-enter and re-engage with the labour market, there will not be the jobs for them to take. However, as Labour Members have said, that is no excuse for inaction. In the months and years ahead, we must work with people to prepare them to re-enter the labour market. Furthermore, there is fluidity in the labour market even in a recession. Opportunities will open up for the long-term unemployed to move back into work, and we should look for those opportunities wherever we can find them.

There is also a huge job to be done with employers. We need employers to start valuing people with disabilities. Sympathy will go only so far; it does not put food on people's tables and does not bring them back into the work force. People with disabilities do not need to be patronised by us—they need to be promoted and helped by us. They need a hand up. They need us to work with them to put them back into meaningful jobs that help them to fulfil their desires and abilities. That is the sea change that we in this place need to promote in the labour market. We have to stop simply being sympathetic and tut-tutting. We have to move the issue forward, find opportunities and get back into work people who have so much to contribute to the world of work, our society and our communities.

I want to sound one note of criticism of the Government, but I really do not mean this in a partisan way. One of the great sadnesses of the past 10 years has been the so-called skill shortages. Actually, what we have often had is a shortage of personnel to fill jobs. We have been lucky that many motivated immigrants have wanted to come to this country and fill those positions. By and large, they have made a huge contribution to our society and its wealth, and we have been very lucky to have them. I cast no aspersion on those who want to come to this country to better themselves and their families. However, such people have come here at a time when many people born and raised in this country have been sitting outside the labour market and have been removed far from it. Perhaps we should have spent more time working with the excluded to get them back into work.

A life on benefits cannot be the life that most people want to lead. That point has been made by Labour Members, and I am sure that it will be made eloquently by Opposition Members. When Beveridge invented the welfare state, of which we can all be proud, I am sure that he did not believe that it would be a long-term solution and that people would have the option of spending their lives on benefit. I am sure that if he were here today, he would see that as some sort of prison—as trapping people in a benefits system that did not provide them with a way out to making a full contribution to the society around them. There are oft-used clichés—

[Mr. Charles Walker]

benefits are here to provide "a leg up", "a safety net" or a "ladder out of poverty". We need to focus on that in this place.

I am well aware that there is a group of people who, for whatever reason, will never, ever escape from the benefits system. Perhaps they are too ill to find work, or their family is too large, or their care responsibilities are too great. We must never despise those people, because, as Labour Members have pointed out, a whole range of circumstances stops people entering the labour market. We are a civilised society, and we care for people, but part of that care must be taking people who want to escape from benefits out of benefits and placing them back into the jobs market.

Many Members want to speak, so I will cut my remarks short. The Government should be congratulated on their direction of travel. Many complexities in the benefits system need to be removed or resolved. Members in all parts of the House have an obligation to sit down with the Government in Committee and make this Bill the best Bill that it can possibly be. Many people out there are relying on us to give them the help that they so desperately crave.

6.40 pm

Miss Anne Begg (Aberdeen, South) (Lab): Before I begin the remarks that I intended to make, I must respond to the accusation by the right hon. Member for Maidenhead (Mrs. May), who was critical of the Government's pace in moving people from incapacity benefit into work. Everyone in the House, including Labour Members, would have liked to see more people getting off incapacity benefit and into work. I would passionately have wanted more disabled people to get into work, because that is what they want. They have been written off for too long, and perhaps not enough of them have got into work as a result of the activities of this Government.

However, it is worth remembering that while the pace of change may not have been great enough, and perhaps not enough people have made the transition from benefits into work, sizeable numbers have done so, whereas under the last Tory Government there were precisely none. No one moved from incapacity benefit into work as a result of anything that that Government did. Instead, those who had been long-term unemployed were moved off the unemployment register on to incapacity benefit, and left there with no engagement from the state—the Department of Social Security, as it was then called—or anyone else. They were left to fester until they died or retired. While we may have wanted the Government to go much further, much faster, we cannot take any lessons from the Conservative party, because we have done a great deal.

John Barrett (Edinburgh, West) (LD): Does the hon. Lady accept that the Government's own target was to reduce the numbers by 1 million, but in an answer to a parliamentary question they said that they expect to miss that target by 700,000?

Miss Begg: The hon. Gentleman is saying that we would have liked the pace to be faster. I would certainly have wanted more disabled people to move into work, but at least we have made some progress; in fact, we have turned the corner in terms of the number who are on incapacity benefit. Instead of a trajectory that was ever upwards, it has flattened and is now coming down. I agree that we have not done enough with the stock; perhaps we should have been more radical. It is worth remembering, however, that there were often voices from the Opposition saying that we were being too hard, too nasty and too coercive in what we were doing, and perhaps we should have given a bit more support. We are beginning to hear the echoes saying, "Now we've got the economic downturn we should write disabled people off because they will be too difficult to get into work." That is what has got us into this situation. Because we had written people off, it was incredibly difficult to get them re-engaged with the labour market and back into work, which has made the Government's job much more difficult.

That is not what I was intending to say, but I wanted to put it on record that although we may be disappointed in some ways, what the Government have done has been second to none; no other Government have done it. I do not want to repeat everything that my right hon. Friend the Member for Stirling (Mrs. McGuire) has said, because she says it an awful lot better than I, in welcoming the broad thrust of the Bill and giving the reasons why Labour Members, and I suspect Members elsewhere in the House, are generally supportive of its provisions and the opportunities that it will provide. I should like to concentrate on two things that are not in the Bill but perhaps should be. They are both the subject of early-day motions in my name, the first of which has already been alluded to by my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett).

Early-day motion 340 proposes that the Government should consider giving the higher rate mobility element of disability living allowance to people who are sight-impaired. Hon. Members may want to join that campaign. It would be appropriate to provide for that in the Bill, because it is very much about getting disabled people into work, and those who are sight-impaired or blind have a higher rate of unemployment than any other group of disabled people. If we are to allow blind people to have the confidence to go out into different environments, it is important that they receive that help through DLA. The Government argue that they can always get help with travelling to work through Access to Work, but that will apply only to the time when they are going to and from work, whereas part of making employment work for people is opening up all sorts of other opportunities in terms of their social life. I hope that the Government will look at this favourably and consider bringing forward provisions to allow sight-impaired people to qualify for the upper rate of DLA, although criteria must be laid down to ensure that they are the most severely disabled.

The other aspect that I want to see in the Bill is the subject of early-day motion 397, which proposes that the Government should consider giving grandparents national insurance credits if they are involved in child care on behalf of their children. Let me explain how that would help. The Government are absolutely right to try to get lone parents back into work. I do not think that anyone would argue about that, apart from the hon. Member for Northavon (Steve Webb), who seems to think that we should not be proactive in encouraging

lone parents into work and they should make up their minds for themselves. I have some difficulty with that idea, because when I speak to lone parents I often find that they do not know what is on offer for them, especially those who left school at 16, have not really worked and have been bringing up children for the past 10 or 15 years. It is too frightening for them to make that decision wholly on their own—they need support. The Government propose to take them into Jobcentre Plus, sit them down and talk through the options with them. In many cases, they would not do that on their own.

Steve Webb: I am a co-sponsor of the early-day motion that the hon. Lady is talking about, so she is probably picking on the wrong person. She says that lone parents are perhaps a bit overwhelmed by the situation and do not know what is available, but why is coercion, rather than information and support, the answer?

Miss Begg: Because the same is true for lone parents as for disabled people. The hon. Gentleman must have spoken to disabled people who say, "I needed that extra push." I know that from my own experience of someone who had been on incapacity benefit for 10 years because of a mental health problem. When she got the first letter, before there was any kind of obligation, it went into a drawer. The next letter came in and went into the drawer as well. It took a huge effort for that individual eventually to make it over the threshold. This is part of the Government's drive to ensure that they take that step. That is true of those on incapacity benefit and true of many lone parents. It is a bit more than just saying, "Here's a chance, why don't you take it?", which is what education or information would do; it is saying, "This is so important that the Government put this amount of store by it, because we think it will make your life better." Simply telling people that on a piece of paper is not enough, and it is important to offer them the opportunity to sit down face to face with a highly qualified person. I take the point made by my hon. Friend the Member for Bradford, North (Mr. Rooney), the Chairman of the Work and Pensions Committee, that the quality of the personal advisers is important, so that they can sit people down and transform their lives.

If we are to get lone parents back into work, we must ensure that they feel confident about their child care arrangements. That is crucial in giving them confidence that their children will be safe. For many lone parents, such confidence can come through a grandparent. I do not suggest paying grandparents any kind of wage, but if the Government could assure them that they would not lose out on their state pension contributions by giving up some of their working life to look after their grandchildren, they would be much more willing to provide unpaid child care. The mother would have confidence in that care, and the state would get a return on it. That could be done at a pretty small cost to the state, and would encourage grandparents to become involved. It would be good for the grandparents, too. Not only would they not have to give up work entirely, but they would be able to go down to part-time work without fearing that it would interfere with their national insurance and state pension contributions.

I hope that the Government will consider those two proposals, which would improve the Bill. National insurance credits for grandparents, in particular, would give lone parents confidence that they had the back-stop of a good-quality childminder in whom they had confidence. That would make them more likely to be well disposed to the other things that the Government are to offer lone parents, such as training, getting work-ready and getting into work.

If the Bill is about anything, it should be about empowering disabled people by giving them individual control of their budget and empowering lone parents to get into work and provide the best possible life for their children. It should be about empowering people who were written off by previous Governments and left on the sidelines. They have been considered too difficult, and particularly in times of economic downturn it has been said, "Well, we needn't bother with them because they're too difficult. We'll just deal with the easy ones." They deserve a lot more than that from this Government, so I welcome the Bill and I am glad that it will be given its Second Reading tonight.

6.52 pm

Sir John Butterfill (Bournemouth, West) (Con): It is a great pleasure to be able to follow the hon. Member for Aberdeen, South (Miss Begg), because she has done something quite remarkable. She has again raised the profile of the need for blind people to receive the higher rate of mobility allowance. It is a cause that has been close to my heart, too, for a very long time. In fact, 20 years ago, similar action that I took in this place produced an agreement by the Government to provide blind people with the lower rate. I have been fighting for the higher rate ever since, and the hon. Lady has given the issue a high profile.

I believe that we have now convinced Ministers that raising the allowance is appropriate. The difficulty, as usual with these things, is finding the money. To reiterate what is at stake, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), who is no longer in his place, is an example of what can be done by blind people given the right opportunities and the right support in the community. He is a wonderful example to all blind people of what they can achieve.

Once one considers the matter, it becomes obvious that blind people find it very difficult to get into work, let alone back into work, if they cannot travel independently from their homes to a place of work. Unless they have somebody to escort them, they cannot go on buses, because they cannot see which bus is coming along. They cannot use the tube or the trains that we use. The only means of transport available to blind people, unless they are escorted by somebody else, is taxis or private hire vehicles, which are extremely expensive. The cost deters most of them from even trying to get into work as it means that the prospect is not viable.

The Government have clearly accepted the argument in principle, but they have not yet made a further leap and said, "Yes, this is something that we must do as part of our determination to get people into work". I suggest to them that it would not necessarily be as expensive as they have suggested. They have suggested that it might cost £45 million. It might, although that is higher than the estimate of the Royal National Institute of Blind People.

However, we must offset against the costs the economic benefit that many blind people would create if they were to go back into work. Instead of depending largely

[Sir John Butterfill]

on the state, they would become independent and create their own taxable revenue. They would pay national insurance, and a lot of money would flow back to the Government. I am not at all sure whether the Government have considered that in sufficient detail. Were they to do so, they might find that the cost was actually relatively negligible. Given the amount that they are now spending on all sorts of other things that are in many cases less important, I hope they might be able to accept an amendment in Committee. I have established with the Clerks that such an amendment would fall within the scope of the Bill's long title, and would not require any changes.

The Secretary of State has said that he believes we might be able to find ways of achieving such an outcome, and there have already been extensive discussions between the RNIB and the Government on what the threshold of disability should be to qualify for the higher rate. One can understand that blindness is not an absolute, as some people have relatively little impairment in seeing and others are totally blind. Some point along the spectrum will have to be chosen at which people will qualify for the higher rate of allowance. We can discuss that, and we may be able to achieve agreement. I honestly believe that if the Government are sincere in their desire to put more people who suffer from disabilities back into employment, it is incumbent on them to consider this very good and simple way of doing so.

6.58 pm

Mr. Frank Field (Birkenhead) (Lab): I wish to try to persuade the House not to give the Bill a Second Reading. I do so not because I do not believe that welfare reform is relevant, which I do, and not because I do not think that welfare reform is becoming more urgent, which I do. I simply believe that the Bill is largely irrelevant to the position in which many of our constituents will find themselves long before it receives Royal Assent.

I pose the question to my right hon. Friend the Secretary of State: when were the ideas that built up the Bill conceived, and in which world? They were conceived in a world in which we though that the boom would go on for ever, that there would be no problems such as we have experienced in the past and that the marvellous record of the past 10 years, when at least 3 million jobs have been created, would continue into the future.

Two pieces of information in the pre-Budget report are relevant to our debate. One is the Government's estimate of the borrowing requirement; the other details unemployment levels. Before long, when the Government revise both figures, they will envisage unemployment reaching the pre-Budget report levels not at the end of next year, but, sadly, by the middle of this year. We are entering an economic hurricane and we need to judge whether the Bill will protect the jobs of those who are in work—some of my hon. Friends pleaded for such protection—and whether we are spending the valuable resources of the welfare reform of the past 10 years in the best way possible to get people who are out of work into work.

Nia Griffith (Llanelli) (Lab): Does my right hon. Friend intend some form of apartheid whereby those who have been in the workplace for 20 or 30 years and find themselves out of work have a much greater right to get back into work than those who need considerably more support? What will that do for achieving our social mobility goals? Has he considered that the recession could be patchy and affect different parts of the country and different types of employment in many different ways? In that case, making overall blanket exclusions and not offering help where it can be given would be foolish. Has he—

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Lady has made her point.

Mr. Field: I am arguing my case for the very reasons that my hon. Friend outlined; the continuation of existing policies will lead to the apartheid that she mentioned. That takes me to my first substantive point.

Let us consider the record of the new deal and making work pay. In doing so, let us record that we spent £75,000 million of taxpayers' money to finance those schemes. Let me remind the House of some of the success figures. Being in work for 13 weeks—permanent employment—is one. We do not collect data after that. Many hon. Friends with marginal seats would not perceive 13 weeks as permanent employment, but perhaps more of that on another day.

I want to concentrate on the new deal for young people. When the scheme began, half of those on it went into a job for 13 weeks or more. Now, two thirds fail to do that. An escalating number of young people are just retreads on the schemes, participating for the second, third or fourth time, or many more. A quarter of those on the new deal for 25-plus people leave benefit, but then go on to incapacity benefit, and 0.3 per cent. of those on the new deal for 50-plus manage to get a job for 13 weeks or more.

Given that we are now leaving the world of rapidly expanding job markets, and will sadly experience surging unemployment, I make two pleas to the Government. I would like them to say for how long we will continue with the schemes, with declining success. At what point do we pull the plug and realise that we could spend the money more effectively?

The first reform I would like is for young people in my constituency and others, whom we have failed through our education system. Some can hardly put a sentence together after 13 years of public investment in their skills and employability. Many have not worked since leaving school. Of course, they left school early because it was so boring and irrelevant to them. I would like us to begin to use the money that we are currently wasting on many of them to establish the one job creation success of the previous Labour Government—the community programme. There should be real jobs for young people. It is not acceptable to allow them to go through the years after school never working. We need more direct intervention. I am asking not for more money to be spent, but for it to be spent differently. We should concentrate our efforts on that group.

I hope that my right hon. Friend the Secretary of State has understood the nuances of Labour Members' concern about single parents. I appreciate that it looks good on a press release—the spin is good—when we say that we are going to rough up some more single parents to get them back to work, but unlike the group I have

been discussing, they have a job to get on with. The unemployment figures since the downturn started show that women have been losing jobs at twice the rate of men. It will be much more difficult for single mothers to gain jobs in the new world which we are entering. Of course, I accept the point that my right hon. Friend the Member for Stirling (Mrs. McGuire) expressed so well: everybody must be in favour of single mothers maintaining, whenever possible, contact with the labour market. However, if we are considering sanctions, surely they should be linked to those who do not have family responsibilities, who have never worked and for whom we should provide an actual job. My first plea for reform is therefore to make the Bill relevant to those people.

My second plea is for our many constituents who have worked for 10, 20 and 30 years and will sadly be made unemployed. They will get the shock of their lives when they sign on for their national insurance benefit jobseeker's allowance and find how pitiful the sum is. Instead of continuing to waste money on cutting VAT, we should use it to double JSA national insurance benefit for those who have had, for example, five years' continuous employment. For those who have worked for 10 or more years, we should pay triple the rate. We know that those people will move back to work as soon as they can. Surely our system should provide them with a much better income than they currently get from an immaculate contribution record.

Mr. David Anderson: My right hon. Friend talks about tripling the amount of money that people who have been in long-term employment get. Might not that be a disincentive to going back to work? It might not be worth going back to work for the wages in the labour market.

Mr. Field: I did not want to embarrass the Government by telling them what JSA national insurance benefit is. Not even tripling it will prevent the people whom I mentioned from going back to work. Work is in their DNA—they will move from unemployment as soon as they can. There is no question of their hanging around.

I am sure that amendments will be tabled on Report about putting fathers' names on birth certificates. The Secretary of State said that the scheme would not change, so nothing much will happen. However, I believe that we must devise some mechanism whereby children who want to find out the identity of both parents can trace them at some stage. Surely it is not impossible to ask for that information without a Chinese wall. Why do we assume that we must make males put their names on birth certificates? There are some males who wish to put their names on birth certificates and are prevented from doing so. On Report, I hope that the Government will provide a more flexible response.

I shall end as I began, by saying that the Bill, which was drafted in an age of an ever-expanding job market, is no longer relevant in the economic hurricane that is beginning to affect our constituents. We shall need to reshape it radically if we are to serve the needs of our constituents. Sadly, I believe that before it is even given Royal Assent, many more people in the country will be saying exactly the same thing.

7.10 pm

John Mason (Glasgow, East) (SNP): I am tempted to use the first part of my speech to defend accountants, as they got a raw deal earlier. However, I suppose that there are good accountants and bad accountants.

There are parts of the Bill that we are happy to welcome. For example, the power to pay pension credit automatically is positive, because we know that between a quarter and a third of pensioners do not claim their entitlements, and that that has been the case for a number of years. We also agree in principle that we want to encourage people to work. Not only does that increase their income and the wealth of the whole economy; it improves folks' health and well-being, as they feel that they are really contributing to society. We want children to grow up in households where the parents are working. We want to break the cycle in which members of the new generation have never seen their parents work. I believe that the majority of claimants want to get to work.

During the recess, I spent a morning in a Jobcentre Plus in my constituency. I sat in on a couple of interviews, and I saw folk who were really desperate to get back to work. The question that has just been asked, however, is: are the jobs actually out there? This seems a strange time to introduce this legislation. It might have worked two years ago, but this is surely the wrong time for it. Surely the Government have some responsibility to provide jobs. Can the Secretary of State assure us that jobs will be available when these people want them? Perhaps it would have been better for the £12 billion that was spent on the VAT cut to go into construction and into creating new jobs.

There is a fear that the Bill will remove the welfare safety net. Conditionality is an interesting word. It sounds okay on the surface, but what does it actually mean underneath? Does it mean that people will have to fulfil certain conditions in order to have the right to eat and to live? If people are on an income that is above the minimum, we could make that extra bit conditional. Surely, however, in a civilised society, we cannot make the minimum conditional.

My particular concern is for children and older people in the system. I have already asked Ministers whether they agree with Barnardo's hope that dependent children will be taken into account before sanctions are enforced. Figures from the United States suggest that when sanctions have been imposed, 60 per cent. of the children involved are at a higher risk of being underweight. And what about those at the other end of the age range? Unemployment among the over-50s is rising twice as fast as in other age groups, and unemployed men over 50 have only a one in five chance of being in a job in two years' time. Is it right to put pressure on that group as well?

How about having a few more conditional carrots, instead of just conditional sticks? For example, is the minimum wage high enough? Surely the real incentive to get people back into work is the knowledge that they will earn a living wage when they get there. I really must question how we can consider welfare reform without looking at the minimum wage at the same time.

Mr. Davidson: What is your figure?

John Mason: Is that an intervention?

Mr. Davidson: Will the Member tell us exactly what he has in mind as a minimum wage, below which he would not advocate any sanctions being placed on anyone for any reason?

John Mason: We are talking about a living wage, and the figure of £7 has been suggested as a possibility. I am not going to put my neck on the line for £7, but I think that the Government should be taking a joined-up approach and looking at welfare reform, child poverty and the minimum wage all as a—

Mr. Davidson: What is your figure?

John Mason: I have given the Member a figure.

Mr. Davidson: Is it £7?

Madam Deputy Speaker: Order.

Mr. Davidson: I am sorry, Madam Deputy Speaker. I was just trying to clarify that point.

John Mason: I should like to turn to some of the specific issues in the Bill. There seems to be an assumption that all parents should be working. It has already been pointed out that many families are facing a lot of problems these days. For example, some children with physical disabilities, who might not even have survived in the past, need a huge amount of care. Sometimes, having a parent at home is the right thing for those kids.

Another group that has been mentioned is drug addicts. If we cut their benefits, what will be the result for their children? Would it mean less food on the table for them? That is what happens in practice.

Miss Begg: What does the hon. Gentleman think would be better for the children? Is it better to have a parent who is a drug addict in treatment and getting well, or to have that parent left to carry on being a drug addict?

John Mason: If it is real treatment, we are certainly in favour of it. However, the problem in Glasgow and elsewhere in Scotland in recent years is that the drug problem has been managed. That is what happened under the previous Scottish Government: the problem was only managed; it was not tackled. People were put on methadone. The present Scottish Government now offer support with methadone as well as help for people to get right off drugs, which is the only answer.

Mrs. McGuire: Will the hon. Gentleman give way?

John Mason: I would like to make a little progress, if the right hon. Lady does not mind. We have spent a lot of time on drugs tonight. If she was going to ask me something else about drugs, I can tell her that the Scottish Government are spending £29.5 million on drugs in the current year within the justice portfolio, and that will rise to £32 million in the coming year. That is evidence of a clear commitment.

A further question is whether the system will be too prescriptive. It is good to see a number of Scottish Members in the Chamber tonight. Some of us met representatives of Scottish colleges yesterday when they were down visiting London. They are trying to work with individual employers to get youngsters, and also older people, ready for particular jobs. The big advantage that the Scottish colleges have is that they have a lot more flexibility than colleges in England, and that is something that we are rightly proud of.

Sandra Osborne: Does the hon. Gentleman think that the Scottish National party Government should agree with the Labour group in the Scottish Parliament that more money should be put into skills and training as part of this year's budget proposal?

John Mason: The big problem, when we talk about money and Scotland, is that the Scottish budget is being cut by something like £1 billion, so apart from the fact that we are already subsidising the UK with our oil money, we are also having our budget cut. That is making things extremely difficult for the Scottish Government.

The 16-hour maximum limit for a course is a real problem for the Scottish colleges, and a real problem in relation to getting people back into work. I hope that the Government will look at that issue as the Bill progresses. Furthermore, greater flexibility is needed for local Jobcentre Plus managers. For example, in Scotland, Dumfries and Galloway is very different from Glasgow, East, and different approaches are needed in such different places. Wording such as "tailored to the individual's circumstances" has been used, and it sounds really, really good. But is that what is actually going to happen? Do Jobcentre Plus managers have the freedom to act in that way? Can they decide what is best for the individual, or is there pressure on staff to meet budgets?

Mr. Russell Brown: The hon. Gentleman said earlier that he had spent a morning at a Jobcentre Plus in his constituency. I did the same on a couple of occasions during the summer recess. There is flexibility in the system for managers to manage as they see fit, in order to adjust to local needs. The system is not as prescriptive as Members sometimes believe.

John Mason: That is a good point. A lot of well-intentioned statements are being made here tonight by a lot of people, and I include Ministers, many of whom are well intentioned. The problem comes when that works its way through to the actual job centre—if it does—where the same well-intentioned helpfulness, including training and all the rest of it, is not always as evident as in the House.

Mental health issues are also important. Having opened an office on a main street in my constituency, I find that many people come to see me, and it is clear that a number of them have mental health issues. I am concerned about the pressure that may be put on them if they are subjected to a very rigorous regime.

In conclusion, I promised my constituents that I would judge issues at Westminster by how they affected the gap between the rich and the poor in society. Now we are entering a recession, yet we see top bankers, who have virtually destroyed their banks and half the economy of this country—[Hon. Members: "The Royal Bank of Scotland."] I include Scottish banks. Those bankers are walking away with knighthoods and handsome pensions, and are perhaps even getting other good jobs as well. By contrast, we see people at the bottom of our society being squeezed more and more. I just think that there is something wrong with that.

7.21 pm

Roger Berry (Kingswood) (Lab): I think that the objectives of welfare reform have to be to free more people from poverty, to provide more support to get people into employment and to give disabled people the kind of choice and control over their lives that non-disabled people have. I support the Bill because I believe that it will move us further in the right direction in all three respects.

I do not believe that this Bill provides a solution to the global economic crisis, nor do I believe that it will create the extra millions of jobs that are needed pretty quickly in this country. That is a matter for fiscal policy—I hope that more such action will be taken in the near future—and for co-ordination internationally. The idea that there is some kind of choice between welfare reform on the one hand and policies to stimulate the economy on the other is wrong. The act of shifting money from one budget head to another will not on its own increase demand and will not of itself boost the economy.

Mr. Frank Field *rose—*

Roger Berry: I have deliberately provoked my right hon. Friend's intervention.

Mr. Field: I do not know whether my hon. Friend was referring directly to me, but I was not arguing against having fiscal measures or against making them as effective as possible. However, for 400 years welfare has been about creating and offering jobs, not dole and, in the present conditions, I think that we need to change the balance so that some job creation is done in the community, as happened under the previous Labour Government.

Roger Berry: I am at one with my right hon. Friend in supporting anything that will create jobs. That involves action on the demand side and, indeed, measures such as those in the Bill, which is why to the best of my knowledge every single disability organisation supports the Welfare Reform Bill, because they believe that the measures in it will provide improved opportunities for disabled people. I was simply making the point that we should not set up a false opposition between the Welfare Reform Bill on the one hand and laudable measures to boost the economy on the other.

I want to concentrate on the Bill's impact on disabled people, not least because according to official statistics, 3 million of the 10 million disabled people in this country are living in poverty. If we take into account the extra necessary costs of disability, whether it be for transport, adaptations, personal assistance, equipment or whatever, conservative estimates such as those produced by the Leonard Cheshire disability charity suggest that it is not 3 million but 6 million disabled people and their families who live in poverty. We must ask what policies are best fitted to tackle that incredibly serious problem, and I believe that for those who can, work is the best way out of poverty.

John Barrett: I am following what the hon. Gentleman is saying with interest and I think that he has hit on a very important point. Does he accept that although the unemployment rate among the disabled is roughly double that among able-bodied people, those who are out of work and disabled are more than twice as likely to want to work than the able-bodied? There is a real pool of potential among the disabled who are out of work.

Roger Berry: If I understand the comment correctly, I think the hon. Gentleman was suggesting that disabled people out of work are less likely to—*[Interruption.]* Oh, I thought that the hon. Gentleman was saying the opposite, which is why I was expressing a slight surprise.

One of the key reasons why so many disabled people live in poverty is, as we all know, that only 50 per cent. of working-age disabled people are actually in work. If we consider people with mental health problems or learning disabilities, we are down to less than 20 per cent. It must be right to take measures to help disabled people to secure better employment opportunities. That is partly what the new deal, Jobcentre Plus, pathways to work and, of course, a decent national minimum wage were all about. They were about providing employment opportunities to enable people to get out of poverty.

I should add that for those who are unable to secure employment—here I agree with my right hon. Friend the Member for Birkenhead (Mr. Field)—social security benefits are simply too low. There is no third way for most people: if they do not have a job, they rely on benefits, and benefits in this country are too low. The TUC and others are absolutely right to say so.

To return to the employment front, there are 10 per cent. more disabled people in work today than there were 10 years ago, which is significant. For some, progress has been painfully slow, but there has been a significant overall improvement in employment opportunities. Those who have had the most difficulty securing employment are probably those with mental health problems. About half of people on incapacity benefit have a primary diagnosis of a mental health problem, and if we add those with a secondary diagnosis, the proportion is even higher. Such people with mental health problems need the kind of personalised support envisaged in the Bill, which has been piloted for some time. The provision of such personalised support is one reason why I support the Bill. The vision of specialist personalised support is crucial.

Part 2, which relates to giving disabled people greater choice and control over the services provided to them, provides another crucial ingredient of support—the so-called "right to control". The problem, of course, is that services are currently fragmented beyond measure. Some people in the House know this better than I do from their personal experience, but countless assessments—well, not countless, but people could easily have six or seven of them—different eligibility criteria, the Employment Service, social care and health care do not offer a good example of joined-up service provision. In fact, they provide a terrible example because they are not joined up at all.

I thus strongly support the Bill's identification of the need for disabled people to have right of control in the sense of bringing those services together. When the noble Lord Ashley put forward his Independent Living Bill in the other place, he envisaged one gateway and one budget over which disabled people could exercise control, thus eradicating the problem that arises when people have to negotiate such a fragmented range of services.

[Roger Berry]

In that context, I am disappointed that although the Bill talks about the "right to control"—and the Government have used the phrase quite a lot in respect of it—it specifically excludes services relating to social care and health. I find that strange. If we are to talk seriously about the right to control, it must embrace within that framework not just employment-related services, but social care, health and other services. I would like a clear statement from the Minister this evening that the Government intend to legislate for the right to control in respect of social care and health care, as well as for employment-related services.

As I have argued in previous debates, fragmentation is evident not just in different kinds of service provision; the classic problem remains that someone who has a health care package in one local authority but wants to work in the next door authority has to take the risk of abandoning the current care support package and then spend considerable time renegotiating a new package with the neighbouring local authority. If the right to control is to be more than rhetoric—if it is to be an essential part of enabling disabled people to secure decent employment opportunities—it must include the right to move from A to B to obtain work. Our present social care system blocks that. I hope that the Minister who winds up will confirm, very simply, that the "right to control" means that the Government will scrap the lack of portable support, and get rid of the present ridiculous system whereby people cannot take their care packages from one local authority to another.

Welfare reform plainly requires a major expansion of employment services. I welcome the news that funding for Access to Work is to be doubled by 2013, but I confess that because of the modest amount involved, and because for every £1 million spent, between £1.7 million and £1.9 million is returned to the Treasury, I still do not understand why it is necessary to wait until 2013 for that to happen. It seems to me that the Government's aspirations are very modest. What is needed, I feel, is a massive awareness campaign to inform the many employers who do not know about Access to Work—and, perhaps, even disabled people who do not know how wonderful Access to Work can be—that it is available.

I strongly support the statements made by three Members about the barrier to work, and to other aspects of life, that affects blind people. It is nonsensical that blind people cannot access the higher mobility rate of disability living allowance. What is the distinction between someone who physically cannot move around unaided and someone who is unable to move around safely owing to sight loss? In both cases, the outcome is exactly the same.

I know that the Under-Secretary of State for Work and Pensions, the hon. Member for Chatham and Aylesford (Jonathan Shaw)—who is present, and who is Minister for disabled people—is very sympathetic to that argument, because I have heard him advance it. I note that the Secretary of State is very sympathetic to it as well. In my view, £45 million to enable 22,000 people suffering from serious sight loss to travel to job interviews, travel to work, participate as equal members of society and, dare I say, have some right of control over their lives is not an enormous price to pay, especially nowadays. I urge the Government—please, please, please—to accept the logic that blind people should have access to the higher rate of the mobility component of disability living allowance if they meet the relevant criteria.

My final point relates to the role of the voluntary and private sectors as providers. Not much has been said about that so far. I believe that the employment service should be the best possible for the individual. I do not particularly care who provides it. I know of voluntary sector providers—and some in the private sector—who do a fantastic job, and I have no problem with that. However, as the Minister will know, many organisations argue that awarding larger and fewer contracts to non-specialist providers is, in Mencap's words,

"squeezing expert, niche providers out of the tendering process".

Payment by results might also mean that those who received the support were those nearest to the labour market.

I look forward to receiving assurances from the Minister on both those issues.

7.33 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great honour to follow the hon. Member for Kingswood (Roger Berry). He is always worth listening to, but he was particularly worth listening to tonight. I am sorry that he was unable to continue longer because of the time limit. I agreed with him about the desperate need to examine the issue of social care packages, and I also agreed with what he said about the treatment of blind people.

It was also a great pleasure to follow the hon. Member for Glasgow, East (John Mason) and the right hon. Member for Birkenhead (Mr. Field). They, too, made powerful speeches. It is a shame, in my view, that the right hon. Member for Birkenhead does not sit on the Government Front Bench. I think that he would be a great asset to the country, given his radical views and ideas. I agree with him that the Bill was drawn up at a time when things were very different. I am sure the Prime Minister genuinely believed that the boom would go on for ever—he always said that it would go on, and there would not be a bust—but I am afraid that he was totally wrong, and that we may now face not a recession but a depression.

Because I find the whole issue of welfare reform very difficult to deal with, my speech will cover a number of issues that will not necessarily be "joined up", and I apologise to the House for that. One issue arises in my constituency time and time again. I do not want to use the word "underclass", but there is a class of constituents who know nothing other than being on benefits. They do not relate to jobs. I am sure that the thrust behind the Government's proposals will be very useful in helping them to break that cycle. I know that the devil is in the detail, and no doubt there will be plenty for us to examine in Committee. If we could only break the cycle and get those people into employment, that would surely be a very good thing, and I hope that the Bill will help us to achieve it.

There has been mention of people being interviewed again and again about incapacity benefit. I met a charming gentleman—along with his wife and daughters, who were his carers—who was permanently bedridden. There was no chance of his being able to get out of bed, yet he has been asked for the second time to undergo an

interview to establish whether he is entitled to incapacity benefit. That cannot be right, and it is a waste of everyone's time and money. However, there are clearly people receiving incapacity benefit who should cease to receive it because they should not be receiving it in the first place.

I am not sure whether there is a one-stop solution that fits all those cases, and I find this a difficult issue. However, I believe that we are now living in a different age—an age in which unemployment will go up and up. Whatever the Government do at this stage and regardless of whether they succeed, unemployment will increase significantly over the next few months. We are slightly ahead of the game in Wellingborough, because our unemployment has been much higher for a considerable time. We now have 56.3 per cent. more people unemployed than in 1997, and unemployment has increased by more than 80 per cent. in the last year. I am not making a party political point; I am merely saying that I think the position in my constituency is different from the position in many others.

We are faced with the fact that, whatever welfare reform we bring about and however well we prepare people who are currently not in work and are receiving incapacity benefit, the jobs for which we prepare those people will simply not be there. If I advertised a job at the moment, there might be a couple of hundred applicants. Would I take on someone who had been unemployed for a number of years, had been on incapacity benefit and had been retrained, or someone who was experienced and had only just left the workplace? Any employer—and I would not blame him—would take on the person who had just left work and had the experience. That is a serious problem about which the right hon. Member for Birkenhead made some interesting points. I hope that they can be discussed in Committee, because the issue concerns me.

One of the aspects of welfare reform that we should be considering is the need to maintain people in jobs if that is at all possible. There is an unusual, although not unique, situation in my constituency, which contains a well-established boot and shoe company that has been in the family for more than a hundred years. It is highly respected, and its employees have worked for it for many years. In the current recession, it has run into serious problems and has had to cut its work force by a third, which has meant laying off 40 people. Some of those employees might have been employed for up to 30 years and are entitled to significant redundancy money, but the company cannot pay it because of the reasons why it had to lay the staff off in the first place. If it were to try to pay the redundancy money, the company would put itself into administration, it could not carry on trading and the other 80 jobs would be lost.

I have brought this case up in the House and Ministers have been helpful, but this case goes back to mid-December. These 40 people still do not have their redundancy money. The company is still trading and we hope it will trade out of its present situation. I understand that the Insolvency Service could provide the money to the employees and then get the money back from the company over a period of time as it traded out of its difficulties. The problem is that the company, as can be imagined, is under enormous pressure. The directors are working exceptionally hard to keep it going. The Insolvency Service would like to help but, unfortunately and unbelievably, the rules say that it cannot approach the company and must wait for an approach from the company. That sort of red tape needs to be looked at.

That sort of help in terms of welfare reform would allow the employees to get the money to which they are entitled and allow the company to continue to trade. After all, the Government would not be losing any money by doing that. If the company went into liquidation, the Government would have to pay anyway. I know that that case is slightly removed from the terms of the Bill, but I wanted to raise it.

Mr. Russell Brown: I had a similar situation about five or six years ago, but the difficulty then was that the company was continuing to trade under a different name and there was something untoward. It took three years to get the matter resolved. Is there a problem as to why the company is not approaching the Insolvency Service?

Madam Deputy Speaker: Order. I think that we are really now going wide of the mark. I have allowed the hon. Gentleman an opportunity to relate his remarks to the welfare reforms.

Mr. Bone: Thank you, Madam Speaker. What the hon. Member for Dumfries and Galloway (Mr. Brown) states is not the case at all.

The right hon. Member for Birkenhead argued that we should reject the Bill tonight because it is in the wrong form.

Sammy Wilson (East Antrim) (DUP): I understand the point about the economic context in which the Bill is now placed—it is different from when the Bill was originally thought out—but does the hon. Gentleman accept that the principles behind it—to try to get those who are unemployed, regardless of the economic circumstances, into a mind frame where they can prepare themselves for job opportunities that may become available, and can look at their needs and their skills and then move forward, however tentatively, towards employment—are the right way forward?

Mr. Bone: As usual, I agree entirely with the hon. Gentleman. That is the advantage of what the Government are doing and the hon. Member for Aberdeen, South (Miss Begg) made that point very well.

I appreciate that there are others who want to speak, but I shall finish with this point. I know that the devil is in the detail and I may be getting this totally wrong, but it would be fundamentally wrong if lone parents with a child as young as one were forced back into the workplace. *[Interruption.]* I see heads shaking behind the Minister, but I am concerned that that is a possibility under the Bill. I know that this will be dealt with in Committee, but no Member on either side of the House should try to make lone parents into a sort of easy headline. That may not be what the Government intend, but that needs to be clarified.

I appreciate that the Secretary of State has been bold in what he is trying to do. I am not entirely sure that everything in the Bill is right, but I am leaning towards supporting the Government, despite what the right hon. Member for Birkenhead said. However, we must reserve the right to look at the details before reaching a final decision.

7.45 pm

Mr. James Plaskitt (Warwick and Leamington) (Lab): I certainly welcome and support the Bill, which is timely and contains a wide variety of important measures to improve the welfare system. I am quite familiar with many of them, for reasons that my right hon. Friend the Minister will know.

I want to confine my remarks to the sections of the Bill that deal with reforms of the social fund. I welcome the proposal in the Bill, so far as it goes, of forging something of an alliance between the budgeting loan part of the social fund and credit unions. But I want to suggest that the social fund needs a much more radical reform than that. Over the last few years, we have made some useful, but I think rather minor, improvements to the social fund. If that sounds like a criticism from an ex-Minister, let me say that the criticism is aimed at myself. I feel that I did not make as much progress in reforming the social fund as I wanted while it was my responsibility. I take on that criticism personally. But I hope that now it has been included in the Bill—I am pleased that it has—the Government will consider going further.

We know the problems with the social fund. They are now widely known. Citizens advice bureaux constantly remind us that the social fund suffers from underfunding and that there is an element of a postcode lottery, and even a calendar lottery. I would certainly confirm all those criticisms. As a Minister, I often found that part of the way through the financial year, details of the allocations of the social fund in different regions would come back on to my desk for me to alter to make sure that the target was met by the end of the year because some areas were spending above trajectory and some below. We had to keep shuffling the figures around, which was crazy. It meant that there was no predictability in certain areas as to how the social fund was going.

The social fund is also not used properly by some of the claimants. It is an unfortunate fact that some tend to use the opportunity to access budget loans as a kind of revolving door and keep coming back for more loans, whereas others desperately need a budgeting loan and simply cannot get it. The Treasury Committee and the Work and Pensions Committees have urged us to do more and we should take this opportunity to heed what they are saying. The problem with the social fund is that it is wholly passive; it does not give us any of the additional engagement with clients that we need if this is to be part of an active welfare state, as we would want it to be.

I welcome the tie-up with the credit unions. The credit union movement is growing thanks to investment from the Government through the growth fund and to rule changes in the common bond, but let us bear in mind that the credit union movement in this country is geographically incomplete. There are great swathes of the country that simply do not have credit unions, and many of those that do exist are quite fragile and are run by volunteers who keep them operating—just. At the moment, credit unions serve just 1.5 per cent. of the population. We cannot look to credit unions as a vehicle by which to deliver radical reform of the social fund.

The social fund needs to be recapitalised. We have heard this in respect of the banks but it is actually the problem with the budgeting loan part of the social fund, which is undercapitalised. It has about £500 million revolving around it, paid out and coming back in as repayments from those who have got a loan. It supports about 1 million loans a year. But that level of funding simply is not enough. I urge the Government to blow the dust off KPMG's feasibility study from last year which examines—I think interestingly—the possibility of a public-private partnership to expand the social fund by bringing in some private capital. The report concluded that at that time there was little appetite among the private sector banks for lending to what they referred to as the deep sub-prime sector. There is an irony in that, as the banks did that on a gigantic scale for many years and said it was exactly the right thing to do. They gambled working people's money on that, and they are now being bailed out with more money from working people, and in a way that I think will pitch even more people into financial exclusion. In these circumstances, the least they can do is reconsider the possibility of giving some capital support to a joint private-public budgeting loans scheme.

The banks might say to us—I had conversations with them on these matters when I was exploring the idea—that the loans are pretty risky. I point out to them that the level of default on budget loan repayment is very low and that this is nothing like as risky as the activity the banks themselves have been engaging in for a number of years. The banks might also say—they said this to me—that it is too costly, and ask, "Exactly how much do you want to put into this recapitalised amount?" I think the level of recapitalisation needed is such that it would increase the pool of money in the budgeting loan fund about fivefold. Therefore, we would be looking at about £2.5 billion of private capital to be put into the pot in order to meet the demand. Is £2.5 billion too much to ask the banks to put into such a joint venture? Well, we should set that question against the fact that last year alone—which was not a good year for the banks—they managed to find £3.6 billion in bonus payments. The amount of capital I would look for from the private sector is, therefore, less than it is prepared to pay out in bonuses. If a £3.6 billion reward for incompetence can be afforded, resources for financial inclusion of £2.5 billion can also be afforded. I also think that the vast majority of people who take out a budgeting loan have a better sense of fiscal responsibility than many of the bankers who have driven massive financial institutions into the ground.

Just before Christmas, the Government had a spot of difficulty with this proposal because the idea got out that it would mean the introduction of interest payments on loans offered under the revised budgeting loans fund. May I suggest to the Government the scheme we should be thinking about, which completely avoids that problem? An applicant would come forward in exactly the same way as now, through Jobcentre Plus, and they would be referred to the fund for a loan, but they would then open an account with the fund, so that they would register with it and a relationship would be built between the applicant and the social fund. They would then have access to a certain amount of money from the social fund interest free. That sum might be capped at a certain amount per year; it might be enough to facilitate three, or possibly four, budgeting loans during the year—sums of £1,500 or £2,000, perhaps, although this issue would need a little more exploration. Beyond that, they would also have access to money advice, which is not

part of the budgeting loans scheme at all at present, and beyond that, under the joint scheme I am proposing, they would have access to affordable credit above and beyond the amount that is interest free, and that would be drawn from the capital put in by the private sector, and should probably be charged at interest rates of about 1 to 2 per cent. per month. This proposal, therefore, retains the interest-free loan facility, but also allows access to affordable credit.

Why is it important to do that? Because we have to close the debt trap that many of the customers of the budgeting loan fall into. If they cannot get a budgeting loan, for the earlier reasons I mentioned, where do they go? They go to doorstep lenders—and they might go to legal doorstep lenders who are charging 170 per cent. interest, or others charging about 300 per cent., or to those at the margins of legality charging 1,000 per cent. or more. It is to avoid people having to go to such lengths and falling into a perpetual debt trap as a result that I would like to see this facility built in under a private-public partnership, to allow a universal access to low-cost credit in a way that the credit unions cannot provide because they are not yet universal in provision. If we had this sort of scheme, we could link it in to other things that are happening, such as the advice from a personal job adviser. It could also be part of the work readiness preparation, or be linked to the savings gateway.

This is a more radical approach to resolving the problems with the budgeting loans. I urge the Government to take the opportunity presented by the Bill and agree to amendments, which I hope they will consider, to take the powers to do this. That would at least provide an opportunity to pursue it at some point in the future. I ask the Government to consider that.

7.55 pm

Mr. Dai Davies (Blaenau Gwent) (Ind): I support the principle and aims of this Bill. I hope it will be a Bill to enable employment, and not be a barrier to those who need benefit and help. That is most important.

I wish to begin by echoing some of the sentiments of the right hon. Member for Birkenhead (Mr. Field) on the timing. I suppose that there is no right or wrong time, but as I represent a constituency with one of the highest incapacity rates in the country, I am concerned that all this will happen at a time when it is very difficult to get people into employment. The statistics for December for Blaenau Gwent were that 2,638 people were out of work claiming jobseeker's allowance and 6,560 were on incapacity benefit, while there were only 218 listed job vacancies. Therefore, although taking people off incapacity benefit and getting them into work is the right principle, it is not an easy task.

One of the measures we must look at is flexible working. We have talked today about the employment bracket as a whole, but there is opportunity through shared work and shared hours to open it up for those on benefit and the disabled. It must not be employment at any cost, however, or training for training's sake. We have a scheme in my borough called job match, which looks at the requirements of the borough and those of the individual. We need to match their skills with real employment.

Some years ago, we had schemes in which people shared employment, but on different rates of pay. Another worry I have is that if we put people into employment on benefit rates working alongside someone on a higher rate, that will cause huge problems. The gap between earnings and jobseeker's allowance is significant, and that should be reviewed, as the TUC has requested.

Another major concern at a time when so many people are losing their jobs is mental health. When we talk about mental health, we forget about conditions such as stress, depression and anxiety—conditions we cannot see or put a plaster on, but which are extremely important. We have heard again tonight about how we will help people into employment, and support is critical. The worry I have is that the support services are not readily available. We have seen funding withdrawn from many services and social services in the borough council, and we have also recently seen the threat to Remploy, which could play a huge part in helping people into real employment—not to stay within the Remploy circuit, but to go out into the jobs market. We need support for counselling services. Those who suffer from mental health conditions need a lot of support, and that must be funded.

Another worry I have mentioned many times in the House is to do with the medical board that people are called in front of. It cannot be target driven. If the board is given targets to hit, the wrong people will be put into a very dangerous position. Things must be done correctly and each case must be dealt with on its merits. Who are the experts in the relevant field? Do those on that board offering medical opinions know everything—are they mental health experts, or physical health experts? They need to take advice before they make decisions, and perhaps even consider speaking to GPs and specialists, because we will have constituents who want to appeal against a decision, with their GP supporting them but the board saying that they are fit for work. We have real problems in this area. If there is a conflict between the two, where does the appeal go? If it stays at that board level, that is not the answer.

I asked a question in the House some weeks ago about a guarantee of payment because of the worries about what might happen as people move from one benefit to another, and whether there would be any loss of that benefit value. Other benefits, such as housing benefit and things that people can claim through borough councils, fall into that category, so we need to ensure that the value of money received by the individual is not reduced.

The drugs problem has been mentioned, and I was pleased to hear the Secretary of State say that it does not include people who are having problems with prescription drugs, tranquilizers or even alcohol. Again, support services need to be provided for those individuals. It is not good enough just to say, "Well, they can continue on benefit." They need the same help as those who are on the harder drugs. We must remember that many individuals on harder drugs, too, are ready to come off them—they just need the support to do so—so to punish them further or to punish their families would not help in any way. Each case must be considered with compassion and on its merits.

We have heard a lot about single parents tonight, but carers fall into the same bracket; this is a huge area where a lot of employment could be created. We need to consider equal parenting and equal responsibility. We tend to blame one side or the other—the father or the mother—so there must be a move towards equal

[Mr. Dai Davies]

opportunity for both and both taking their responsibility. We must ensure that the increase in the benefits structure to move people into employment does not move people into poverty, and the value of the money must be retained.

On the privatisation of some services in the Jobcentre Plus area, I hope that such things will stay within the control of the state, but on the understanding that the relevant bodies must work with the voluntary sector and private partnerships to deliver the best for those who wish to get back into employment. I have concerns, too, about the office structure of Jobcentre Plus facilities; I recently visited one with a client of mine, and I felt that the open-plan structure is not necessarily the best for everyone. The last thing that someone who has been made redundant or someone who is suffering from ill health, especially mental ill health, wants is to be spoken to in a room full of people. We need to look sympathetically at how we deal with such individuals.

My other worry on Jobcentre Plus is that in the area I represent, at least, it has been unable to answer a number of benefit questions. Benefits are being dealt with at a central location by telephone, and people cannot ask questions in person. Again, that does not help many of our constituents. No one should be taken off benefit until their appeal is heard; stopping someone's benefits when they have an appeal in the system cannot be right.

The welfare state was created to help individuals into employment and to support them when employment was removed; it must not involve an alienation or stigmatisation of the individual. I know that we have all received a significant amount of paperwork, either by post or through e-mail, over the past few days; this has probably been one of the biggest postbags that I have received on one issue. I urge the Committee to examine all the information coming forward and to take into account the concerns of all the organisations that want to work with the Government to deliver the best system for these individuals to get them back into employment. This Bill is probably one of the most important that we will ever deal with, and I wish the Government well in its progress.

5.3 pm

Mr. Dai Havard (Merthyr Tydfil and Rhymney) (Lab): I am following my neighbouring MP, the hon. Member for Blaenau Gwent (Mr. Davies), in this debate; there is particular experience in the valleys of south Wales of economic incapacity and worklessness. My experience of trying to deal with the local organisations is slightly different from that of my neighbour. Interestingly, many local initiatives have been undertaken and they are beginning to achieve success. The incapacity rate in my constituency has dropped by 8 per cent. over the past 18 months—the problem now is that its unemployment rate is rising rapidly. So we have experience of starting to make inroads into the process, but my concern is that in order to do that, we have to be very careful about issues such as conditionality.

Many speeches have been made about conditionality today, and what is important is to go to the people who have actually experienced things and find out what their direct experience is. I commissioned a research project jointly with some local universities back in 2006—it is on my website, should hon. Members wish to read it—dealing with conditionality and the problem of how you apply it. It is not the case that you do not need any, because you clearly need some; the question is when and how to apply it appropriately, because it can be a disincentive rather than an incentive. The project describes some experience of that.

I am concerned that in the architecture of this Bill, like that of previous Bills, I am at variance with the Government in as much as they seem to have an abiding belief that in some way there is magic in a market and that a hidden hand will, in some way or another, incentivise and provide wonderful solutions that the public services are apparently too dull or inept to dream up, devise and monitor for themselves. I do not accept that view. My experience is that, through Jobcentre Plus, the constituency now has those resources and that a lot of success is being achieved. There is good value in the public servants who are delivering these processes. My area has some very good private and voluntary sector providers with whom they work. There is enormous experience among these people in doing exactly what I mentioned: devising their own new architecture of how they can collaborate to deal with the problems.

Now I face a Bill that seems to suggest that it does not really matter who the provider is, as long as it is not the public sector. I do not agree with that view, because it does matter who the provider is and there is a value in the public sector being involved in doing the providing. Do not automatically freeze out the Department for Work and Pensions with these contracting arrangements, because you will rue the day. One of the things that we have lost in the economy is a lot of strategic capacity, and part of the reason for that is that we have slavishly got rid of processes out of the public sector in the past. I would give you a general warning about how you go about things in the future. The world has turned—

Madam Deputy Speaker: Order. May I just remind the hon. Gentleman not to use the term "you" and to refer instead to hon. Members? I do not wish to be involved in this discussion.

Mr. Havard: I apologise Madam Deputy Speaker. I was referring not to you but to the Government; that is what I meant and that is what I should have said. The point I seek to make is a simple one: how things are done is the guts of this. There is a lot of commonality about what should be done—the need is obvious and some of the solutions are agreed. How they are applied is a very important part of the argument, and I am warning about how that is done.

I have encountered people who are trying to involve themselves in the new architecture of contracting that comes under the existing legislation and the new regulations. They tell me that if the Government are not careful, they will destroy capacity rather than embellish and create it. What they do not want is to be involved sometimes in what is described as market process, because that is not the efficient thing to do. That discussion must be had, because sometimes it is valuable to put things out to competition, but sometimes it is not. To have a slavish idea that it is always better if things are put out to competition will not provide us with either

efficiency or utility and certainly will not provide us with sustainability. Ever since I came into this House in 2001, I have made it clear that it is sustainability of investment that will solve these issues, but how we apply it is equally part of the process. I shall be very interested to see how this Bill progresses, because there is clearly a lot of consensus about it.

However, there is confusion among the very best people who are helping to provide solutions, and the Government do not need to compound that. They need to explain to people how they can work collaboratively with the processes that the Government wish to put in place, because that is not clear at all. I have had this discussion informally with the Minister for Employment and Welfare Reform and with the Minister for disabled people, and I would like them to visit my constituency and speak to the very agencies that wish to collaborate with the DWP, not to compete with it. These agencies do not wish to take over its function when it is not appropriate to do so, although they certainly wish to absorb part of its processes if it is valuable to do so. They are not interested in being in a situation where they compete for someone else's resources. They want to work collaboratively, not to compete with each other to provide solutions. They know that when someone with a mild mental health problem turns up at the DWP, the DWP will have to contract someone to help, and the local health boards have been very helpful in such cases. Indeed, that process has been very successful, so why does that mechanism for collaboration have to be thrown out and replaced by private enterprise, which will do the same thing but with the imperative of making a profit? My fear is that that will mean a different approach for the individual.

Much has been said about tailoring activity to the needs of the individual, and I agree with that approach. A constituent of mine is now doing a degree in nursing at the local university. She is a single parent and the only reason why she left the house to start that process was to learn how to ice a cake for her daughter's birthday at the healthy eating classes run by the Workers Educational Association. That is what liberated her to start her journey into education, and there are many such journeys to be made. Many local organisations have collaborated to provide that result for that individual. That is the lesson that we need to learn— not to jettison activity from the public sector for the sake of some political obsession with the market.

Some people seem to think that all the public sector should do is set contracts and monitor performance as a commissioning agent, not a delivery agent. We need to get over that particular political prejudice and look at the reality. If people visit my constituency, I will show them that reality. We need to get on with doing what is really important, instead of trying to introduce some spurious market.

8.11 pm

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I want to concentrate on people who want to work, but who, because of the prejudice of others or the lack of appropriate support, find it difficult to get into work at all. I will concentrate primarily on people with a learning disability, but many of the issues also affect people with physical disabilities and people with health problems, including mental health problems. My hon. Friend the Member for Kingswood (Roger Berry) has already ably covered many of those issues.

Mencap tells us that there are 800,000 people with a learning disability of working age in the UK. They are the disabled group most excluded from the work force and when they do work it is often for low pay and part-time hours. The estimated rate of employment for people with a learning disability is only 17 per cent. compared to 49 per cent. of disabled people as a whole and 74 per cent. for the working population. A study has shown that, in contrast to this low figure, 65 per cent. of people with a learning disability would like to work.

The Government have taken a lead on issues of equality and signalled that no one should be left out because they have a disability. The Mental Capacity Act 2005 was welcome because its emphasis was on what people could do and on allowing them to do it, rather than assuming that because a person might not be able to manage one aspect of their life they could not manage any other. The introduction of the disability equality duty—a requirement that public bodies promote the equality of disabled people both in the services they provide and in their employment practices—was also important.

As we are experiencing significant pressure on the economy and job losses, as many hon. Members have mentioned, it is easy to see how getting learning-disabled people into work might become a lower priority. But if we are serious about equality, we cannot allow that to happen. I welcome the focus in the Bill on helping disabled people. Clearly, many people will struggle to get jobs, so it will be important to have a realistic assessment of the skills—both work skills and life skills—that will increase the likelihood of employment. There needs to be consideration of the opportunities for learning and the development of skills that will be needed when the economic situation improves.

As I pointed out in an intervention on my right hon. Friend the Secretary of State, much of the literature around this Bill refers to getting people "back" to work. Many disabled people may never have worked before, or their experience was a long time ago, which means that the world of work is now entirely different. It is not therefore surprising that the proposals as they are portrayed in the media often frighten people who envisage that they are going to be forced into a situation in which they cannot cope. It is therefore essential that the promise of personalisation is real. To start with, we need to find better ways of describing what it means.

I understand how terms are developed to describe processes, but they can easily sound to ordinary people—and, indeed, to Members of Parliament—like a foreign language. Personalisation must mean giving people the help that they need in the way that they find most helpful. That might mean the use of advocates. Attention must also be paid to the process by which people are moved from invalidity benefit to employment support allowance, as it is likely to be a trigger point for anxieties.

I seek an assurance from the Minister that the regulations made under the Bill will be subject to consultation. Many people fear what this legislation might mean for them, and reassuring them that there

[Meg Munn]

will be opportunities for them and organisations that represent them to comment on regulations is one way in which the Government can lessen that fear.

I am pleased that the DWP has produced an easy-read version of the report on conditionality rules, although it is a long document. I would encourage the widespread advertisement of its availability and the selection of relevant bits, otherwise it is quite confusing. I also advocate the production of easy-read versions of other important documents, perhaps with leaflets that focus on particular issues that will affect learning-disabled people.

It is also important that safeguards are put in place to ensure that disabled people are not sanctioned inappropriately. Personalisation will mean nothing if advisers are not adequately trained to understand the needs of disabled people. For example, concern has been expressed about the provisions on failure to comply without "good cause", and I seek assurance that "good cause" will include failure to understand what was expected or the lack of adequate support to enable a claimant to comply with the requirements.

Many people with learning disabilities who have had the support to enter and stay in work enjoy the positive aspects that we all experience, including a sense of purpose, self-esteem, financial reward, the social aspects and the opportunity to use the skills and abilities they have. But, as I said at the outset, for too many people that can mean low-paid or part-time jobs, so I urge the Government to ensure that there is real equality for people with learning disabilities. They should be able to work at not just any job, but one that they have both the skills and abilities to do and one that they aspire to do.

Support for employers can also be an essential part of taking on a new employee who has a disability, and this needs to be part of the work that is undertaken. I was pleased to see in the White Paper recognition that volunteering can be a legitimate and effective way for people to acquire work skills. In the right setting, someone who has not been in employment for some time or at all can use the opportunity to experience conditions akin to a workplace, to learn new skills and to experience the disciplines of the working environment. I recently visited the charity Emmaus in Sheffield which has developed a social enterprise that helps homeless people with accommodation and work. They take volunteers, including adults with learning disabilities, to work alongside the residents and give them the opportunity to experience a productive working environment. That can be a useful and important step into paid employment.

My final point is that with such a low employment rate for people with learning disabilities, we are clearly a great distance from achieving equality. I urge Ministers to pay attention to the needs of those people when developing the systems set out in the Bill. Many people approach the issue from the standpoint of fear of the unknown, but it should rather be an opportunity to offer people with learning disabilities more help and support than they have ever had. May I urge the Government, in seeking to offer that support, to ensure that they draw on the experience of organisations that have extensive experience of such work and can show that they have supported people into meaningful long-term work? I urge the Government to recognise that such skills may be found in small local organisations, and not just in larger organisations that may initially appear better equipped to bid for contracts.

8.20 pm

Mr. Russell Brown (Dumfries and Galloway) (Lab): I welcome and support this Welfare Reform Bill. The Government have shown conclusively that the choice between helping the poor or reforming welfare was a false choice—it was not a case of having one or the other. Radical welfare reform goes hand in hand with the support of other policies such as tax credits and the national minimum wage.

In knowing what works to help people back to work, the Government must go further to tackle the great inequalities that still exist. Those inequalities hold people back, excluding them from the labour market and disadvantaging them and their communities at the same time. For many in my constituency, there has been a clear recognition over recent years through the new deal that paid work is the best route out of poverty. At the same time, however, too many people believe that there is a right to a life on benefits. I shudder to think how much talent is being wasted in our communities because of the belief that benefits will see people through life.

During the '80s and early '90s, I was employed in the manufacturing sector. The company that employed me was like many others and there came periods when it had to downsize. Of course, one of the first groups to be approached was people over the age of 50. An offer of early retirement along with an enhanced severance package was the order of the day. Many people seized that opportunity, but I was disappointed by the fact that when I bumped into many of those ex-colleagues not many weeks or months afterwards they told me that they had quickly moved on to incapacity benefit. They were fit, healthy individuals, albeit that they were in their early to mid-50s, but suddenly they had become unfit for work and were on incapacity benefit. That trend went on for far too long.

I also recognise that there are those who, for one reason or another, find themselves unable to continue in employment, more often than not because of a medical condition. Changes that we have made to replace incapacity benefit with employment and support allowance for new claimants is the way to ensure that those individuals get the opportunity to develop their talents and use their skills by returning to the workplace, albeit perhaps in an entirely new and different role. However, it is important that, in accordance with the Gregg review model, we do not force those who are on employment and support allowance, and attending interviews with pathways to work providers and developing a personalised plan to get back to health and into work, to apply for or take any specific jobs.

I want to consider the issue of drugs, which has been mentioned, and those who are hooked on drugs. Drugs are undoubtedly a scourge of modern society. I suspect in each and every community represented in this House. I welcome the new system for drug users on benefits, with the provision of tailored support to help them get off drugs and to move into work. I do not underestimate the challenge. Drug users will have the chance to turn their lives around, and in return they will be expected to take up that support so that the benefits help them

overcome the problem rather than finding their way into the pockets of drug dealers. I suspect that that system might well come with significant costs.

Part 3 of the Bill deals with child maintenance, and Members from all parties will at some time have dealt with extremely difficult child support cases and individuals in arrears, as I mentioned in my intervention on the hon. Member for Northavon (Steve Webb). It became frustrating to me very early on in my present role to see individuals in arrears who were living way beyond their means, running not just one or two cars but sometimes three or four, and having numerous holidays throughout the year. Something was seriously wrong.

I understand that, as one of my constituents suggested to me, there will be anxiety that authority is being taken away from the courts and placed in the hands of civil servants, although we all recognise that the courts process has held things up and has not helped. I would even go so far as to say that had the court system worked, we would never have had a Child Support Agency. The CSA would never have existed if the courts had been fair and equitable in each and every case they handled. If there were two identical cases, one in Dover and one in Dundee, how could the courts have come up with totally different results? The CSA exists, in my view, simply because the courts never worked properly in the first place.

These have been called difficult and unprecedented economic times. We have heard from the hon. Member for Glasgow, East (John Mason) about the meeting with the Scottish colleges that he and I attended yesterday along with other colleagues. Further education colleges are potentially the one growth area as people will be looking to upskill and retrain and to seek other varieties of support, but the 16-hour rule could drive people away from colleges. I hope that that can be considered in Committee, if possible.

I want to mention another matter that has been mentioned this afternoon, which is not in the Bill. It was raised by my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett), who asked the Secretary of State about those who are partially sighted or blind. They have fought shoulder to shoulder with the Royal National Institute of Blind People for a higher rate mobility component of disability living allowance. I took a small delegation of Back-Bench Labour colleagues to meet the Secretary of State and my right hon. Friend the Member for Stirling (Mrs. McGuire) when she was the Minister with responsibility for disabled people. It is a matter of equality, social inclusion, employment and independence in family life.

In the limited time that I have left, I want to give an example of that equality. It involves a lady called Jenny, who was 52, visually impaired and a volunteer worker for a disability support group made up of people with physical disabilities. Jenny could not get to work without a lift from a colleague with physical disabilities who drove his own car. She says:

"None of my colleagues at the disability support group were visually impaired, they all had physical disabilities. Most of them drove cars. I depended on a colleague with physical disabilities, who drove a car to give me a lift to work—otherwise I wouldn't have been able to get there. I considered myself then, and still consider myself now as having far greater mobility problems than most people with physical disabilities who can drive a car—but I receive less benefit. It's unfair and unjust."

In discussions with Ministers and officials at the Department for Work and Pensions, representatives of the Royal National Institute of Blind People and other colleagues have agreed that the principle that we must do something to help people like Jenny is right. The Bill is about getting disabled people and people who are partially sighted and blind into employment, and I hope that the Minister can find some clause to which measures to help such people can be attached. When he winds up, I hope that he can give us a glimmer of hope that the Bill can be used to make what would be a vast difference to so many people.

8.30 pm

Phil Wilson (Sedgefield) (Lab): This Bill will help put people who are out of work and on benefit, or who belong to other hard-to-reach groups such as single parents or drug abusers, on a path that will help us navigate through the present economic downturn and into the future. It does not want to leave anyone behind.

In his 1942 report, Lord Beveridge, who for a time was the chairman of the corporation of Newton Aycliffe in my constituency, wrote that most people

"who have once gained the habit of work would rather work … in ways to which they are used … than be idle…But getting work…may involve a change of habits, doing something that is unfamiliar or leaving one's friends or making a painful effort of some other kind".

In these uncertain times, that statement is more true than ever. We must decide whose side we are on. Are we on the side of the many or the few? Are we on the side of those whose default setting is to believe that unemployment is a price worth paying, or of those who believe that it saps the lifeblood of society and is a scourge to our communities?

Like the rest of the UK, Sedgefield went through that pain barrier in the 1980s. At the time, a total of 1.3 million people in this country had been out of work for 12 months or more—40 per cent. of all those on the dole. There were 5,500 people out of work in Sedgefield, and the unemployment rate in County Durham was just under 20 per cent. As I said, 40 per cent. of all those on the dole had been unemployed for 12 months or more. That was certainly the proportion in Sedgefield, although in some areas it was as high as 42 per cent. In my constituency, a total of 1,679 had been out of work for more than 12 months. Today, even as we are in the process of going into a global economic downturn, long-term unemployment in the area is 3.6 per cent. Only 65 people in Sedgefield have been out of work for more than 12 months.

There is a reason for that, which takes me back to my main point. We need a Government who are on the side of the many, and who are proactive in how they deal with the welfare state. In the 1980s, whole communities were shut down and left to their own devices. The then Government saw fit to disguise the numbers out of work by moving people on to other benefits. In fact, staff at Department of Health and Social Security offices were employed to do just that, and millions of people ended up on incapacity benefit.

Mr. Bone: I am listening to the hon. Gentleman's speech with interest, but does he not think that times have changed in the past 12 months? Unemployment in

[Mr. Bone]

his constituency has risen by 94 per cent. in the past year, so we are talking about times that are different from what they were even 12 months ago.

Phil Wilson: We are, but the Government are in a position to help us get through the difficult times ahead—unlike the previous Administration, who just left people to their own devices as they closed down whole communities. The difference between now and then is that this Government are not prepared to do that.

The Opposition say that they agree with parts of the Bill, but that consensus will be shown to amount to nothing when their mask slips and we find out that they believe that the role of capital markets is to make money out of the misery of others. However, the default setting of this Government is to help others: we do not pass by on the other side, but as I have said and shown, the Opposition's default setting is to do just that.

The Government's commitment is proved when we look at Jobcentre Plus, about which the National Audit Office report of February last year said:

"It introduces a radical shift from the former impersonal surroundings of the Jobcentre and Social Security offices to a modern retail-style environment and has a major impact on the way staff interact with customers and hence the quality of service provided."

Some 86 per cent. of those surveyed by the Department for Work and Pensions who use Jobcentre Plus were very satisfied or fairly satisfied with the services that it provided. I am particularly impressed by its role with regard to the rapid response services that it provides and takes part in.

I want to explain what happened in the case of Electrolux. It is in the neighbouring constituency of Bishop Auckland, but a lot of my constituents have worked there. Jobcentre Plus was involved in the redundancy situation there from day one. It attended meetings with partner organisations and senior human resources managers, and rapid response services were deployed there. A resource centre was set up. Jobcentre Plus supported and attended two on-site job recruitment events, gave individual advice to the work force and gave redundancy presentations to management and trade union representatives.

As a result of the involvement of Jobcentre Plus from day one, 75 per cent. of the 450 people who were made redundant got jobs or went into early retirement soon after that. That is a great example of how Jobcentre Plus works. We Labour Members believe that the unemployed are people, not just statistics, and that every time a worker loses their job, it is a personal tragedy.

Mr. David Anderson: Is not the reality that in the 1980s, unemployment was part and parcel of direct Government policy? The Government saw unemployment as a price worth paying to get the economy moving.

Phil Wilson: My hon. Friend is absolutely right. Times have changed, but in 2009, the Government are preparing working people for difficult times ahead, and we should be proud of what they are doing. I want to raise a problem that I come across in the constituency, the region and around the country. It concerns the treatment that Jobcentre Plus receives from some administrators, and from some companies that go into administration, having gone bust. It seems that some administrators are not giving Jobcentre Plus the immediate access that it requires if it is to talk to employees who face redundancy on the first possible day. I want to give a couple of examples of what is happening.

In one case in which 100 employees faced redundancy, staff were not even able to get on site to clear their personal effects when the administrators came in, as the gates were locked. Jobcentre Plus tried on numerous occasions to speak with the relevant administrator. It took approximately four calls before anyone would confirm that they were dealing with the company. Jobcentre Plus could not be of assistance as by then the work force had all gone home. The 100 people who faced redundancy were therefore not able to get access to Jobcentre Plus from day one.

In another case in my constituency, Jobcentre Plus received information that a company might lose a lot of employees—a total of 175. The redundancy manager for the local Jobcentre Plus tried to get in touch with the administrators, but they continually got through to voicemail, and their messages remained unanswered. When they eventually got through, a series of phone calls took place, but the administrators did not want a Jobcentre Plus presentation on site, with redundancy information packs, in case it inflamed the situation.

At the beginning of January, Jobcentre Plus redundancy managers were on standby to go down to the factory. After several calls to the administrators, the Jobcentre Plus manager was informed that a meeting had already taken place at 8 o'clock, and 175 staff had been made redundant, the majority of whom had left the site. When the Jobcentre Plus manager went to the site, he was able to see between 15 and 20 people only. Redundancy information packs were issued to those people, but the remaining 100-odd people were not even given access to what was on offer from Jobcentre Plus. That is a problem for Jobcentre Plus, and for people who face unemployment when companies go bust and enter administration.

I understand that there is nothing in statute to say that administrators have to give access to Jobcentre Plus. Under law, they do not have to get in touch with Jobcentre Plus in such situations. I understand that it is the role of the administrators to sort out problems with creditors; that obviously needs to be done. However, I would have thought that 175 people facing redundancy and their families need to be dealt with from day one. As we know, the sooner Jobcentre Plus gets access to people facing unemployment, the greater their chances of a quick return to the labour market.

I call on the Government to take the matter seriously and to speak to the Department for Business, Enterprise and Regulatory Reform and to the Insolvency Service, if necessary, to make sure that companies going into administration are able to contact Jobcentre Plus so that such a situation does not arise in future. If a change in the law is necessary, possibly by means of the Bill, we make such a change. It is a personal tragedy for anyone who ends up out of work because of such activity. I hope my right hon. Friend the Minister will deal with that in his winding-up speech.

8.40 pm

Nia Griffith (Llanelli) (Lab): I shall not repeat the many excellent points that hon. Members have made, in particular my hon. Friends the Members for Aberdeen, South (Miss Begg) and for Kingswood (Roger Berry) in their remarks about disability and the need for a clear differentiation between fiscal measures and what the Bill sets out to do.

I firmly believe that the Bill goes in the right direction, and that rights and responsibilities are the way forward. We should all pull our weight. If we ask anybody around the country, that is the usual answer that we will get. People should be usefully occupied, whether in paid employment or in caring roles. We should make sure that we give proper support to those who need it.

We need to be careful that people do not muddle up what the Bill seeks to do with the difficulties that we face in the economy and the fact that some people will, unfortunately, lose their jobs. We know that when we talk about conditionality, we are not talking about the sort of people who are desperately anxious to get back to work and who will do everything possible to find further employment if they are unlucky enough to lose their jobs in the current economic circumstances.

There has been considerable misinformation about the situation of single parents. We are not talking about 14-hour factory shifts for people with very young children. Although there are some well-organised, capable and fortunate single parents who know what they want to do and how to organise their lives, we know that a significant number of single parents come from difficult and inadequate backgrounds and need all the support they can get.

For those young people—often they are young—it is a matter of basic skills such as parenting, reading, writing, numeracy and IT skills and confidence, which we take for granted. They need those skills both in order to help their children develop better—speech development, for example—and in order to better their own prospects as their children grow up. Everybody would agree that the support now being made available is the right sort of support. Proper child care and proper help can do an enormous amount to build confidence among young parents who find themselves at the margin of society.

The proposed measures have essentially been a pilot up till now. We must make certain that when the Bill rolls that out across the country, we have the necessary staffing levels and trained staff ready in our jobcentres. It is an extremely difficult job. Very often staff in jobcentres are faced with tremendous frustrations, depression and difficulties from their clients, and sometimes even clients who do everything they can to be awkward. It is important that we provide support and, if necessary, increase staff numbers if we want to carry out these programmes and possibly cope with other unemployment difficulties.

We should make certain that we support employers. I have seen employers bending over backwards to help to find work and provide support for people who find it difficult to get themselves to work in the morning—employers who have been very patient and who have succeeded in getting people back into work, although one would not have thought they would manage to do so. But we all know that although many people are able and willing to help themselves, there are a few who play the system. We must do something about that.

When I talk to groups of young people, they invariably tell me that everybody should pull their weight. Sometimes they think that I am completely mad, because I talk to them about being shipwrecked on a treasure island. They say, "You have come to talk to us about politics." I ask them what they would do, how they would organise themselves, what rules they would make up and how they would sort out food and shelter. They always say, "Everybody should pull their weight. Everybody should do something." When I ask them what they would do about a poor, unfortunate man who has lost his legs in the shipwreck, they say, "We will feed him, but perhaps he can sit by the fire and do the cooking." They have the idea in their minds that everyone should contribute. When I ask them about a lazy, idle, selfish person who does not want to help or who wants to finish early—this relates to the points raised by the hon. Member for Glasgow, East (John Mason)—they say that there should be no free ride and no food. Their suggested sanctions are far tougher and far less tolerant than the conditionality in this Bill. They make it clear that if people can, they should.

We all know that 99 per cent. of people do not need conditionality, but we also know that a few people play the system again and again. We all know about those people, because our constituents tell us about them, and there must come a time when the whistle is blown on them.

John Mason: Will the hon. Lady accept that if we have a welfare system, some people will abuse it? Ultimately, the only way to stop the abuse is to do away with the welfare system.

Nia Griffith: I disagree. As a former teacher in large comprehensive schools, I know that the majority behave, and we deal with the ones who do not. There is no way that we can deny the majority the rights and benefits that they deserve.

The Bill is not an island; it is part of a range of measures that we have implemented. The carrot is just as important as the stick, if not more so. One of the most important things that we have done is introduce the national minimum wage, which we have regularly raised. Making work pay is undoubtedly a tremendous incentive. Of course, it matters that people get more if they work than if they do not work.

One issue with the minimum wage is the lower rate for 18 to 21-year-olds—it is about £1 less than the full adult rate. We need to consider what we can do with our 18-year-olds, who are legally adults. Perhaps we are not giving them as much of an incentive as we should to get off to a good start in work. We are doing an excellent job with the entitlement to training, skills or work-based learning until the age of 18. We need to go on from that and consider raising the minimum wage for 18 to 21-year-olds, so that it matches the adult rate and young people have yet more incentive to get into work to start with and not to get into the bad habit of thinking that they can get away with sitting on benefits, which unfortunately happens in some communities where expectation is low.

The Bill is clear about dealing with people as individuals and providing an enormous amount of support, but

[Nia Griffith]

sometimes we forget how people have ended up in their situation. We need to think carefully about mental health at work. In the '80s and '90s, there was a fierce competitive spirit that involved no leeway anywhere in any workplace and no patience with anybody who was not going to deliver 120 per cent. That approach often led to breakdowns and an atmosphere in which people felt persecuted rather than appreciated and where workplace bullying was rife.

A culture of unrealistic expectations or punitive management practices can lead to a range of stress-related illnesses, both physical and mental, which can lead diligent employees to be forced to give up work. We need to encourage and require employers and managers to pay greater heed to the physical and mental health of their employees, to look out for early signs of problems, to provide support and flexibility to pre-empt deterioration and to help to keep people in work rather than driving people out, which can engender feelings of failure and guilt. All the good work that we are doing with this Bill would be supported by the workplace being friendly to people before disaster strikes and they are overwhelmed by certain difficulties. The principle behind the Bill is that in developing people's potential we should look at what they can do, and the same is true in the workplace. We need to be sensitive to what people can do, and to when we might be pushing them too far.

I reiterate some of the concerns of my hon. Friend the Member for Merthyr Tydfil and Rhymney (Mr. Havard) about a plethora of providers plaguing people to attend interviews. Unfortunately, I have witnessed how in some of the pilot schemes some of the private providers have sent out some rather unprofessional material and pestered people. Luckily, the manager of the jobcentre concerned put things right and sorted things out for the people involved, but we need to be wary: any use of private providers needs careful monitoring. We are using public money to pay those providers and we need to make sure that the money is not going only into profit, that corners are not cut and that individuals are not poorly served.

We need to make sure that such providers understand the principles of what we are doing in respect of individual care and support, that they really do tailor the packages and that they are not looking for quick profits by taking the easiest cases and leaving the more difficult issues. Furthermore, we need to be absolutely certain that we train people properly and ensure that those offering to provide services have the same types of training that we would expect for our own employees.

Having said that, I should say that the Bill is very welcome. We need to think flexibly about how it can be made to work and about not only how we do things, but what exactly we hope to achieve and how we make the outcomes sustainable. It should not be a matter only of getting people back into work, but of keeping them there, and helping them make progress in their work from then on.

8.51 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): In common with others, I welcome the Bill, which develops the concept of rights and responsibilities. I see it as another in the series of welfare reform Bills, introduced by the Government, that seeks to move the welfare system from being a safety net that trapped more people than it rescued to being a proactive and personal support system that will enable people to move from one job to another, or from long-term unemployment into a profession with appropriate skills, so that they can flourish.

That is important for the individuals concerned, but above all for the economy. Obviously, any successful economy has to maximise the talents of its population. Above all, the much-talked-about credit crunch and economic downturn, far from providing an excuse for not introducing the measures, actually highlight their relevance better than ever before. Obviously, when more people are becoming unemployed, strengthening the model designed to move them from unemployment into work is more relevant.

During the recessions of the 1980s and 1990s the Conservative Governments failed to do that. That led to a situation that I saw clearly in my constituency: even when there was an economic upturn, unemployment was still higher than average because a large residual number of people were still in the welfare system, not having been trained to get the jobs that had been created. In my constituency, skills shortages and job vacancies were allied to higher unemployment. I see the Bill as essential to preventing that from happening in future.

Mr. Bone: If I follow the hon. Gentleman's logic, I have to ask why unemployment in his constituency is higher now than in 1997.

Mr. Bailey: I am not going to bandy figures around with the hon. Gentleman, but I can say that unemployment in the 1980s and early 1990s was a lot higher than it was in 1997 and is in the current situation. Also, the number of people on welfare benefits was considerably higher than the national average.

It is obvious, as was noted by the chambers of commerce, that this is the point where we should be introducing systems to train people for when the upturn takes place. That is a message that is also coming through to me from local business men. It is not only a matter of national benefit, but important for the individual. The health benefits of having people in employment are self-evident, as is clear from the contribution made to the debate by Dame Carol Black. People denied work will tend to become introverted and lack social confidence, and there are related physiological conditions that go with that. This impacts on the health service, people's well-being and the national economy.

Above all, it is essential to take children out of poverty. Obviously, the income that comes with a job is an essential part of that strategy, but over and above that there is the change in aspirations that comes for children who grow up in a house where there is a breadwinner—somebody who is succeeding. That considerably affects children's confidence and aspirations; without it, they are more likely to grow up with fewer aspirations and perhaps accept a life on the dole as their future.

I want to talk about the social fund. First, let me say that I am a Labour and Co-operative Member of Parliament and, as such, a long-standing supporter, member and promoter of the credit union movement. I

am therefore pleased by the recognition that credit unions could have a role to play in providing the social fund. That is an acknowledgement that credit unions are community-based financial organisations that often serve the elements of local populations that are unable to access financial services from other providers. It is certainly possible that they could play a role. However, I could not stand here and say that credit unions provide a comprehensive and possibly better service than we have currently. We must recognise that this is both a challenge and an opportunity. My hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt) said that credit unions are accessed by only a relatively small proportion of the total electorate; in fact, it is about 700,000 people. Inevitably, therefore, such a service provided by credit unions alone would be subject to a postcode lottery, even if one accepts that they are likely to be embedded in communities that are perhaps more likely to use the social fund than others.

I am pleased that the Minister has nailed the canard about the interest charged on loans from the social fund. We are talking about financial institutions, albeit small and often operating on small margins, that have to survive, so there is the issue of what sort of payments the Government would make to credit unions for operating this facility.

Mr. James Clappison (Hertsmere) (Con): The hon. Gentleman is making a considered and well informed speech, but he refers to that idea as a canard. The canard actually comes from the Government's own consultation paper, the back of which refers to charging social fund recipients interests. It sets out the impact of that and how social fund recipients would end up paying more under the Government's proposals.

Mr. Bailey: With respect, a consultation paper is not the same as a policy proposal. I think that the Secretary of State comprehensively rebutted the idea that the hon. Gentleman refers to in earlier exchanges.

Mr. Clappison: Will the hon. Gentleman give way?

Mr. Bailey: I will not give way again, because other Members are waiting and I want to develop my argument.

The exercising of the social fund by credit unions would benefit both the Government and the unions themselves. With the right financial arrangements it could undoubtedly provide people with a more sensitive and community-based service and help the expansion of the credit union movement. The Department for Work and Pensions must work with other Departments so that there is a joined-up approach, to coin a phrase.

Credit unions need offices if they are to deliver such a service. Post offices provide a possible network of offices, and we should think about that in deciding on the future development of the post office service. The work could even be carried out in Jobcentre Plus offices, complementary to the other services that they provide. If a network could be set up, there would be a whole range of other challenges in ensuring that the necessary financial support services could be provided. My hon. Friend the Member for Warwick and Leamington expressed some original and innovative ideas about that, and I cannot help thinking that if the Government were to take those up and work with the credit union movement, there would be enormous potential to develop a more consumer-sensitive process, better financial support and better exploitation of the available Government resources.

Above all, there is the second potential beneficial impact. By using the loan fund facility, engaging with a financial institution and developing the saving habit, more people from hitherto financially excluded communities will become more economically resilient in future. One of the Government's objectives is to get more and more people into the saving habit and to develop financial education, and that is a potential long-term spin-off of my suggestion.

I conclude by emphasising that the thinking behind the Bill is still only embryonic, and that pilots are needed. Judging by the proposals in the Bill, however, they will be implemented. I would like the Department to work with other Departments to take on board the implications of this suggestion and ensure that they back moves to develop the credit union movement in providing the social fund. That would be to the benefit of the policy in question and a whole range of others.

9.3 pm

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): I rise to support the general thrust of the Government's proposals. It was noticeable that the main Opposition party also felt that now was the right time to pursue them. I was immensely disappointed that the nationalists seemed to be the only people who said that we should not be trying to ensure that many of our people are not left behind at this difficult time. The Liberals might have said that—I have heard their spokesman before, and I always find myself losing the will to live, so I had to leave the Chamber. It was certainly noticeable that the nationalists were prepared to abandon those people. I welcome the suggestion of the hon. Member for Glasgow, East (John Mason) for a minimum wage of £7. I support £7.50—you get more with Labour. However, it is false of the nationalists to pose an increase in the minimum wage against whether we should try to get people into work. It is possible to campaign for both, as I do. The hon. Gentleman is nodding—I hope that he will endorse that and campaign with me in future on those matters.

I do not want to spend all my time praising Government policy—plenty of people here who want a job will do that. I want to consider matters about which the Government are not doing enough, especially challenging behaviour. I regret that their action on drug addicts is not extended to cover those who abuse alcohol. We have an opportunity to raise several questions about addiction and challenging behaviour. We must also examine aspects of the Department's behaviour, especially the way in which non-judgmental positions can contain moral hazards. An example is not making judgments about how some people become disabled. Several outraged citizens in my constituency recently approached me to tell me about one particular gentleman, who can no longer use his legs because he has injected so many drugs into them that they have collapsed. Consequently, he has gone on to the higher rate of mobility allowance and now drives a better car than the vast majority of decent constituents who have worked all their lives. There is something wrong with a system that rewards that sort of bad behaviour. The Government should pick up those questions.

[Mr. Ian Davidson]

Like most of my colleagues, I accept that voluntary participation in schemes such as those that we have discussed is best, if that can happen. However, substantial numbers of people are clearly not willing to participate voluntarily. Earlier today, I had a discussion with somebody who asked, "Should people have the right to say no?" Yes, people should have the right to refuse to participate, but they should not have the right to say no, not participate and get my constituents and me to pay taxes to keep them in that condition. The majority of my constituents would take that view. They do not mind paying for those who are genuinely in need, but they are not willing to contribute from, in many cases, their low incomes to those who are seen to abuse the system.

Let me consider compulsion or coercion and the provision that we make for those we wish to direct to participation. My right hon. Friend the Member for Birkenhead (Mr. Field) was a bit soft in pursuing some of the issues related to the community programme. I participated in running a community programme, as did my right hon. Friend the Member for Stirling (Mrs. McGuire). Its merits—what it did for the community, for individuals and the way in which that was linked—were enormously helpful and constructive at the time.

The Government should consider having community programmes for three groups of people. First, the innumerate and illiterate need to be involved in work experience that is relevant to teaching them numeracy and literacy. Secondly, substantial sections of youth are essentially emotionally illiterate. They have no work experience, have not been brought up in anything that anybody would describe as an appropriate family atmosphere, and many have not had adequate male or female role models. They need to be in a sheltered, semi-working environment to be given a pattern of life for the future. The third group is especially vulnerable and is much more prevalent in my constituency than I am happy to admit—it comprises ex-prisoners. There is a vicious cycle of people failing in the school system, leaving school, getting into crime, going to jail, coming out and then going back to jail. The system does not adequately deal with their educational needs.

Earlier this evening, I was on a programme about the Bill on BBC Scotland. As many of my Scottish colleagues appreciate, the BBC has a one-dimensional view of such matters. It always looks for a way in which to identify a problem between Holyrood and Westminster and to consider issues from that perspective. It was made easier for the BBC because the nationalists were unable to provide a Member of Parliament to participate, even though three of them were sitting here like craws on a dyke while the programme was on. Two others appeared later, so they are obviously alive. However, the fact that no nationalists were available at the time did not prevent people from saying that there were difficulties in Scotland about the application of this programme. These are issues that we need to take up with the Scottish Government. The speaker on behalf of single parents made it clear that child care provision was an issue. She argued that Scotland's provision was inadequate, compared with that in England and Wales. That needs to be addressed, as does the question of drug and alcohol treatment. We need to ensure that Westminster and Holyrood work together on these issues.

I do not accept the line that there is not enough money in Scotland. What is lacking is will and political commitment. What sort of Scotland do the present Scottish Government wish to create? As I understand it, they are about to spend £20 million buying a Titian painting for the nation, giving it to a tax-dodging duke, at a time when they are also saying that they have no money for provisions such as these. That calls into question their priorities and their commitment to ordinary Scots, particularly when the tax-dodging duke is the Duke of Sutherland, whose family gave us the highland clearances. It is inappropriate for the Scottish Government to say that they have no money in such circumstances.

John Mason *rose—*

Mr. Davidson: If the Member wishes to come in, he should please do so.

John Mason: The Member asked what kind of country the Scottish Government were looking for. Would he accept that they want a more caring country than the UK Government apparently want?

Mr. Davidson: No, I do not accept that for a moment. It depends what we mean by caring. I do not believe that abandoning people in the kind of slough of despond that the Tories left them in during the last recession will actually help people. I do not believe that not challenging alcoholics about their behaviour, even when they have children, is particularly caring. Similarly, I do not believe that not looking after drug addicts particularly well is caring. If I did not have a shortage of time, I would go on to lacerate the Member a bit more. The reality is that he reflects the view of Scotland held by people such as Sean Connery, who will do anything for Scotland except live there and pay taxes in that community. They think that we are all couthie and kaleyard, and that they do not have these problems. They think that caring means washing their hands of people's problems.

I am happy to say that the United Kingdom Government are not doing that, and that we are going to challenge people. There will be some bleeding hearts who will complain and, I have to admit, there will also be some cases in which the Government will get it wrong and have to take corrective action. I hope that there will be sufficient flexibility in the system to recognise mistakes when they are made and to correct them. I am much more prepared to accept a few mistakes being made and then corrected, than nothing being done at all.

Mr. Stewart Jackson (Peterborough) (Con): The hon. Gentleman's attacks on the previous Conservative Government would carry more weight if he were to acknowledge that there had been 62 quarters of economic growth, most of which were under his Government, and that his Government had presided over the importing of 1 million low-skilled workers from eastern European countries, while at the same time presiding over 5.1 million people becoming entrenched in poverty on out-of-work benefits. Should he not address that issue before criticising the former Conservative Government?

Mr. Davidson: I am happy to criticise former Conservative Governments, largely because it is so easy, but perhaps that is an example of sloppy thinking on my part.

I want to raise two other points. The first is the question of accountants. The Government must be much more rigorous in pursuing the professional associations and the activities of those accountants who are clearly engaged in manipulating their clients' affairs in order to allow them to avoid paying their share of parental maintenance for their children. We ought also to consider introducing a better standard of investigation in some cases, as well as a degree of publicity. There are perhaps a few absent fathers for whom the reintroduction of the stocks might be considered appropriate.

The final point I wanted to make—on the question of inward migration—has just been made. If we are to avoid damaging community relations, our migrant community must be integrated here at the same time as we take a more realistic view about population flows. We cannot continue to have vast numbers coming into this country from eastern Europe and elsewhere; we need restrictions, which have to be part of the whole. If we do not want community tensions, there have to be limits, so I am happy to support the Government tonight.

9.15 pm

Ms Katy Clark (North Ayrshire and Arran) (Lab): It is a pleasure to follow my hon. Friend the Member for Glasgow, South-West (Mr. Davidson). He will not be surprised to hear that I do not agree with everything he said, but as so often, he highlighted some of the central issues in the debate, as well as some of the groups that are in most in need of support by the Government at this time.

The Secretary of State said in his opening remarks that the Bill was about transparency. As with other pieces of welfare legislation, one problem is that many of the steps that will be taken are not actually built into the Bill; we often find that they come later by way of regulation. One of the risks with such enabling legislation is that Governments of a different political persuasion will also be able to bring in regulations through the same mechanism at a later date, which Parliament would not be willing to vote for now.

The Bill is of great significance to my constituency and, I believe, many other constituencies like it. I represent an area that has not really recovered from 18 years of Tory rule, as we have some of the highest levels of unemployment in Scotland. Over the 20 years of Tory power, we saw large industry after industry closed. There used to be an ICI plant in my constituency that employed 17,000 people in the 1980s, yet by Easter this year only 200 will be working there. There used to be steelworks employing thousands of people in my constituency and that of my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne). When I was at school, 10,000 people worked at the Killoch pit in south Ayrshire: those jobs have gone and in their place we have had only small industries and service sector employment.

Despite significant increases in employment in my area since 1997—more than 25 per cent. more people are in employment now than they were then; even since 2003, more than 1,000 more jobs are available in my constituency, despite some quite worrying employment figures over the course of last week—we face the difficulty that employability and skills are a major problem. The proposals that hon. Members have spoken about today are absolutely vital in constituencies such as mine. I have to say that the sentiments and words used by so many hon. Members about the kind of support they believe should be provided to those who need to get back to work are exactly the sort of initiatives that we need. Many such initiatives have borne real fruit over the last 10 years.

When my constituents go into their Jobcentre Plus office, they tell me that the experience they receive and feel is not such a positive one—and I find it difficult to believe that it will be much different in other parts of the country. It is a difficult time for them, not necessarily through any fault of Jobcentre Plus staff, as they do not necessarily have the resources they need to provide the personalised assistance that so many Members have spoken about. We have to incorporate that aspect into our debate and be real about the situation we face and the kind of people we are dealing with.

It was interesting to note that some of the comments made by my hon. Friend the Member for Glasgow, South-West took us back to debates that some of us hoped had been left behind many decades ago—the concept of the deserving poor, for example. The whole idea of the welfare state and the benefits system was that it should provide a safety net, and it has done that. I do not accept the notion that the safety net has simply been a trap for people. I believe that it has been a liberation for millions of people, particularly women who, for the first time ever, have been given financial independence. We should emphasise that regularly, and not allow the welfare state to be talked down.

Because time is short, I shall confine myself to three aspects of the Bill. The first is the "working for your benefits" scheme, which is linked to the general question of whether the purpose of benefits is to provide an absolute minimum to ensure that people do not live in squalor and poverty. I think it important for us to restate our belief that that is essential, that it is not acceptable for us to throw people on to the scrap heap even if they have not behaved in a particularly deserving or responsible way, and that it is unacceptable for society as a whole not to take collective responsibility for every member of society.

Some of the concerns about the language in certain parts of the Bill, and about regulations that may result from it, relate to when sanctions will be used. Particular concern has been expressed about those with responsibility for young children. I consider it unacceptable for sanctions to be imposed on the parents of younger children who are unable to carry out the work-related activity proposed in the Bill. The only effect would be an increase in poverty among both women and children. Given the huge amount of work that the Government have done in trying to meet our child poverty targets, that would be a step backwards. The fact is that not every member of society is as able to cope as others. Society contains many vulnerable people with chaotic lives, and we need a benefits system on which they can rely.

Another issue that has been raised is that of lone parents. There are 1.9 million single parents in the country, but they cannot all be lumped together. They are very different types of people who just happen to be single parents, and they should all be treated equally and fairly. Society owes it to them to support them in the work they are doing in bringing up children.

[Ms Katy Clark]

I shall raise only one more issue, given the shortage of time: the privatisation of the public sector and the welfare state and, in particular, the externalisation of providers of the social fund, which is an emergency provision used by many people in great difficulty. We ought to question whether it is appropriate for loans of that nature to the poorest members of society to be handled by companies seeking to profit from such work. There is a risk that, given the nature of those companies, they will go about the process, particularly the process of recovering the moneys, in a very heavy-handed manner. There is real concern about that proposal, and I ask Ministers to consider it again over the coming weeks. Those who work in Jobcentre Plus have had a huge amount of training and are well aware of the needs of the most vulnerable people, and I believe that to take their work away from them and put it in the hands of private contractors would be to take a huge risk.

9.24 pm

Mr. David Anderson (Blaydon) (Lab): The Secretary of State said that the debate was about changing lives, and he was absolutely right. It is about changing the lives of real people.

I want to talk about my experience in the real world—the real world in which in 1969, as a young man, I worked for the National Coal Board. No one was ever put out of work because they were ill. There were men who had lost limbs, had lost eyes, or had chests full of coal dust, but the paternalistic attitude of the Coal Board was, "If these people want to work, let them carry on working." Let us contrast that with the position 20 years later, in 1989, when the National Coal Board in the guise of the Conservative Government's policies was sacking men aged 20, 30 and 40. As my hon. Friend the Member for Dumfries and Galloway (Mr. Brown) said, men of 40 or 50 never worked again after being thrown out of work. They had no self-esteem, and did not know how to go forward.

We are talking about changing the lives of real people. I had the terrible experience in the 1990s, when I was a trade union representative in a local authority, of going through an ill-health retirement programme with literally hundreds of home care workers, women in their mid-50s who had worked for 25 or 30 years and literally devoted their lives to the people in their care. Those women were worn out and could not carry on doing the job. In reality, they should have had the sort of things we have been talking about today: personalised help to move into other work. What we did instead—I am not proud of this—was to encourage these people to take ill-health retirement. That covered up the fact that job cuts were being made, but those people were burnt out through hard work.

We also need to realise that in the workplace today there are many people who are stressed out. Again I am talking about real experiences. I represented people among the middle managers who did not realise how ill they were until they collapsed at work. The fear of having to go back into that environment absolutely paralysed them. It is not funny to see grown men cry, but that was my experience with some very tough and hard-nosed management negotiators who fell into that trap. We are talking about people in vulnerable situations.

For the rest of my short speech, I want to talk about disabled people. I am privileged and proud to be the chairman of the all-party parliamentary group on muscular dystrophy. A month ago, we set up an inquiry into why people in different parts of the country get different services for muscular dystrophy and have different life outcomes. Last week we met a number of people who are living with the disease, are carers for those with the disease or have just contracted the disease. Across the country 50 per cent. of people with muscular diseases are not in employment. Three quarters of families living with people with this disease are suffering real financial hardship and, as we have heard, 43 per cent. of disabled people are in work compared with 74 per cent. of the general population.

Last week we heard from the people individually, and they said that one of their biggest worries is that, under the new proposals, the people who assess whether or not they are fit to go to work, like many GPs, will not have real knowledge of a rare disease, will assess them wrongly and will put them into a situation where they are supposed to undertake work-related activity that they will not be able to do. If that is the case, they will fall out of the benefits system altogether and will be in even worse straits than they are now.

I want to read out some comments from some of the people who were with us last week. Phillippa Farrant, whose son Daniel is 17 and living with Duchenne muscular dystrophy, said:

"We had to move three times from our current home because of the needs of Daniel. The kitchen and living space is very cramped. This has impacted on our family life—no table to sit around. Benefits are a minefield—okay for the short term disabled person but not for the long term progressively disabled. You have to fill in forms every six months. More and more red tape. Two years ago we had to declare ourselves bankrupt, not because of lost living but because of the cost of looking after a disabled son. The whole benefits system is very complicated—it's hard to understand what you're entitled to."

Although Daniel is past 16 and could claim incapacity benefit, it is better for the family if he does not. For other families, it is the other way round.

Andy Findlay, who is 65, told us that it took 18 months to get disability living allowance. When a social security doctor came to assess him, he did not know what the strain of muscular dystrophy was:

"In his report he said that I was going to get better."

For Andy Findlay's strain of muscular dystrophy, there is no cure or medication and no way he could recover.

Laura Merry, a very bright young girl of 19 who is struggling to go to university, said:

"As I'm getting older I'm getting more involved in looking after myself and becoming more independent but it is very hard to understand all the forms, and the wording is confusing."

I want to ask the Secretary of State and his Ministers some specific questions. Will they agree to meet people from the Muscular Dystrophy Campaign, so that they hear the experiences of those at the cutting edge—not the professionals, but the real people? I ask them to meet those people to take this forward. Will they also make sure that the specific experiences of people living with long-term progressive muscular diseases are understood by those who will be doing the assessments? If they do

not understand them, they will not be able to diagnose correctly and they will give the wrong advice. Will they ensure that we take forward the following from today's debate: that the Minister will come in an official capacity to the inquiry and give evidence to it, and that we will put together an all-party parliamentary group of this House so Members can discuss in detail what to do?

Before I sit down, I want to say one last thing. The welfare reforms are right and proper—

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): My hon. Friend asked three questions, and the answer to all three is yes.

Mr. Anderson: Thank you very much—and don't worry, because there's plenty more to come.

This issue is not just about reform of the welfare state as that affects the Department for Work and Pensions, because unless we take this across Government, it will not work. Housing, health, transport and education are vital to the people I am talking about. The DWP can do its bit right, but if the other Departments do not, these people will not be able to access work.

I will close with one example. Daniel, who has Duchenne muscular dystrophy, goes to a school where every week he gets hydrotherapy, which is vital in helping him to breathe; it is much better than all the medication he is on. The only problem is that when the school is on holiday, he does not get it. Can we imagine somebody on life-saving drugs being told, "The chemist's going on holiday for the next six weeks; don't come back"? That is what we are talking about. I am very pleased the Minister said yes, and I hope he keeps on saying yes.

Let me share one last thought. We talk about people being on benefits, but we do not mean that—what we mean is people who are on payments. We should talk about benefits, however. The dictionary definition of "benefit" is:

"Something that promotes or enhances well-being... A kindly deed... To be helpful or useful to."

If we use that terminology for benefits, this country will be a much better place to live in.

9.32 pm

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): Given the time constraints we are under, I will try not to repeat anything that has already been said, but I want to support my hon. Friend the Member for Aberdeen, South (Miss Begg) in her campaign in respect of people with sight disabilities.

I shall focus my remarks on the difficulties that mothers in particular face in getting into work, particularly in relation to child care. I have thought long and hard about the requirement on mothers to take part in work-related activity. This brings us back again to the difficulty of balancing work and caring responsibilities. Although much has been done in introducing family-friendly policies and extending child care, there is still a long way to go.

In considering these matters, we need only look at the experiences of mothers already in the work force. It is a myth that women staying at home was the norm: working-class women have always worked, through financial necessity. If it was difficult to sustain a household on one wage in the past, it is even more difficult today. There have been massive changes, which need to be taken into account—not only the rising numbers of children brought up in lone-parent families, but the necessity of young mothers to work nowadays in order to pay mortgages, service debts and provide a reasonable standard of living in line with today's consumer society.

Historically, women have been encouraged to work, not for their own good but because the economy needed them. What little child care there has been was withdrawn when there were fewer jobs available, when men were regarded as having first call on the work which was available so as to provide the family wage. We are already hearing concerns that in this economic downturn women will be disproportionately affected, so it is doubly important that child care is expanded and not contracted, and that long-term help is provided to enable mothers to join the work force. Of course, in addition to all that, there has been a very strong desire by women themselves to work for their own personal development, and to do so on equal terms with men and for equal pay. Again, we still have a very long way to go on that.

I wonder how many Members of this House have ever brought up children while living on benefit. I do not mean living on benefit for a week for a TV documentary—I mean for real. It is a stressful, demoralising experience and it is certainly not to be recommended as a long-term situation. That prompts the question of what someone needs to get into work and what can make a difference. As I say, I have thought long and hard, and not only about the principle of working. I think it is useful to consider how things have changed since my time as a young mother in the 1970s and the experience of my daughters and their generation today.

There are four things that I wish to suggest, the first of which relates to confidence. I was brought up with a strong work ethic and there was a very obvious stigma attached to those who did not work—and, for that matter, to lone parents. Many mothers today who have been brought up in poverty themselves, especially if they are on their own, do not have the confidence or family experience to engender confidence, and they need very extensive support to have a chance. I spoke recently to a local organisation that supports parents, and I have found that in many cases, it can take four months of regular engagement before these mothers will even go over the door to join a group, far less look for work. A build-up of support is required and how that is approached is crucial. Where are the resources coming from to develop this level of support in relation to Jobcentre Plus?

Secondly, the support of the extended family is needed, but it is not always available in the way that it has been in the past—many grandparents are working themselves and cannot afford to babysit free of charge. That should be recognised, as many mothers would prefer to have care provided by their relatives, if only they could access child care tax credits or some other means. I welcome the early-day motion tabled by my hon. Friend the Member for Aberdeen, South that seeks to credit in national insurance the unpaid contribution of grandparents, who save society a fortune by providing free child care—that would be a good starting point.

The third thing that is crucial is the availability of affordable child care. Back in the '70s, I was in a very fortunate position: we had a Labour Government, and I was able to secure a state nursery place at a nominal cost to allow me to go to college. By the time I had my second child, 10 years later, people could not get a

[Sandra Osborne]

nursery place in Ayr for love nor money, unless they had a social worker. The introduction of universal nursery provision has helped a great deal, but some areas do not have wraparound care, so full-time care comes solely from the private sector. My own daughter has just had a baby and she will be back at work by the time her daughter is six months old. Obviously, I am not one of the grannies who is available to offer child care, even if she could afford me. The going rate for child care is £35 per day and she reckons that she will be paying more than £1,000 per month for her two children—it would be a lot more if she had more than one child under five.

When I look around, I see that the majority of mothers do go back to work when their children are relatively young, as has always been the case; it has always been only the minority who could afford to choose to stay at home. So there is no inherent reason why people on benefits should not work. Many wish to do so, but, crucially, they need the right type of support to make child care affordable. Any conditionality must take that into account, and I seek assurances from the Secretary of State that no one will be regarded as breaching the rules because they cannot get access to child care.

In Scotland, the statutory duty on local authorities to secure sufficient child care for parents who work does not apply. The Wise Group has reported that in Glasgow there is a lack of suitable places for parents wanting to work. It is probably harder today than it has ever been to raise children, and I believe that all parents could benefit from some parenting support at some time. At the moment, this is, in the main, down to voluntary organisations, many of which are strapped for cash. Certainly in Scotland there are widespread financial difficulties as councils cut back on funding, and that is affecting organisations that provide support to parents.

In conclusion, I wish briefly to mention women who have suffered domestic violence. I am very concerned that they will be asked to take part in work-related activity as soon as they leave a violent partner, and I ask the Secretary of State to ensure that that does not happen.

9.40 pm

Mr. James Clappison (Hertsmere) (Con): This has been a very good debate, with some powerful personal accounts, including the last two contributions. I do not have time to mention all the speeches made, but I commend my hon. Friend the Member for Bournemouth, West (Sir John Butterfill), who made a powerful speech on behalf of people with sight impairment, which followed an intervention by the right hon. Member for Sheffield, Brightside (Mr. Blunkett) and was supported by many hon. Members on both sides of the House. My hon. Friend the Member for Broxbourne (Mr. Walker) made an excellent speech, making a link between work and well-being—the benefits of work. My hon. Friend the Member for Wellingborough (Mr. Bone) also made an excellent speech that raised some very important points about the welfare of people in his constituency and the issue of unemployment there.

We heard an authoritative speech from the Chairman of the Work and Pensions Committee, who made several important points about giving people skills, preparing people for work, job retention and the point at which people get help. We also heard a very powerful speech from the right hon. Member for Birkenhead (Mr. Field), who was right to remind us of the setting for this debate and the fact that many of our constituents who are out of work are not used to that experience, and we need to bear that in mind. We heard an authoritative speech from the right hon. Member for Stirling (Mrs. McGuire) and a considered speech from the hon. Member for Warwick and Leamington (Mr. Plaskitt) about the social fund, which will bear careful analysis later.

We had an important contribution from the hon. Member for Aberdeen, South (Miss Begg) and from hon. Members who happen to represent some of the poorest parts of the country. Although I did not agree with everything that they said, it was good to hear their voices. The hon. Member for Glasgow, East (John Mason) made the point about the need to give people incentives to work and the hon. Member for Blaenau Gwent (Mr. Davies), representing another very poor part of the country, gave some striking figures about the present state of employment and benefit receipt in his constituency. He told the House that some 2,600 people were receiving jobseeker's allowance, 6,500 were stranded on incapacity benefit and there were only 218 vacancies. That was a sombre reminder of the problems we face today.

My right hon. Friend the Member for Maidenhead (Mrs. May) broadly welcomed the Bill. We want to see the contracting, Freud-style reform of our welfare system, and we look forward to exploring the Bill in detail to see just how far it goes in fulfilling that vision.

I make a specific plea to Ministers that was made by many hon. Members on both sides of the House. Much of the Bill is devoted to regulation-making powers. As has been said, regulations are mentioned 387 times in 114 pages. I hope that the Minister, when he winds up, will give us an assurance that the draft regulations will be published in time for the Committee stage, so that hon. Members can do their job and scrutinise the Bill in detail. We may give the Bill a broad welcome, but there are several issues that we want to examine in detail.

For example, we need further details about what will be required of lone parents with children under seven. It is right to remind the House of the background to this issue, because the momentum for reform on the issue of lone parents moving from income support to work came from the Opposition, and I pay tribute to the work of my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) in that regard. As I recall, it was not until June 2007 that the Government came round to the same way of thinking—after the proposal had been made by the Conservatives. Up to that point, lone parents of children up to the age of 16 had been allowed to remain on income support without extra requirements on them, but at that point a line was drawn at the age of seven. Not only have the Government now agreed with the proposals made by my right hon. Friend and taken the age limit down to seven, but they want to go further still, which was not in our proposals.

We need to look very carefully at just what the Government will require, and we will have a debate on that. It is clear in the White Paper—I hope that the Secretary of State knows what is in his own White Paper—what he is requiring of the parents of children between the ages of three and six as well as those of children from the age of one. I know that the Secretary of State made his name as a babysitter, but we want to prevent his being remembered as a baby-snatcher. We want to look at those matters in some detail. We also want to look at the issue of budgeting loans.

Lynne Jones: The hon. Gentleman is making important points about lone parents. Does he share my concerns that it is important that we as a society should value the work that parents do in bringing up their children, particularly young children, but also, in certain circumstances, older children?

Mr. Clappison: I agree with the hon. Lady. We too think that it is good for lone parents to work, and the evidence is that work is beneficial to them and to their children. However, there is a balance to be struck between the care of young children and the work of parents. We will examine that matter in Committee, which is the right place to do that.

We will also examine the strange question of the social fund, about which there seems to be a mystery. The Secretary of State seemed to be unaware of the Government's proposals in their consultation document to charge interest on social fund loans—*[Interruption.]* Ministers are shaking their heads, but the proposal is in their own consultation document. In case it has escaped the Secretary of State's attention, he wrote the foreword to that document only last November. I imagine that he does not sign documents without having read them, and that it was not the fact that my hon. Friend the Member for Epsom and Ewell (Chris Grayling) brought the proposal to public attention that prompted a sudden reversal in Government policy. We look forward to going through those issues in detail.

Our focus throughout will be on getting people back into work and bringing help to those who need it, even in these dark times. The right hon. Member for Birkenhead talked about a hurricane, and time and again we have come back to the setting of the reforms. For many people, it is striking that the Government have delayed for so long in undertaking those reforms and have waited for this moment to do so.

We have had so much talk and so many promises. Since 1997, we have had seven Green or White Papers on welfare reform. The Bill is the 13th piece of legislation dealing with welfare reform; it will be the third Act to be called the Welfare Reform Act and the second such Act in three years. The Secretary of State talked about the difference between active and passive welfare systems, but the Government have been talking about that, and claiming that they have brought about an active system, since 1997.

I gently remind the Secretary of State that he mentioned the new deal once and that it was barely mentioned at all during the speeches made by his Back Benchers. It was mentioned in more detail by the right hon. Member for Birkenhead, who powerfully dissected and criticised it and its failures. The new deal was the centrepiece of the Government's reforms since 1997 but now the Government hardly dare speak about it. As the UK Statistics Authority has said, after all the Government's boasts and propaganda about the new deal, the sad facts of the matter for young people in this country today is that unemployment among 16 to 24-year-olds is higher now than it was in 1997. It is going up at the moment, but it was going up long before the credit crunch took hold.

As the right hon. Member for Birkenhead made clear, the centrepiece of the Government's reform of welfare has been a system that put in place a revolving door, that had diminishing returns, and failed many young people who kept going back into the system. Those people were made the basis of a claim that the Government had abolished long-term unemployment when all they had done was move people from one queue to another, while more and more young people were unemployed. More people are not in employment, education or training than in 1997. We have to start from the sad position of the number of economically inactive people left behind by the Government, particularly in the 16-to-24 age group. The Government failed to put things right when they had the opportunity to do so, but we look to bring fresh thinking to this subject. It is sorely needed.

We will build on the proposals in the Bill where that suits our plans, which we put in place long before the Government did. We will build on what the Government are doing, and we recognise where they have gone wrong. Even now, however, we must seek to put things right, and to bring hope to all the people who are going through the present dark economic times. They include those who are losing their jobs, the 2 million who are economically inactive and who want to work and the nearly 2 million who are now unemployed. We must try to bring hope to all of them, by means of a welfare system that acts much more efficiently than what has been put in place by this Government so far.

9.50 pm

The Minister for Employment and Welfare Reform (Mr. Tony McNulty): I, too, think that this has been a very interesting debate, in which colleagues who were here made extensive and experienced contributions. There were just two contributions from the Conservative Back Benches, and they were both very useful and thoughtful—

Andrew Selous (South-West Bedfordshire) (Con): There were more than that.

Mr. McNulty: There were two, I think the hon. Gentleman will find, but if he wants stretch the point and include interventions, I suppose that there were slightly more. We had absolutely no Back-Bench contributions from the Liberal Democrats, which is really quite sad.

John Barrett: The Minister was not here.

Mr. McNulty: The hon. Gentleman needs to understand that a televisual contraption has been invented that allows people who are not in the Chamber to watch the debate.

We heard some old flannel from the Scottish National party—I am not sure whether it was a Front-Bench or Back-Bench contribution, but then neither was the hon. Member for Glasgow, East (John Mason)—which I still

[Mr. McNulty]

cannot fully understand. That is a real pity given the Bill's importance for Scotland and the ravages left behind by last Government. At least six colleagues on the Labour Benches made substantive contributions, which is very instructive.

I broadly welcome the tone of the debate, and much of what was said in concentrating on the Bill. I understand that people can get confused by references to the Green Paper, the White Paper, the Gregg review and the Bill, all four of which need to be read in their entirety.

Not everything needs primary legislation, as the hon. Member for Hertsmere (Mr. Clappison) noted, but I can tell him that I have always tried as far as possible to prepare at least the grid of what secondary legislation may follow on from primary legislation. That was certainly true of my approach on previous Bills, such as the one that became the Counter-Terrorism Act 2008. The hon. Gentleman and the right hon. Member for Maidenhead (Mrs. May) made a perfectly fair point about the secondary legislation and other bits of legislation that might follow on from this Bill. I can tell them that, as far as we can, we intend to have at least a draft outline of the direction of travel of the regulations ready for the Committee.

I am very sorry that I missed the debut of the right hon. Member for Maidenhead. I am afraid that, on balance, the pull of 15 primary and secondary heads from the London borough of Harrow was sufficient to win me over and I was not able to listen to her contribution. Even so, I welcome the broad support that she has given the Bill, and what I hope is the shift in tone evident in her remarks. Her predecessor gave us a mixture of rank opportunism and utter confusion.

The right hon. Lady appears to have changed her view of the help and treatment for problematic drug users. I was not entirely sure about that from her remarks, but that must be the right direction to go in. She has certainly changed her opinions about passports and driving licences, and I am afraid that she was entirely wrong when she suggested that the Government had been instrumental in withdrawing an amendment to the Child Maintenance and Other Payments Bill in the other place. Lord McKenzie and Lord Skelmersdale both made it clear that, in order to get that Bill through in time, the Tories would not press their amendment that would have removed the Child Support Agency's right to overturn court orders on child maintenance after 12 months in certain circumstances, in return for the Government converting passport removal to a court-based procedure.

As my right hon. Friend the Secretary of State said, very clearly, the only way to get the measure through the other place was to water it down at the behest of the Conservatives. If the right hon. Member for Maidenhead has shifted her position on that, that is also very welcome.

With the best will in the world, as my hon. Friend the Member for Bradford, North (Mr. Rooney) will know, the conditionality regime for lone parents and the age shift alluded to by Freud may well have their genesis in the Nordic countries, or in Michigan or Wisconsin in the States, depending on one's view; they certainly do not have their genesis in Chingford, notwithstanding the contribution that the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) makes on such matters, albeit belatedly.

Lynne Jones: Will my right hon. Friend give way?

Mr. McNulty: I will not, for the moment. If the right hon. Member for Maidenhead brings less petty politicking to these very serious matters, as she at least implies that she will, that is hugely welcome. If she brings a degree of clarity where, up to now, there has been real intellectual bankruptcy, that will be useful, too.

The hon. Member for Northavon (Steve Webb), who speaks for the Liberals, would do well to look at the substance of the Bill. I think that he agrees with more of the Bill than he disagrees with, but it is not helpful if he dwells on the negative.

Steve Webb: It's called scrutiny.

Mr. McNulty: No, it isn't, actually. Scrutiny is about looking in a balanced way at both the sticks and the carrots—at the whole sanctions regime, all the conditionality, and all our existing and future reforms outwith the Bill. It is about that, rather than about simply asking, "What happens if a drug user does this, that or the other?" and asking about sanctions. Those are fairly appropriate questions in Committee, but not here, and not in the context of his not telling us quite where he stands on what we will do to help, and support some of the most vulnerable people in our community. That is precisely what the Bill is about, in terms.

I take the points made by my hon. Friend the Member for Bradford, North about the integrated employment and skills services, many of the other existing rules, and the whole panoply of what we are doing in welfare reform, not just for the immediate downturn, but more broadly. We have clearly said that we need to look again at specific extant measures, whether for the short term or in the context of welfare reform, and we will do so, if those measures do not fit in. However, hon. Members cannot say that they support some of those measures if they do not support what we are already doing with Jobcentre Plus—if they do not support the £1.8 billion and the six-month package that we have brought forward.

On the broad gist of what hon. Members have said, the removal of barriers that get in the way of people getting back into work is absolutely key. The measures are not, as billed, "Any job at any cost," regardless of whether there is child care provision or other elements. I take on board what many of my Scottish friends have said about the paucity of child care provision in some areas of Scotland, not least Glasgow. There is certainly a huge paucity of drug treatment referral centres in Scotland. We are trying to work with members of the Scottish National party to deal with that. We are just trying to get basic figures from them, but they are not being forthcoming.

As Members have quite properly said, the liberalisation and realisation of the potential of people who have, up to now, been written off is central to the Bill, and to everything else that we are trying to do in welfare reform. That must be right. I totally disagree with my right hon. Friend the Member for Birkenhead (Mr. Field), who is not present, who says, "Whatever you do, don't make the reforms now, because of the downturn." We

cannot leave the most vulnerable people behind in those circumstances. It is almost appropriate to say that now more than ever is the time to deal with those people. All that we are saying is that everyone should get a chance. No one should be written off or left behind. In welfare reform, and in everything else that we are doing in view of the downturn, we need to do as much as we can to allow people to do as much as they can. I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

WELFARE REFORM BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Welfare Reform Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 3 March.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*(Mr. Frank Roy.)*

Question agreed to.

WELFARE REFORM BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Welfare Reform Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of—

(a) any expenditure incurred in consequence of the Act by a Minister of the Crown, government department or the Registrar General for England and Wales, and

(b) any increase attributable to the Act in the sums payable under any other Act out of money so provided, and

(2) the payment of sums into the Consolidated Fund.—*(Mr. Frank Roy.)*

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): With the leave of the House, I will put motions 4, 5, 6 and 7 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

REPRESENTATION OF THE PEOPLE

That the draft European Parliamentary Elections (Amendment) Regulations 2009, which were laid before this House on 24 November, in the previous Session of Parliament, be approved.

That the draft European Parliament (Disqualification) (United Kingdom and Gibraltar) Order 2009, which was laid before this House on 26 November, in the previous Session of Parliament, be approved.

NATIONAL ELECTION EXPENDITURE

That the draft European Parliamentary Elections (Loans and Related Transactions and Miscellaneous Provisions) (United Kingdom and Gibraltar) Order 2009, which was laid before this House on 20 January, be approved.

EUROPEAN COMMUNITIES

That the draft European Communities (Definition of Treaties) (Agreements concluded under Article XXI GATS) Order 2008, which was laid before this House on 4 December, be approved.—*(Mr. Frank Roy.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

TOTAL ALLOWABLE CATCHES AND QUOTAS AND RECOVERY OF COD STOCKS

That this House takes note of European Union Documents No. 15578/08 and Addenda 1 to 3, draft Council Regulation fixing for 2009 the fishing opportunities and associated conditions for certain fish stocks and groups of fish vessels, applicable in Community waters, and for Community vessels, in waters where catch limitations are required; and No. 7676/08 and Addenda 1 and 2, draft Council Regulation amending Regulation (EC) No. 423/2004 as regards the recovery of cod stocks and amending Regulation (EEC) No. 2847/93; supports the Government's approach, which is in line with the principles enshrined in the Common Fisheries Policy, to seek adoption of measures to provide for sustainable exploitation of fishery resources based on sound scientific advice and on the precautionary approach; and accepts the Government's overarching approach in seeking a balanced and fair settlement across all the negotiations which promote the long-term sustainable exploitation of fish stocks in European waters, the economic viability of the UK fishing industry and the protection of vulnerable species.—*(Mr. Frank Roy.)*

Question agreed to.

DELEGATED LEGISLATION

LOCAL GOVERNMENT

Ordered,

That the Overview and Scrutiny (Reference by Councillors) (Excluded Matters) (England) Order 2008 (S.I., 2008, No. 3261), dated 18 December 2008, be referred to a Delegated Legislation Committee.—*(Mr. Frank Roy.)*

Low-value Consignment VAT Relief

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Frank Roy.)*

10 pm

Mrs. Janet Dean (Burton) (Lab) *rose—[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. We have an Adjournment debate and we want to get on with it straight away. Will hon. Members please leave quietly, and not all at once?

Mrs. Dean: Thank you, Mr. Deputy Speaker. I am grateful for the opportunity to raise my concern about the impact upon specialist high street retailers of the exemption from value added tax of personal imports of food supplements, herbal remedies and other products such as compact discs and DVDs from the Channel Islands. My concern is shared by many hon. Members, some of whom have signed early-day motion 152 tabled by my hon. Friend the Member for Bolton, South-East (Dr. Iddon), and my own early-day motion 1767, tabled in the previous Session. I am grateful to the Minister for being in his place and I look forward to hearing his response to the concerns that I raise.

I was alerted to the situation both by the National Association of Health Stores and by the national retail chain, Holland and Barrett, which has a major facility in my constituency employing 200 people. I do not want to trigger a full-scale debate about the constitutional governance arrangements of the Channel Islands, nor do I want to focus unduly on the way in which to date the islands, like the other Crown dependencies, have avoided meeting their obligations under European Union treaties to implement such measures as European medicines legislation, the food supplements directive, and more recently the nutrition and health claims regulation.

However, I cannot fully make my case about the serious and adverse impact that low-value consignment relief from VAT is having without explaining that the failure to implement those European legislative measures has allowed to develop in the Channel Islands an export business in food and herbal supplements that can reasonably be estimated to be worth around £100 million per annum, a staggering sum given the small population of the islands.

This huge export market is generated through very active direct marketing mailshots to UK mainland consumers. Tens of millions of them a year receive catalogues through the post, which promote the products of the Channel Islands companies and appear to come from addresses with reassuringly familiar postcodes which imply that the senders are located in part of the UK, when they are not. Above all, the industry in the islands has benefited dramatically from the provision that personal imports of goods from the islands are exempt from value added tax for consignments with a total value of less than £18.

I am a great supporter of my right hon. and hon. Friends in the Treasury ministerial team. They have displayed great competence during the recent City cataclysms, but I am left scratching my head wondering what possible justification there can be for giving a huge exemption from value added tax to those products. The impact of this business, with a value of £100 million per year and rising steadily, is substantial. Independent specialist high street health food shops are closing at a rapid rate as their profits are squeezed by this unfair and illegal competition. The loss to Treasury revenues, therefore, is significantly greater than the sum of the VAT on the imports. It is also losing the tax revenues from the struggling independent retailers.

The scale is staggering. One company alone, created by the merging in April last year of Healthspan Group and Healthy Direct, based in the Channel Islands, now accounts, according to the industry analysts Euromonitor, for 4.9 per cent. of total UK sales of vitamins and dietary supplements by retail value, or a staggering 21.3 per cent. or £49.4 million of total UK non-store sales, assuming, as is the case, that the overwhelming majority of sales by that group are non-store—and that does not include their considerable sales of herbal remedies.

It is not only the specialist food supplements and herbal remedies sector that is reeling under the impact of that unjustifiable tax break. We have all observed the steady decline in recent years in the number of independent high street retailers of CDs and DVDs as that industry has relocated, at least notionally, offshore to the Channel Islands. Tens of millions of imports of such products are now shipped annually into the UK and delivered direct to the homes of consumers at prices that no responsible high street retailer in the mainland could hope to match.

The Channel Islands authorities have misled officials and Ministers by suggesting that they are cleaning up their act and preventing further relocations for the purposes of tax avoidance. Yet information supplied to me by the independent CD and DVD sector suggests that Jersey is now the fulfilment base for Asda, Play.com, CD101 and BlahDVD. Tesco, which was excluded from the island in 2006, is now reportedly operating again through a Jersey-based fulfilment business, TheHut.com. HMV and Amazon, under a sister company name of Indigo Starfish, operate out of Guernsey.

The trend of major corporate names shifting their fulfilment to the Channel Islands continues, and the only benefit of the so-called tighter regime is to guarantee additional business for the operators already there. Many of the goods in question are actually manufactured in the UK, shipped to the Channel Islands and then moved back to the mainland through the mail. The sole purpose of that manoeuvre is tax avoidance. Like the Minister, I am a believer in the benefits that competition can bring to consumers, but that competition is unfair and in some cases illegal. It can have no public policy justification.

The European Commission has begun a formal investigation of the situation. I encourage all those who share my concerns urgently to contact the commissioner with responsibility for taxation and customs union. Such non-taxation is an artificial advantage to Channel Islands companies, and as such is in breach of the sixth VAT directive, a breach which obliges the United Kingdom to take action to prevent the abuse. The situation is clearly one of tax avoidance, which is illegal, and the Government must act.

Specifically, in European law, where low-value consignment relief is available it must be applied in a way that ensures that it does not give rise to any evasion, avoidance or abuse, or a distortion of competition in the United Kingdom market. Indeed, directive 83/131

makes it clear that the power of member states to allow LVCR is subject to the above two conditions. The fourth recital provides:

"whereas the exemptions on importation can be granted only on condition that they are not liable to affect the conditions of competition on the home market".

Article 1 provides that

"the Member States shall apply the exemptions laid down in this Directive under the conditions fixed by them in order to ensure that such exemptions are correctly and simply applied and to prevent any evasion, avoidance or abuses."

The UK is also under a general obligation to administer the VAT system in accordance with the general principles of the sixth directive. As the Court of Appeal affirmed in HMRC *v.* IDT Card Services Ireland in 2006:

"the principles of avoidance of non-taxation, avoidance of double taxation and the prevention of distortion of competition are general principles of the Sixth Directive."

The distortions to trade in terms of the tax advantages are significant and are contrary to European law, and it is incumbent both in the sense of natural justice and in terms of legal obligation for the United Kingdom tax authorities, rather than those of Jersey and Guernsey, to ensure compliance with the law.

Treasury Ministers must address that matter without waiting for the Commission. Officials defend the provision, because to abolish it would require the commitment of resources to claim VAT on many small transactions. In fact, on food supplements and herbal remedies alone, the revenue would clearly be in excess of £17.5 million annually, making the exercise more than worth while, particularly when we consider the further tens of millions of pounds of lost revenue from the DVD and CD sector. Indeed, in the pre-Budget report 2006, the Treasury indicated that the lost revenue was already running at £85 million a year, and the problem has grown substantially since then. The only reason why the businesses are in the Channel Islands is to avoid VAT. If the loophole ended, they would relocate to the mainland and suddenly there would no longer be any problem with revenue collection.

I do not have any truck with claims that ending the loophole would impose burdens on Royal Mail, which is benefiting massively from the huge business not only in delivering the products, but in delivering each year tens of millions of catalogues that make claims that would be illegal if made about products placed directly on the UK market. As a responsible business, Royal Mail will surely want to play its part in ending this abuse and deliberate tax avoidance. Furthermore, ending the avoidance loophole would simply lead to the relocation of the businesses back to the mainland, where the company would still benefit from their business—probably to a greater extent, as profits would not be shared with Jersey Post.

In the long term, consumers do not benefit from this gross and complex tax avoidance network. Although in the short term they may pay a slightly lower price by avoiding the VAT, market share is becoming increasingly concentrated in all the sectors that I have outlined. Independent retailers are closing, and choice and diversity are being undermined. Once the market is dominated by one or two major players, prices will surely start to rise as competition is stifled.

Officials frequently confirm that the matter is kept under review. Yet Ministers have admitted in parliamentary written answers that they do not have information on the breakdown by product category of the imports in question. How can they possibly, therefore, keep it under review? What specific criteria is this review using in assessing the impact of the provision? When and how do the Government intend to calculate the total cost to the Treasury in lost revenue, from not only health products, DVDs and CDs, but the other product categories that are exploiting this loophole? By what timetable is the review being conducted? When will its conclusions be known? What compensation will be given to responsible high street retailers suffering loss of business in the meantime? Finally, will my right hon. Friend personally investigate the matter and ensure that this illegal and unjustifiable tax avoidance is brought to an end?

10.12 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I congratulate my hon. Friend first on the auspicious birthday that I understand she will be celebrating in two hours' time. I wish her many happy returns, and hope that I am the first to do so. I also congratulate her on securing this debate on an important subject that she has pursued for some time. I am grateful to her for raising the topic of low-value consignment relief and giving me the opportunity to set out the Government's position.

The £18 VAT relief threshold applies to all goods imported into the UK from outside the European Union, with the exception of alcohol and tobacco, for which other rules apply. It is important to underline that fact: the arrangements in Jersey and Guernsey are not improper. The £18 relief applies to goods coming from anywhere outside the European Union, and as the Channel Islands are outside the EU, it applies to goods coming from them. The relief falls under European Community VAT legislation that requires member states to exempt from VAT all eligible goods with a value of less than €10. Member states may increase the threshold to €22 if they so wish and, like the majority of the other member states, the UK has always applied the maximum relief allowable since the introduction of the directive in 1983. We do that to reduce the administrative and operating costs of calculating, collecting and paying small amounts of tax on very large numbers—millions—of low-value goods.

The current UK limit of £18 was equivalent to the €22 limit used by eurozone countries when the limit was first set in 1983. However, my hon. Friend is right to draw attention to some of the effects that that threshold has led to. She said that she thought that the Treasury was losing some £70 million of VAT on health products and quoted a figure from the 2006 pre-Budget report—an estimate of the overall loss to the UK Exchequer from the VAT threshold. We estimate that, for 2008, the amount of VAT exempted by the relief was £110 million. That is a new figure. As she says, it is on the rise, although it is important to underline that any net value to the Exchequer from collecting that revenue would be significantly less because there would be large administrative and operating costs involved in collecting it and considerable difficulties in enforcing any new rules comprehensively, given the volume of international mail and fast delivery service traffic.

There has been a big increase in the volume of low-value goods imported into the UK from all over the world. A large proportion of goods that benefit from

[Mr. Stephen Timms]

the relief are supplied from the Channel Islands, as my hon. Friend rightly pointed out, reflecting the convenience and cost advantage—and, as she said, the familiar postcodes and addresses—that come from using the islands as a base for supplying the UK market. However, we should not lose sight of the potentially significant difficulty of trying to impose a VAT charge even on very low-value items, which would be the case if the threshold were not in place. A wide range of goods are imported under the relief, but my hon. Friend and others have raised particular concerns about the increase in the import of health foods and supplements and of CDs and DVDs from the Channel Islands, and the impact that that is having on UK-based retailers.

Following discussions with UK officials in 2006, Jersey and Guernsey issued policy statements making it clear that they are opposed to the growth of so-called third-party facilitators on the islands. Those facilitators exist to provide logistical services to UK-based companies, enabling them to benefit from the relief by exporting UK-originating goods through the islands without making any investment in establishing wider real economic activity there. The islands' authorities recognised that that was damaging to their international reputation and credibility and undermined the UK tax base. The policy statement issued by the States of Jersey introduced a licensing regime for companies and facilitators supplying goods by post to UK consumers. Companies supplying CDs and DVDs were granted only a 12-month licence and, at the end of that period, the licences were not renewed, so a number of companies were required to leave the island: my hon. Friend mentioned a couple of them. She also said that one or two had come back in a different form; that is news to me, and I will investigate it tomorrow.

Since 2007, the Jersey authorities have refused to grant a licence to any new company operating in the CD and DVD market and wishing to relocate from the UK to Jersey. Equally, any new company wanting to relocate to Jersey is required to obtain an operating licence before it can start trading. The Jersey authorities have stated their strong presumption that licences will not be granted when there is no investment in the wider economic activity on the island. Following the withdrawal of licences, only one big company supplying CDs and DVDs from the island to the UK remains; it is a company that has been based in Jersey for quite a long time.

My hon. Friend mentioned the development of Channel Island-based organisations effectively acting as front organisations for those that can no longer relocate there. That is a fair point, and we are seeing some of that in response to the restrictions that have been introduced.

As far as Guernsey is concerned, I understand that the authorities there cannot introduce a licensing system similar to the one in Jersey because of the constraints of the local constitution. However, the Guernsey authorities have adopted a policy statement quite similar to that of their Jersey counterparts and used other available powers, including planning controls and employment permits, to limit the growth of activity on the island that involves the exploitation of the relief by UK-based companies. Guernsey has made it clear to a number of UK companies involved in music retailing, including those that have been forced to close their Jersey operations, that it does not wish to see them establish activities on the island.

I know of at least one big UK company that established itself in Guernsey before the current policy was introduced and remains active on the island. I have been informed that, earlier this month, the States of Guernsey prepared a code of conduct intended to limit the supply of goods to the UK by the mail order sector. The code acknowledges there has been negative publicity about such companies and is intended to engender a certain level of self-regulation. It provides a benchmark of standards that signatory companies are expected to maintain, and it addresses a number of other consumer protection issues including those specific to the food supplements, vitamins and health products sector.

As a consequence of the measures taken by the Channel Island authorities, we believe that the growth in the music sector there since 2006 has been curtailed. Of course the position might change, and my hon. Friend suggested developments that might lead to such a change, but that was the case at least until very recently. Certainly the exponential growth in the cost of the relief that some feared has not materialised, despite the rapid growth in internet shopping. The figure that I have mentioned underscores that point.

To address the activities of the remaining companies that are selling CDs and DVDs to the UK market from bases in Jersey and Guernsey, my officials have been discussing ways in which the island authorities can restrain the growth of those supplies. As I think my hon. Friend will understand, I cannot set out details of those arrangements because of commercial and diplomatic confidentiality, but I understand that good progress to that end has been made with the authorities in Jersey. It is proving more difficult to secure a satisfactory outcome in Guernsey, but my officials are due to have a further meeting with the Guernsey authorities very soon. After that, they will report to me on progress and I will consider what further action may be necessary. Perhaps at that stage it would be helpful if my hon. Friend and I had a further conversation about how things have been going.

Of course, we must bear in mind that the market for audio and visual media is moving rapidly towards electronic downloads over the internet, rather than the sale and dispatch of physical media. That is changing the situation again, and we will continue to keep track of market developments and adapt tax and other policies as required.

If the Government decided to reform the low-value consignment relief, a number of options would be permitted under European Community law. We could reduce the threshold to the minimum level of €10 or seek a derogation from the European Commission to remove the relief from specific goods such as health products or CDs and DVDs, or from imports from certain countries. However, although some retailers might benefit from such a change, the knock-on effects on others would have to be considered. If the threshold of the relief were reduced to the lower limit, it is estimated that up to an extra 50 million small parcels a year would be subject to VAT. That would require substantially increased resources at Her Majesty's Revenue and Customs for calculation and enforcement of import taxes. My hon. Friend did not express too much sympathy for that concern, but it needs to be taken into account. Indeed, there would be a further impact on Royal Mail and other carriers.

Mrs. Dean: Does my right hon. Friend accept that, if we take away the incentive for distribution in the Channel Islands through alterations to the relief, we would encourage those companies to come back to the UK mainland, and there would then be no problem with the VAT?

Mr. Timms: My hon. Friend makes a fair point. VAT would have to be paid on supplies from the Channel Islands. People would have to go to their local Royal Mail sorting office, hand over money and so on. Of course, she is right—if the operations moved back to the UK, such problems would not arise.

There would be an increase in the cost of goods, not only from the addition of the VAT, but from charges applied by the carriers for clearing packages through customs, and the associated need, in many cases, to travel to a mail delivery office to make payment. All that is on the assumption that goods would continue to come in from the Channel Islands.

We are also concerned that any restriction that we apply to the current threshold, or derogations against specific goods or exporting countries, could encourage businesses to reroute their low-value goods, quite legally, through other European Union countries that maintain the higher relief threshold. For example, it would be possible to send goods from the Channel Islands to France, from France to the UK and, because France still had the higher threshold, it would not be too difficult to reproduce the benefits of the current arrangements for companies that export directly from the Channel Islands to the UK. Once goods have been given customs clearance in the European Community, they can move between Community countries without restriction. A specific example would be goods sourced from Switzerland going through Italy or Germany to other member states.

We need to consider the interests of a wide variety of those affected. As with all aspects of the tax system, we must balance the cost of compliance and enforcement of the rules with the need to protect the revenue and minimise any impact on UK markets caused by the application of the relief.

We are, of course, sympathetic to the difficulties that small UK businesses face. My hon. Friend mentioned some of the problems, which perhaps partly arise because of the phenomenon that we are discussing in the debate. The Chancellor outlined several measures in the pre-Budget report that were specifically designed to help small and medium-sized enterprises weather the tough current economic climate. For example, an HMRC scheme enables firms facing difficulties to spread their tax over a timetable that they can afford. We have agreed additional facilities with the European Investment Bank to provide lending to UK banks. We have also set up a temporary guarantee scheme.

We must recognise that it is not solely—or perhaps even mainly—the VAT advantage enjoyed by offshore internet-based retailers that affects their competitive positions in relation to UK-based small businesses. We need to bear in mind that large retailers, whether operating offshore or not, enjoy a competitive advantage simply because of their size and ability to obtain discounts from suppliers. Those advantages would be retained, whatever the arrangements and relationship with the Channel Islands. In the event that HMRC viewed an arrangement as unacceptable or abusive, it would respond to stop that in the ordinary way.

Officials in the Treasury and in HMRC are actively examining and pursuing low-value consignment relief. I cannot offer a quick solution today to the problems to which my hon. Friend has rightly drawn attention. I hope that she will take some comfort from the steps that I have set out, the action that is being taken, and the discussions that have happened and that will continue with the authorities in the Channel Islands.

Question put and agreed to.

10.29 pm

House adjourned.

House of Commons

Wednesday 28 January 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Rural Economy

1. **Lembit Öpik** (Montgomeryshire) (LD): What assessment he has made of the contribution of the rural economy to economic performance in Wales; and if he will make a statement. [250633]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): A strong rural economy is vital for Wales as a whole, particularly during the present challenging economic conditions. We and the Welsh Assembly Government are committed to supporting rural businesses with the range of packages that were announced recently, which are designed to help all businesses.

Lembit Öpik: As the Minister knows, Montgomeryshire has seen shops such as Woolworths closing and businesses such as Stadco preparing to lay off scores of staff. Indeed, the number of job losses has risen by more than 60 per cent. in the last year. While the new assistance package is welcome, is the Minister aware that banks are putting such a tight squeeze on local firms that their viability is threatened? Will he meet local business representatives in Montgomeryshire to hear about the effect of reduced bank lending? Such a dialogue would undoubtedly help firms, and also the Government.

Mr. David: We are, of course, aware of the situation in mid-Wales, and in the hon. Gentleman's constituency in particular. We are especially concerned about what has been happening to Stadco, where the loss of 100 jobs was announced recently. The important point is that we are essentially on the side of people who are suffering in this way, and totally understand their predicament. As Members will know, the proposals announced recently by the Government are designed to promote cash flow and to help small and medium-sized enterprises. In Wales in particular, high street banks have been turning down applications for loans, and Finance Wales has stepped in successfully to help. We are certainly aware of the problems, and we want to see the position improve.

I should be delighted to visit the hon. Gentleman's constituency. Perhaps we can discuss an appropriate time later.

Dr. Hywel Francis (Aberavon) (Lab): The rural and valley areas in Wales need better opportunities to embrace the knowledge economy and, to that end, the Welsh Affairs Committee is about to start an inquiry into digital inclusion in the country. Does the Minister agree that Governments at all levels should encourage the public, private and voluntary sectors to work together to overcome the current difficulties in such communities and reduce the isolation that they experience both socially and economically?

Mr. David: I entirely agree. It is vital that we maintain and reinforce our commitment to the development of a knowledge economy in Wales: that is the future.

Speaking as the deputy Minister for digital inclusion, I also consider it important for us to recognise that our investment in new technology and full participation must continue apace. We must not use the present economic downturn as an excuse not to proceed with that agenda; on the contrary, the downturn must be used to reinforce our commitment to its development. We must also ensure that at all times we are strongly committed to the public and private sectors working together. That, too, is the future. I commend what my hon. Friend has said, and the work of his Committee.

David T.C. Davies (Monmouth) (Con): Does the Minister agree that enacting legislation that will require all companies, or at least private companies, to use the Welsh language in all forms of business could prove very detrimental not just to the rural economy but to the rest of the economy in Wales, at a time when, tragically, we are seeing hundreds of jobs lost?

Mr. David: The hon. Gentleman should choose his words carefully. I am sure that the last thing any Member would want to do is be seen to be against the Welsh language. It has developed over the past few years, and we want to ensure that it continues to develop with the consent of all the people of Wales.

As the hon. Gentleman will know, the draft Welsh language legislative competence order is due to be published next week. I hope that, as a result, there will be full discussion among all the people of Wales about what is the best way forward.

Mrs. Madeleine Moon (Bridgend) (Lab): Does my hon. Friend agree that the rural economy in Wales needs to recognise the vital opportunity provided by the economic downturn, and the fact that people are holidaying in the United Kingdom, to promote our wonderful natural environment, particularly the environmental protection areas? My constituency contains the national nature reserve at Kenfig, and there are local nature reserves all along the coast. In the constituency of my hon. Friend the Member for Ogmore (Huw Irranca-Davies) is the wonderful Garw valley, one of the most beautiful spots in Wales. Does the Minister agree that environmental tourism is a real saviour?

Hon. Members: Answer!

Mr. David: That is a very difficult one to answer.

I entirely agree with my hon. Friend. My constituency contains the magnificent Caerphilly castle, the largest castle not just in Wales or Britain but in the whole of Europe. There are plenty of opportunities for Welsh tourism, and we need to recognise that indigenous

tourism is particularly important at this time. I am delighted to say that the Welsh Assembly Government have invested some £2.2 million in the United Kingdom campaign to extol the virtues of Welsh tourism.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): Does the Minister agree that one significant boost to the rural economy of west Wales at this time would come from the construction of the new gas-fired power station at Pembroke, in the constituency of the hon. Member for Carmarthen, West and South Pembrokeshire (Nick Ainger)? The project has taken four years to reach this point. It has passed its environmental consents, and merely awaits a decision from the Minister's colleague the Energy Minister. Will he speak to the Energy Minister and unlock this important project? The United Kingdom needs the generating capacity, and my constituents need the jobs.

Mr. David: The hon. Gentleman is entirely right, this is an important project. We are mindful of that; discussions have taken place with my hon. Friend the Member for Carmarthen, West and South Pembrokeshire (Nick Ainger), who represents the constituency where the new installation will be based, and I am sure that, across all Departments, we are absolutely committed to ensuring matters are expedited as quickly as possible, but also in a proper manner.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Market towns are a key component of the local rural economy across Wales, and they have maintained a range of quality independent retailers, which make them attractive not only to the people who live there, but to tourists and visitors. Town centres with closed shops and pubs are very unattractive, however. As our thoughts turn towards the spring and Easter holidays, will the Minister intervene with his colleagues in the Assembly—and, indeed, in Westminster—to find ways of reducing the burden on these businesses, particularly in respect of business rates? The Government come forward with new initiatives day by day, but will the Minister now stand up for the retailers and shopkeepers of rural Wales?

Mr. David: Indeed, we stand full square behind small enterprises generally, and in particular retail businesses. The business rates issue has been looked at, and the Government nationally and in Wales are doing everything possible to help. We can be absolutely certain of one thing: we will do everything possible to help people get through this difficult period. I must say, however, that I am impressed in all sectors of the Welsh economy, including the one the hon. Gentleman refers to, by the determination and commitment of the people of Wales. It is very important that we reinforce the determination to get out of this economic downturn as quickly as possible, and I hope the hon. Gentleman will work closely with us to achieve that.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Does the Minister recognise that small and medium-sized enterprises in Wales are vital for employment throughout Wales, and in particular in rural areas? Will he join me in congratulating the Welsh Assembly Government on their £290 million flexible support package for business, the £7 million rates relief package for smaller businesses and the £115 million investment fund? Does he not agree that the Assembly Government have been very proactive at a time when such action is required?

Mr. David: Yes, I agree. I am pleased that the hon. Gentleman has listed some of the initiatives that have been introduced, and it is important to recognise that, in the critical area of the development of our economy, we are seeing good practical examples of the Government here in Westminster and the Welsh Assembly Government working together and pulling together in the interests of the people of Wales. There are other initiatives as well as those that the hon. Gentleman has mentioned. I also believe we have led the way in the United Kingdom in holding economic summits. There have been three very successful economic summits, and another one in north Wales is planned shortly. That reinforces the partnership that has been established not just between Cardiff and London, but between all the main players in Wales.

Small Businesses

2. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of small business organisations in Wales to discuss the regulatory burden on them. [250634]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): My right hon. Friend the Secretary of State and I met the Wales CBI only last week, and I recently held a meeting with the Federation of Small Businesses to listen to its specific concerns. In March I shall be participating in the FSB's national conference.

Mr. Bellingham: I thank the Minister for that reply. Ministers keep telling the House how much they are doing to support small firms, but why did Ministers not do more to resist the job-destroying EU agency workers directive, which was vehemently opposed by every single small business organisation?

Mr. David: The Government are certainly doing everything they can to help small businesses—there is no doubt about that. However, it is important to recognise that we are talking specifically about Wales, and we can point to initiatives that have been taken by the Welsh Assembly Government, such as the ProAct and ReAct programmes. We can also allude to the fact that significant sums of European money have gone into these initiatives. They are helping small businesses and the people who are directly affected by the economic downturn, so I think it is very important that, unlike Opposition Members, we take a balanced view of the European Union. I believe that, on balance, our membership of the EU is positive and helpful, and many thousands of people in Wales would testify to that fact.

Albert Owen (Ynys Môn) (Lab): My hon. Friend will be aware that one of the problems that small businesses face is getting large-scale procurement contracts from local government and, in my constituency, from the Ministry of Defence. This problem has come up at a number of meetings hosted by the Wales Office. Can he assure me that in these difficult times, and through the economic summits that we have had in Wales, we will be able to relax the rules or even explain them better to local businesses, so that they can have the opportunity to get the contracts and get the work locally?

Mr. David: I entirely agree with the point that my hon. Friend makes, because this issue has to be addressed. I am pleased to say that there will be a meeting on Monday to discuss precisely that point of procurement and how government at all levels can do whatever they can to help. We are also pressing strongly for the next economic summit in Wales, to which I referred, to address the issue specifically. As far as Anglesey is concerned, we will do everything possible to help sustain jobs; I am aware of the excellent work that he is doing on Anglesey Aluminium, and we stand full square behind him on that issue as well.

Mark Williams (Ceredigion) (LD): I am sure that empty property business rates have been a significant feature of the Minister's discussions with the Federation of Small Businesses and others. Although we welcome the increase to £15,000 for relief, that is not enough for many of our constituents. One of my constituents faces a bill on empty properties of £30,000 a year, and that is very much compounded by the unhelpful attitude of the banks. Will the Minister continue to advance the case for raising that threshold further in his discussions with the Welsh Assembly Government and, consequently, the UK Treasury?

Mr. David: I am glad that the hon. Gentleman recognises that we have already taken action on business rates—I think it has been warmly welcomed by those people directly affected. We will take the necessary action and we will keep the situation under review. We have given an explicit commitment to doing whatever is necessary to ensure that we all move forward together as quickly as possible through this economic downturn. All those issues that he has raised will be carefully examined—this is a moving brief.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): Major job losses in Wales, such as those at Corus, understandably make the headlines, but the Minister must know, that the consequential impact on small businesses can be just as catastrophic, if not more so, for families and individuals. Can he explain why, despite all his summits, he and the Welsh Assembly Government are not helping businesses more directly by bringing in our proposals, such as those for a six-month VAT holiday, a cut in corporation tax and a cut in payroll taxes for companies with fewer than five employees?

Mr. David: Forgive me for smiling, but it is important for Labour Members, at least, to recognise that a tremendous effort has been made. The Wales Office recently published a document that itemises all the efforts that have been made and all the initiatives that have been taken by the central Government, in co-operation with the Wales Office, and by the Welsh Assembly Government. I would be more than delighted to ensure that the hon. Lady has a copy, so that she is able to avail herself of all the information that it contains. It clearly sets out the umpteen initiatives that have been taken, which have been well appreciated and, most importantly, are having a direct positive effect to help businesses in these difficult times.

Mrs. Gillan: I am not smiling, and I happen to have had a copy of that list, for which I am very grateful. Forgive me if I am sceptical about the Minister's warm words, his summits and his lists. How can businesses rely on a Labour-Plaid Welsh Assembly Government who during this dreadful recession have taken decisions to cut further education budgets that would retrain workers; to hand back to Europe, because of their own bad planning, £77 million of aid for the poorest regions; and to inflict an above-inflation rise of almost 5 per cent. on business rates from April this year? The Minister may be smiling but business in Wales is not. How will such moves help small businesses or, indeed, any business in Wales?

Mr. David: The hon. Lady's jokes are in bad taste and her mock humour is inappropriate. Over the past few months we have seen a strong partnership between the Welsh Assembly Government and central Government. European funds have been effectively accessed as far as the ProAct and ReAct schemes are concerned. Those programmes are in place and they have had a direct effect.

The hon. Lady might not like it, but the Welsh Assembly Government have led the way in helping small and medium-sized enterprises. Europe is playing a critical role and the best action that the Welsh Assembly Government could do is to reinforce that partnership with the European Union to ensure that money comes through the structural funds and through the European Investment Bank. The single most important thing that the hon. Lady could do is listen to her shadow Business Secretary on VAT, for example. He recognises the importance of the VAT reduction and the importance of Europe. It is a pity that the rest of his colleagues do not do the same.

All Wales Convention

3. **Mr. Don Touhig** (Islwyn) (Lab/Co-op): What recent discussions he has had with the chair of the All Wales Convention on the work of the convention. [250035]

The Secretary of State for Wales (Mr. Paul Murphy): I have been following the convention's work with great interest and I have met Sir Emyr Jones Parry on a number of occasions.

Mr. Touhig: When families across Wales are concerned about their future does my right hon. Friend think that anybody gives a fig about the All Wales Convention? It is wasting £1 million of taxpayers' money, calling shambolic meetings, showing videos that give a distorted picture of Wales and pandering to those who think that the big issue of the day is independence. Would it not be better spending its time talking to the Corus workers?

Mr. Murphy: I am grateful to my right hon. Friend for his robust comments on the work of the convention. I think that the convention is doing a proper job in trying to find out what the people of Wales would think about extra powers for the Assembly. I agree with him that it is more important to concentrate these days on the effects of the economic downturn on the people of Wales than on constitutional issues, but I do not undervalue the work of the convention.

Chris Ruane (Vale of Clwyd) (Lab): On constitutional issues, does my right hon. Friend have any plans to slash the number of Welsh MPs before any further devolution settlement and to gag them when it comes to speaking on UK parliamentary issues? If he does not have such plans, does he know anybody who does?

Mr. Murphy: I think I do. The Government have no plans to reduce the number of Welsh Members of Parliament or the effectiveness of the Welsh representatives in the House of Commons. The Government have no plans to gag us in any way whatsoever. However, I was surprised at the Conservative Front Benchers when they decided some weeks ago to suggest that we might reduce the number of Welsh Members of Parliament. They then changed their minds, for which I am very grateful.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): Will my right hon. Friend ensure that the chairman of the convention is aware of the success of the legislative competence order process in ensuring that, where it is appropriate, additional responsibilities and powers are provided to the National Assembly for Wales? Given the amount of disinformation that we see from the press and media in Wales and from some who seem to want to pretend that the process is not successful, is it not important that the convention should ensure that people understand that the process is successful?

Mr. Murphy: Yes, it is. It would be useful for my right hon. Friend to meet Sir Emyr to put those points to him. The process has improved over the past months and will improve even more.

Employment (South Wales)

4. **Julie Morgan** (Cardiff, North) (Lab): What recent estimate he has made of levels of employment in south Wales. [250616]

The Secretary of State for Wales (Mr. Paul Murphy): The levels of employment show the continued effect that the global economic slow-down is having on the Welsh labour market. Although that problem requires a global solution, we are doing everything we can, in partnership with the Welsh Assembly Government, to help minimise the effects on Welsh families and on our economy.

Julie Morgan: I thank my right hon. Friend for his reply. Is he aware that 330 jobs are likely to be lost from Cardiff Gate and from my constituency if the International Baccalaureate continues with its plan to move to a mainland European city such as Amsterdam? Is he aware that one of the reasons given for that is that Cardiff and south Wales do not have an international mindset? Is that not extraordinary when we consider that the first full IB school was Atlantic college at St. Donats in south Wales?

Mr. Murphy: Yes, I very much agree with my hon. Friend, who rightly points out that the International Baccalaureate was started in Atlantic college, and that, far from being a parochial place, Cardiff is very much an international centre. I fully support her early-day motion. I have written to the director-general in Geneva about keeping the 300 jobs in Cardiff and I hope that her campaign is successful.

Mark Pritchard (The Wrekin) (Con): The hon. Member for Vale of Glamorgan (John Smith) has claimed many times that hundreds of jobs will come to Wales as a result of the defence training review programme, but the programme has rising costs and increasing delays. Indeed, in his desperation, the hon. Gentleman visited the Prime Minister this week, even though the latter has given no assurance that the defence training review will go ahead in Wales. Do we not need an early statement from the Secretary of State giving us the truth about the project and its rising costs?

Mr. Murphy: I have had no indication at all that there will be any change of plan concerning that huge investment in Wales. The Government are committed to it and I am sure that, when the time comes, there will be a proper statement to this House of Commons.

John Smith (Vale of Glamorgan) (Lab): Does my right hon. Friend agree that employment levels in south Wales will be greatly improved by the 5,000 jobs brought to the area by the defence technical academy? Does he also agree that it is about time that Opposition Members stopped knocking the project and began pulling together to ensure that it is brought in on time and within budget?

Mr. Murphy: That is what we all like to hear, My hon. Friend has been a great champion of the project. When those jobs come to Wales, it will be as a result of the biggest single Government investment in Wales ever.

Jenny Willott (Cardiff, Central) (LD): Since January 2008, 11,000 jobs have been lost in Welsh retail and services. That is more than in any other sector, and thousands more jobs are at risk because of the unreasonable conditions being imposed on small businesses by banks. For example, a business in my constituency is being charged 10 per cent. interest above the base rate on a loan of only £4,000, plus significant amounts in fees. Does the Secretary of State share my concern that, if that continues, more Welsh businesses will be driven into the ground, with significant numbers of redundancies? What extra help can he offer to businesses in those circumstances?

Mr. Murphy: The hon. Lady— *[Interruption.]*

Mr. Speaker: Order. It is so noisy, and it is unfair to those involved in Welsh questions.

Mr. Murphy: Thank you, Mr. Speaker. The hon. Lady is absolutely right. Banks should be lending, particularly to small businesses, and the initiatives taken by the Government are designed to help them do so. She will be aware that Wales is especially fortunate, as we have the Welsh Assembly Government's initiatives and the schemes of the UK Government that help businesses in a very special way. However, I will make sure that the points that she has properly raised here in the House of Commons are raised at next week's economic summit in north Wales.

Mr. Martin Caton (Gower) (Lab): My right hon. Friend will be aware that Corus has announced the closure of Coated Metals in Pontarddulais in my constituency—a blow to the community and to the workers. However, all the workers have also worked at some time in Port Talbot, so will he urge Corus management to show flexibility and use a combination of voluntary redundancies and inter-plant redeployment to minimise the damage?

Mr. Murphy: Yes, I will. I had a conversation recently with the chief executive of Corus and the general secretary of Community, the steel industry's main trade union. The points that my hon. Friend has made are very valid, and I shall raise them again with them.

Mr. David Jones (Clwyd, West) (Con): Given the increasing numbers of job losses in south Wales, which of course include the 1,000 jobs lost at Corus this week, does the Secretary of State acknowledge the fundamental importance of maintaining flexibility in the labour market? Can he therefore confirm that the Government will continue to fight to maintain the British opt-out from the working time directive, notwithstanding the decision of Labour MEPs to support its abolition last months?

Mr. Murphy: Yes, I think that there should be as much flexibility as possible. That has helped us in the past, and I hope that it will do so in the future as well.

Manufacturing Industry

5. **Sir Nicholas Winterton** (Macclesfield) (Con): What recent discussions he has had with the First Minister on prospects for manufacturing industry in Wales. [250617]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): My right hon. Friend has regular meetings with the First Minister, and hardly a day passes when the economic situation and manufacturing is not discussed.

Sir Nicholas Winterton: Does the Minister agree that manufacturing industry is the only source of non-inflationary, sustainable economic growth? Bearing in mind that the Secretary of State for Wales said that manufacturing

"will play an important role in bringing us out of recession" [*Official Report*, 26 November 2008; Vol. 483, c. 710.]

what are the current Government and the First Minister in Wales doing to help manufacturing industry at this time?

Mr. David: The short answer is a heck of a lot. The hon. Gentleman is correct in saying that manufacturing is still important in Wales—it is—and the last available figures show that some 13 per cent. of the work force were employed in that sector. That is why we have seen central Government and the Welsh Assembly Government being so proactive to ensure that policies are in place not only to help manufacturing but, importantly, to plan for the future. It is absolutely vital to give the greatest possible assistance and investment regarding skills and training, so that when the upturn comes, we are well placed to ensure that we take the maximum benefit of it.

Nick Ainger (Carmarthen, West and South Pembrokeshire) (Lab): My hon. Friend will be well aware of the £1 billion investment being made and, I hope, announced very shortly in my constituency to build a gas-fired power station. During its construction phase, it will employ 2,000 people. Will he agree to meet me and Alstom—the main contractor—to ensure that we maximise the number of local Welsh people who are employed during the construction phase?

Mr. David: My hon. Friend is correct in stressing the importance of that utility initiative in his constituency, and I give a commitment that we in central Government will do everything possible, in partnership with the Welsh Assembly Government, to ensure that the processes to bring that about are fulfilled as quickly as possible. Specifically, I very much hope that I will be able to come down to his constituency in the very near future, and that is one of the facilities that we can visit and discuss.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [251625] **John Battle** (Leeds, West) (Lab): If he will list his official engagements for Wednesday 28 January.

The Prime Minister (Mr. Gordon Brown): This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

John Battle: What we know from previous recessions is that the people who suffer most are those who have the least. So may I urge my right hon. Friend to ensure, in his forthcoming meetings and discussions with world leaders, that tackling the waste of poverty at home and abroad is now a top priority?

The Prime Minister: I applaud the work that my right hon. Friend does as chairman of the all-party committee on poverty and international development. It is precisely because of the dangers and risks to people who are poor and unemployed that we are taking the action that we are taking—raising the pension and pension credits, raising child benefit and child tax credits, helping the unemployed and making sure that small businesses have the finance that they need. That is part of the plan that we are introducing now that is being adopted in many countries of the world to help those who are poor and unemployed. To protect savers by capitalising the banks, to ensure real help to families and businesses now, and at the same time to extend lending to small businesses and homeowners—that is the plan that will ensure recovery not just nationally but, when it is adopted, internationally.

Mr. David Cameron (Witney) (Con): In the last week we have discovered that Britain is facing the deepest recession in a generation. We have had the worst manufacturing figures since 1975, and this morning the Institute for Fiscal Studies said that the country's debt burden will take a whole generation to pay off. How deeply will the economy have to contract before the Prime Minister finally admits that there is indeed an economic bust?

The Prime Minister: May I quote from the IFS "Green Budget"? [HON. MEMBERS: "No!"] They do not like it. It says:

"Our central forecast is that the UK will avoid deep and prolonged recession thanks to the enormous monetary and substantial fiscal stimuli already agreed."

If we had taken the right hon. Gentleman's advice and done nothing, it would have been a deeper recession.

Mr. Cameron: The Prime Minister seems to be denying now that a recession is taking place. Extraordinarily complacent! I asked a very specific question about his definition of a economic bust—and I have discovered that he was asked that question before, in front of the Treasury Committee, and for once in his life he actually answered it. I have the transcript; let me read it to him. He referred to reductions in GDP of 1.5 per cent. He was asked by my hon. Friend the Member for Chichester (Mr. Tyrie):

"So that is the minimum definition of a 'bust'?"

And the Prime Minister replied, "Yes." Now we know that the economy shrank by 1.5 per cent. in the last quarter alone, will he finally admit something that every economist, every business and every family in the country knows to be true—that, even on his own definition, he did not abolish boom and bust?

The Prime Minister: This is a recession that is facing every country and continent in the world, and everybody except the Conservative party agrees that it is not a unique United Kingdom phenomenon; it is something that has got to be dealt with internationally. The right hon. Gentleman mentioned the Institute for Fiscal Studies; it also said:

"In current circumstances, the cost of doing nothing…is larger than the cost of acting".

That is the rebuttal of the Conservative policy of doing nothing.

Mr. Cameron: Does the Prime Minister not understand the damage that he does to himself, and to his credibility, when he says things that are self-evidently nonsense? It is self-evidently nonsense to say that about the Opposition. Our jobs plan has been copied in his jobs plan. Our loan guarantees have been copied in his loan guarantees. When he says these things about the Opposition, he does not damage us; he damages himself. That is why his poll ratings are going back to Michael Foot levels. Let me ask him one more time. Even one of his own advisers said this week:

"It's against Gordon's nature to do a mea culpa but at some stage we've got to find the words".

Why does he not find the words now? You didn't abolish boom and bust, did you?

The Prime Minister: I have said all along—

Mr. Speaker: Order. The Leader of the Opposition knows the rules of the House, and he knows how to phrase a question. *[Interruption.]* Order.

The Prime Minister: I have said that this is a deep recession. I have also said the truth—that it is hitting every country in the world. I think that the Leader of the Opposition would recognise that we were the first to act to deal with the recapitalisation of the banks and to stop savers losing their money. He supported that until last week, when he walked away from that position. We were also the first to recognise that there needed to be a fiscal stimulus. He will see today that countries that he often quotes, such as Canada, are now announcing a big fiscal stimulus. He will also see that it is right to extend lending. That is the way forward. We can play his game of student politics as long as he wants to play it, but what the country is interested in is whether we will take the action that is necessary to get us out of the difficulties. We are taking the action. His policies would cut public investment at a time when we need it: in other words, he would do nothing to help.

Mr. Cameron: Only one of us was a student politician—and he has never grown out of it. What is interesting about today is that in answer to the first question the Prime Minister denied that this was a deep recession, and in answer to the third question he said that it was a deep recession. I suppose that with this Prime Minister, that is progress. He talks about the global recession, and I want to ask him about that. In the same evidence to the Treasury Committee, he actually gave a definition of boom and bust. Let me read out what he said. *[Interruption.]* It will end when he admits that he did not abolish it; that is when it will end. What he said was:

"what I mean"—*[Interruption.]*

They probably wanted a definition; here it is:

"what I mean by 'boom bust'…is running a policy where you allow the economy to grow too fast and then it sinks far further than it has in other countries, even when there is a world downturn".

Is that not exactly what is happening right now? Yes, of course there is a world downturn, but our economy is sinking further and faster than the rest, so even on the Prime Minister's own definition, is it not true that he led us into boom and bust?

The Prime Minister: America went into recession more than a year ago. The euro area went into recession more than six months ago. This is a deep world recession, and I would explain to the Leader of the Opposition that past recessions in Britain have been caused by high inflation. They have been caused, as they were in the early '80s and the early '90s, by the Government allowing inflation to get out of control and interest rates having to rise. He should know: he was in the Treasury in the early '90s. This recession is not caused by high inflation; if anything, inflation is going to be near zero this year. This recession is not caused by high interest rates. This recession is a result of a global financial crisis. If he does not recognise that, he will not begin to be able to discuss or decide on the answers. I suspect that it is because he does not understand that that the Conservative policy is doing nothing.

Mr. Cameron: We have had all the Prime Minister's economic understanding—and that is what led us into the mess that we are in now. The fact is that he let debt get out of control. He keeps saying that this recession all came from America. It was not America that gave us the biggest Budget deficit in the world. It was not America that made us the most indebted country in the world. It was not some American who designed our regulatory system that failed; it was him. If he will not retract something stupid that he said in the past, let me ask him about something crass and insensitive that he said this week. He said that thousands of people losing their jobs, homes and businesses was simply down to the

"birth pangs of a new global order".

Would not anyone hearing that conclude that the Prime Minister cares more about his global grandstanding than about other people's jobs?

The Prime Minister: If the Conservative party is not prepared to accept that this is a global recession that requires global action, it will get nowhere. Our public debt is lower than that of America, France, Germany and Japan. He should not be going around the country saying the opposite of what is true. At the same time, the measures that we are taking to deal with this global recession are measures that other countries are now taking, following us. The one thing that other countries are not doing is following the Conservative policy of doing nothing, which is not only the wrong thing, but a disastrous course for this country.

Mr. Cameron: I do not know where the Prime Minister gets his figures from. This year he is going to borrow 8 per cent. of GDP. That is the same amount as a Labour Chancellor borrowed and ended up back at the International Monetary Fund. Those are the figures; that is the truth. In the past three months alone, 4,000 businesses went bust, more than 11,000 homes were repossessed and almost a quarter of a million people lost their jobs, but the message from the Prime Minister seems to be, "Don't worry, you're just the birth pangs of a new global economic era." Today we are told that the debt that he is building up will take a generation to pay off. What we have had from the Prime Minister is denial about the past—continuing today—failure in the present and debt for the future. Should those not be the death throes of a failed premiership?

The Prime Minister: The right hon. Gentleman is not winning this argument. This is a global recession—*[Interruption.]*

Mr. Speaker: Order. Members will not shout anyone down in the Chamber. It is wrong to do that—*[Interruption.]* Order. Do not start defying the Chair.

The Prime Minister: This is a global recession, not just a UK recession, and the answer, as the IFS said today—the right hon. Gentleman quotes the IFS—is not to do nothing, but to take all the action that is necessary. I see no one else around the world supporting his proposal to do nothing. Indeed, the shadow shadow Chancellor has been giving interviews explaining what should be done. Does he support the VAT measure? Yes, he did. Does he support the fiscal stimulus? Yes, he did. Does he support our policy of helping children without the married couple's allowance? Yes, he did. Does he support European co-operation to deal with the downturn? Yes, he does. He, at least, has the semblance of a policy. The Leader of the Opposition would do absolutely nothing.

Mr. Jim Cunningham (Coventry, South) (Lab): Is the Prime Minister aware that Jaguar Land Rover welcomed the measures that he announced yesterday, particularly on green technology? Is he also aware that there will still be some anxiety in Coventry and the west midlands until people see the final outcome of yesterday's package?

The Prime Minister: My hon. Friend has been a great supporter of the car industry and its development in his own city and round the country. I believe that the car industry is a sector with a strong future. That is why we want to unlock loans of up to £1.3 billion, guaranteed for low-carbon initiatives in cars. That is also why we are giving loans and guarantees of up to £1 billion for lower carbon initiatives for non-European Investment Bank projects. That is why we are discussing training grants, which would be in addition to short-time working, so that we can help people in jobs to keep their jobs. We will do everything we can to help the car industry. This is the difference. We know that in times like these we must act to help—but I am not sure that the Conservatives support us in this.

Mr. Nick Clegg (Sheffield, Hallam) (LD): Does the Prime Minister think it is right that some Members of the upper House can use their status as non-domicile non-residents to get out of paying their full taxes here in this country?

The Prime Minister: Of course it is not right.

Mr. Clegg: In that case, will he—*[Interruption.]* Hang on. Millions of ordinary British taxpayers are filing their tax returns this week. They are the ones who deserve a tax break, not the super-rich. So will the Prime Minister support our private Member's Bill to force peers, who make the laws of this country, to pay their full taxes in this country?

The Prime Minister: Where I would disagree with the right hon. Gentleman is to say that we are helping ordinary taxpayers in this country. We are raising personal allowances so that people will pay less tax; they will rise again in April as a result of the decisions in the pre-Budget report. We have cut VAT—and, if I may say so, the Institute for Fiscal Studies says today that that is a far more effective stimulus than critics are saying. Of course, we are also raising pensions and child benefit. Yes, we should take action against tax havens, but, yes also, we are helping ordinary taxpayers in this country.

Q2. [251626] **Helen Southworth** (Warrington, South) (Lab): In the current global economic instability, will the Prime Minister intervene rapidly to ensure that women workers who fear job losses get help to keep their jobs, learn new skills and keep the family income coming in?

The Prime Minister: My hon. Friend is absolutely right. The success of recent years has been that a large number of women who previously never had the chance of getting into work, partly because there was no child care and partly because there was no training, have had the chance to get into work. As people have to look at new job opportunities—and there are half a million vacancies—we want to help them, particularly those who have training needs and those who need child care help, into the jobs that are available. That was very much part of the package that my right hon. Friend the Secretary of State for Work and Pensions introduced a few weeks ago. We will keep the new deal, we will make it more flexible and we will spend the £500 million that my right hon. Friend allocated so that we can help women and men to get the jobs that they need.

Q3. [251627] **Dr. Andrew Murrison** (Westbury) (Con): Why, according to the International Monetary Fund, the OECD and the European Union, is Britain heading for a longer and deeper recession than any of its competitors?

The Prime Minister: I have just cited the Institute for Fiscal Studies, which said—*[Interruption.]* They do not like hearing a statement—*[Interruption.]* First of all, our Institute for Fiscal Studies said that we would avoid a longer and deeper recession by means of the fiscal stimulus that we are taking. That is exactly the same view as has been expressed by the International Monetary Fund. I am afraid that the Conservatives are living in a dream world if they believe, one, that this is purely a British problem, and two, that the answer to it is doing nothing. They have to go back to the drawing board and think again.

Mr. Mohammad Sarwar (Glasgow, Central) (Lab): My right hon. Friend the Prime Minister is aware of the tragic humanitarian crisis in Gaza. Does he share the anger of thousands of my constituents and millions of people across Britain at the BBC decision to refuse to air the Disasters Emergency Committee Gaza appeal? Does he agree with me that the corporation's decision has damaged the reputation of the BBC both at home and abroad?

The Prime Minister: It is not for us to interfere with the independence of the BBC and Sky, which made the decisions about whether they would broadcast the appeal on Gaza. But what I can say is this: we are making the appeal as widely known as we can through our own information services. At the same time, we have put £28 million into helping with humanitarian aid in Gaza. The situation that has been found is one where children have to be flown to hospital, where unexploded bombs have to be dealt with and where humanitarian aid and food has to be provided immediately. I think it would be the wish of all people in this House for this to be done as speedily as possible.

Q4. [251629] **Mr. Graham Stuart** (Beverley and Holderness) (Con): Last week, the Prime Minister tried to cover up the expenses of Ministers. This week—

Hon. Members: Oh!

Mr. Speaker: Order. The hon. Gentleman must withdraw that remark. It is not a proper thing to say. Try to rephrase the question in another way.

Mr. Stuart: I withdraw that remark, Mr. Speaker.

This week, Labour peers stand accused of selling the law of the land for cash. Does the Prime Minister still claim, like his predecessor, that Labour is whiter than white?

The Prime Minister: Baroness Royall, the Leader of the House of Lords, has taken immediate action to deal with the problem. All of us are deeply concerned. These are serious allegations, which have to be dealt with. That is why we immediately set up the committee on privileges to look at how a proper code of conduct could be introduced; that is why we investigated the interests, which is happening under Baroness Prashar; and that is why Lady Royall said this morning:

"If the current allegations are proven, we may need as well to consider emergency sanctions".

Those are the steps that we are taking. I hope that it is true of all parties in the House that we wish to root out any mistakes that have been made, and ensure that they do not happen again.

Jessica Morden (Newport, East) (Lab): Given the announcement this week of devastating job losses at Corus, over 500 of which are in my constituency in Llanwern, will the Prime Minister meet, as a matter of urgency, a group of MPs from the all-party steel and metal related industries group to consider what support can be given to this crucial part of our manufacturing base—and, crucially, to the steelworkers who have stuck with Corus through thick and thin and who now need our help?

The Prime Minister: We have talked to Corus, and we have said that whether it is through the Department for Business, Enterprise and Regulatory Reform, the regional development agencies in Wales and in other parts of the country, or Jobcentre Plus, we will do everything we can. Steel is absolutely crucial to the manufacturing future of this country. We know from Tata, the owners of Corus, that it wishes to keep the steel plants moving forwards. Following the jobs summit, we are already working with Corus to look at what could be done to help with training costs for the future. I assure my hon. Friend that I will be very happy to meet her all-party group of MPs.

Q5. [251630] **Mr. Nigel Dodds** (Belfast, North) (DUP): Does the Prime Minister agree that there can never be an equivalence between terrorists, on the one hand, and the innocent victims of terror, on the other? Does he therefore acknowledge the deep hurt and offence that has been caused by the obnoxious proposal in the Eames-Bradley report published today on the past in Northern Ireland, which suggests a £12,000 payment to all relatives of everyone killed, regardless of their status—which effectively does away with the distinction between murderers and those whom they went out to murder and kill? Will he reject any definition of victimhood which elevates terrorists to the same status as those whom they targeted for murder and violence?

The Prime Minister: There can be no justification for terrorist violence, and there will be no justification ever given for it. The issues raised in the report published today by Bishop Eames and Mr. Bradley are very serious indeed, and I understand why one of their recommendations has evoked such controversy in Northern Ireland. The Government will consider the report with great care, and we will reply in due course. I believe that some of the recommendations will be acceptable to all parties, such as settling outstanding cases, pushing forward with reconciliation, and having a reconciliation fund that will help different groups to come together so that we can get away from the incidents of the past. I will never forget the thousands of innocent victims in Northern Ireland. I know that the hon. Gentleman speaks for the whole community in Northern Ireland when he says that we must respect the fact that innocent people lost their lives, and that that should never be forgotten.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Does the Prime Minister recall that in the 1980s this country was the world leader in the development of clean coal technology via the fluidised bed plant at Grimethorpe colliery in my constituency? That was until the Thatcher Government pulled the plug on the funding. We now have another opportunity to lead the world, but this time in the development of carbon

capture and storage. Will the Prime Minister reassure the House that, in contrast to what the Tories did with clean coal technology, this Government will not let the country down on that important issue?

The Prime Minister: My hon. Friend is absolutely right. History will show that we did need coal, and we did need the new coal technologies. I am sorry that in the '80s the clean coal technology projects were abandoned in that way. However, we are now looking at carbon capture and storage. He is absolutely right that this is a transformational technique for dealing with carbon emissions. We will make an announcement in due course and try to persuade our European colleagues, who have set up a fund for the purposes of sponsoring carbon capture and storage, that Britain deserves to have one of the first demonstration plants.

Q6. [251631] **Martin Horwood** (Cheltenham) (LD): Which of these should concern the Prime Minister the most: powerful criticism of the south-west regional spatial strategy by hon. Members of all parties; the fantasy economic growth rate of 3.2 per cent. per annum that it is using; the green light that it has given developers to neglect the social urban and village housing that we actually need and head straight for treasured local countryside and green belt, damaging everything—*[Interruption.]*

Mr. Speaker: Order. The hon. Gentleman must ask a question. *[Interruption.]* Well, perhaps the Prime Minister can try to answer it now.

The Prime Minister: May I say that in the hon. Gentleman's constituency, even after the recent rises in unemployment, long-term unemployment is still 75 per cent. down on what it was in 1997? We will of course look at what he says about the strategy and all the facts that he brings to bear on it, but no Government have done more to support industry and public investment in the region, and we will continue to do so.

Q7. [251632] **Mr. Don Touhig** (Islwyn) (Lab/Co-op): The Corus job losses are a bitter blow, and all our efforts must now be dedicated to helping the steelworkers and their families. But even in this difficult time, should not our message be that Britain is the right place to invest and the right place to grow a business, and that the British people are worth backing? Despite the doom-mongers opposite, our society is not broken and we are determined to come through this economic downturn successfully.

The Prime Minister: Yes. Those who talk Britain down will regret doing so, because we are a resilient and determined society. We know that we can come through these difficulties, and we know also that we have the industries that are the basis for future growth. I believe that the British people will come together around the plan that will take us through this downturn.

Angus Robertson (Moray) (SNP): In 1997 the Prime Minister said that he "relished" the prospect of abolishing the "unaccountable and unelectable" Members of the House of Lords. Why is it that after 12 years of a Labour Government we still have an unelected Chamber, double standards on financial disclosure and no way of removing peers who break the law?

The Prime Minister: We have put forward our proposals for the reform of the House of Lords. They were in a paper that was issued a few months ago. In that paper there is also the proposal on sanctions for Members of the House of Lords who commit criminal offences. Baroness Royall has today put forward proposals for new codes of conduct and for new rules that include the ability to expel Members of the House of Lords from their duties if they are guilty of an offence, and she has said that in the cases that we now know about, she is prepared to bring forward emergency sanctions to deal with those issues. I believe that when a problem is identified, we are taking the action necessary.

Q8. [251633] **Charlotte Atkins** (Staffordshire, Moorlands) (Lab): What assurances can the Prime Minister give my constituents that Government-funded construction projects such as the Biddulph health centre in my constituency will go ahead as soon as possible? These projects will give a much-needed boost to the construction industry and, in the case of Biddulph, ensure that my constituents have a really important health centre for their health needs.

The Prime Minister: I believe that that is a £10 million project that will help my hon. Friend's constituents and bring better health care in her constituency. The important thing that the Health Secretary is making absolutely clear is that these health projects are moving forward. We are not cutting investment in them, they are moving ahead, and all the health service investment that we want to see happen has been budgeted for and will go forward. It cannot be said that a party that wants to cut public expenditure and public investment has any answers to the problems of our country.

Q9. [251634] **John Barrett** (Edinburgh, West) (LD): One way to stimulate the economy in the north and south, tackle pollution and reduce the demand for increased airport capacity would be to invest in a national high-speed rail link. Why, after 12 years of this Labour Government, are we still waiting?

The Prime Minister: The hon. Gentleman will know that when the Secretary of State for Transport announced the proposals on Heathrow, he also announced our proposals to set up a company to pursue a high-speed rail link, and that is exactly what we intend to do. We are prepared to make a commitment to that project, and all the work that is now starting is designed around getting high-speed rail links moving forward.

Q11. [251636] **Dr. Ian Gibson** (Norwich, North) (Lab): What are the implications of the economic downturn for the private finance initiative, and will my right hon. Friend consider investigating the PFI contract with the Norfolk and Norwich hospital to see whether it might be a good deal to buy it out at this stage?

The Prime Minister: The Treasury is looking at PFI issues that arise from the loss of lending capacity in the economy, but the Health Secretary assures me that the project that my hon. Friend mentioned will go ahead.

Q10. [251635] **Andrew Selous** (South-West Bedfordshire) (Con): If all our problems come from America and the rest of the world, why is the pound falling so sharply against the dollar and the euro?

The Prime Minister: If I could just say—[HON. MEMBERS: "Answer!"] The experience of targeting the pound and the exchange rate has not been particularly beneficial for this country. Targeting the Deutschmark and the exchange rate mechanism, and then membership of the ERM, did not work. So we are not targeting the pound, but inflation. That is the Bank of England's role, and I believe that it is best way to bring about a recovery in the economy. I caution the hon. Gentleman and his party against any policies that would target sterling.

Q12. [251637] **Miss Anne Begg** (Aberdeen, South) (Lab): My right hon. Friend will be aware of proposals in the Welfare Reform Bill to oblige drug addicts to accept treatment and rehabilitation in order to receive their full benefits. What can he do to persuade the Scottish National party Administration in Holyrood that that policy is both popular and the right thing to do?

The Prime Minister: I would urge all councils to engage with the Department for Work and Pensions on those issues. The policy recognises that just keeping drug addicts on benefits is not the answer to their problems. They need the treatment that is necessary and the support for that. That is exactly why we have changed the policy to make it possible for people to get the treatment and to give them support while they are doing that. That is the right policy for the future of this country, whatever the Scottish National party says.

Sir Peter Tapsell (Louth and Horncastle) (Con): What is the sterling value of an ounce of gold today, and what was it when the Prime Minister started selling our gold reserves in July 1999?

The Prime Minister: It was right to diversify our portfolio. [HON. MEMBERS: "Answer."] One thing we did was buy euros, and the hon. Gentleman will be sad to hear that the value of euros is up in our portfolio.

Opposition Day

[2ND ALLOTTED DAY]

Heathrow (Third Runway)

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

12.33 pm

Mrs. Theresa Villiers (Chipping Barnet) (Con): I beg to move,

That this House urges the Government to rethink its plans for a third runway at Heathrow Airport and to give full consideration to alternative solutions; regrets the Government's heavy reliance on data supplied by BAA in assessing the case for expansion and notes the likely forthcoming break-up of BAA's ownership of three of 5 London's airports following the investigation by the Competition Commission; believes that the consultation paper Adding Capacity at Heathrow Airport was deeply flawed, as it paid insufficient regard to the costs of air and noise pollution in the surrounding areas and the commitment to curb carbon dioxide emissions to tackle climate change; regrets the fact that provisions to improve high-speed rail lines from 10 Heathrow to major cities have not been fully explored, along with the potential of other UK airports to handle more long-haul flights; and urges the Government to initiate a consultation on a new national planning policy statement on the theme of airports and high-speed rail.

I welcome the support of the Liberal Democrats for the motion, which is lifted verbatim from early-day motion 2344, tabled last year by the hon. Member for Selby (Mr. Grogan), with cross-party backing. The issue is of grave importance, and rightly spans party boundaries.

Let me first explode a myth peddled by the Secretary of State. To oppose a third runway is not to oppose flying. We recognise the importance of aviation and the benefits of flying for our economic competitiveness and for holidaymakers. We applaud the work of the budget airlines in bringing air travel within the reach of a wide range of people, for whom it would have been a distant aspiration less than a generation ago.

However, there comes a time when stuffing thousands and thousands more flights and millions and millions more passengers into the same overcrowded corner of the south-east of England starts to impose an unacceptable cost on our environment and our quality of life. We believe that Heathrow needs to be better, not bigger. That is why we and so many others oppose the Government's plans to build a third runway.

Colin Challen (Morley and Rothwell) (Lab): I regret that the hon. Lady's party has chosen to make a political football out of a cross-party early-day motion. Will she tell us whether the Conservatives would consider a proposal for a new airport for London and the south-east in the Thames estuary, and whether they oppose the expansion of regional airports?

Mrs. Villiers: We are not making a political football out of Heathrow. We are giving the House the opportunity to vote on the issue, which the Government would not give us. In response to pressure from both sides of the House, we thought that it was right that hon. Members, particularly those whose constituents are directly affected by this important decision, should have the right to vote on this matter. On the Thames estuary, that is not an option that we are looking at, at the moment. I shall come in due course to the subject of regional airports, but we acknowledge the possibilities and benefits that could come from the proportionate and carefully considered expansion of regional airports.

Clive Efford (Eltham) (Lab): The hon. Lady will appreciate that many people are concerned about the impact on climate change of the expansion of air transport anywhere. Can she explain to the House the difference between the impact of expanding flights at Heathrow and that of doing so elsewhere?

Mrs. Villiers: The difference between Heathrow and so many other airports is that its flight paths cover an incredibly densely populated part of the south of England. The environmental problems associated with Heathrow expansion, as I shall explain, are dramatically wider than just climate change. Yes, climate change is a concern for many of our constituents, and for all Members of the House, but with Heathrow, we have to take into account the fact that nitrogen dioxide pollution is already a serious problem. The Environment Agency has warned that a third runway would increase the risk of serious illness and early death. Those are environmental considerations that we cannot, and should not, ignore around Heathrow.

Mr. John Gummer (Suffolk, Coastal) (Con): Does not my hon. Friend think it amazing that the Government have not given us an opportunity to vote on this issue, given that their own Environment Agency has said that the expansion of Heathrow is environmentally unacceptable, and given that the Government have set up a Committee on Climate Change and are supposed to be keen on dealing with emissions? In the light of all that, does she not agree that this democratic Parliament should have the last word and a proper vote on the matter in Government time?

Mrs. Villiers: Absolutely. It is regrettable that the Government have refused to give us the vote that we need on this issue in their own time. It is also regrettable that they are proposing that the ultimate decision on the issue will be made by an unelected, unaccountable quango.

Mr. Mark Hendrick (Preston) (Lab/Co-op): Does the hon. Lady think that it makes environmental sense for aircraft to spend half an hour flying from Manchester to London, and then to spend another three quarters of an hour circling London because there are not enough runways to land on?

Mrs. Villiers: That is one of the reasons why we are providing a viable alternative to a third runway—namely, a top-class, high-speed rail link between Leeds and Manchester and London.

Mr. Tom Harris (Glasgow, South) (Lab): Will the hon. Lady give way?

Mrs. Villiers: I have taken a lot of interventions, and I shall take more later in my speech, but I want to make some progress now.

[Mrs. Villiers]

I want to look at four key problems: air pollution, road congestion, aircraft noise and carbon emissions. I shall then look at the economic issues, and finally at the alternative ways to make Heathrow a better airport.

Emily Thornberry (Islington, South and Finsbury) (Lab): Will the hon. Lady give way?

Mrs. Villiers: Not at the moment.

I shall start with air pollution. A massive increase in flights at Heathrow would intensify a serious problem with nitrogen dioxide pollution at an airport that is already in breach of the EU pollution limits that are due to become legally binding from next year. The damage to health caused by nitrogen dioxide is well established and, as I have already said, the Environment Agency has warned that proceeding with a third runway would lead to an increased risk of serious illness and early death in a densely populated area around the airport. It is therefore a matter of grave concern that the Government are now seeking a derogation from the air quality directive, despite their promise that they would not let their expansion plans undermine their efforts to comply with it.

The Secretary of State for Transport (Mr. Geoffrey Hoon): For the benefit of the House and the country, will the hon. Lady set out the criteria by which she would judge any decision on airport expansion in air quality terms? Does she stand by the terms of the EU air quality directive?

Mrs. Villiers: I am calling on the Government not to try to wriggle out of the obligations that they have undertaken under the air quality directive; they signed up to it. I am afraid that this is one environmental precondition that the Government will find it impossible to wish away.

Mr. Hoon: Will the hon. Lady give way?

Mrs. Villiers: No, I have already answered. That precondition could yet provide a legal bar to building runway 3. Of course, a major contributory factor in the nitrogen dioxide problem is surface traffic generated by passengers travelling to the airport, which takes me to the second major problem with the third runway—road congestion.

The plan set out in the congestion consultation document envisaged an increase in passenger numbers at Heathrow to 122 million a year—nearly double current levels. On the Government's own figures, that would mean that passenger-related car journeys at Heathrow climbed to 53.4 million. Road congestion around Heathrow, as anyone who has travelled there will know, is already a major problem, and the Government's plans will only make a bad situation worse—not just for people living around the airport, but for those attempting to use the M4 and the M25 for longer journeys. Neither the consultation document nor the Secretary of State's recent announcements contain any of the convincing proposals for a major shift out of the car on to public transport that are needed to deal with the congestion or the air quality problem. Indeed, paragraph 56 of the document "Decisions following consultation" states:

> "The Department is clear that a detailed surface access strategy is not a prerequisite for a policy decision and would be a matter for the airport operator as part of a planning application in due course."

According to the Department for Transport, that is BAA's problem, not its problem.

Mr. Hoon: Again, may I give the hon. Lady the opportunity to set out on behalf of her party to the House and the country what criteria on road congestion she would use in order to determine these issues and related matters affecting other airports?

Mrs. Villiers: I have answered that question already. Actually, we have set out plans to build a new Heathrow rail hub, close to the airport, enabling many people to get the train directly from their home town to the airport; connecting Heathrow directly to the main Great Western main line; and enabling people living in cities as far apart as Bristol, Exeter, Cardiff and Swansea to get a train directly from their home town to the airport. That is an effective strategy to reduce congestion and nitrogen oxide emissions, in the absence of the Government's having proposed any effective strategy at all. Let us look at the record. BAA has yet to—

Mr. Andrew Dismore (Hendon) (Lab): Will the hon. Lady give way?

Mrs. Villiers: No.

BAA has yet to meet the Government's 40 per cent. target for public transport use, which it was supposed to achieve eight years ago. The proportion of people using public transport to access Heathrow has actually fallen in the last couple of years, and the company has downgraded its own targets on the issue. BAA has talked about Airtrack for years, but there is no guarantee that the scheme will go ahead, and London councils of all political complexions, representing all 33 of the city's local authorities, do not believe that the Piccadilly line will be able to cope with expected uplift in passengers.

Thirdly, I turn to an even more serious problem: noise.

Mr. Dismore: Will the hon. Lady give way?

Mrs. Villiers: No.

In debates in the Chamber, hon. Members representing areas as far apart as Maidenhead and Windsor in the west and Vauxhall, Brixton and Greenwich in the east have expressed their concerns about the impact that aircraft noise from Heathrow is already having on their constituents.

Alan Keen (Feltham and Heston) (Lab/Co-op): Will the hon. Lady give way?

Mrs. Villiers: Not at the moment.

According to the local authorities in question, 114 schools are already seriously impacted by Heathrow aircraft noise, affecting at least 100,000 children.

Mr. Dismore: Will the hon. Lady give way on that point?

Mrs. Villiers: Okay.

Mr. Dismore: I am grateful to the hon. Lady, who is also my parliamentary neighbour. Her motion does not refer at all to mixed mode, but does refer to "alternative solutions". Under mixed mode, her constituency and mine would probably have been affected by noise, so why does her motion not rule out mixed mode as one of the alternative solutions, as the Government have already done in their announcement, which is to the benefit of her constituents and mine when it comes to noise?

Mrs. Villiers: One of the reasons why mixed mode is not there is that the Government have apparently promised us that mixed mode is not going to happen. I hope that the hon. Gentleman is not suggesting that that promise is not worth the paper that it is not written on. Many people might actually agree with him on that. Obviously we welcome the Government's retreat on mixed mode, which would have had a catastrophic impact on people's quality of life across a huge area. As he says, it would have impacted negatively on people living in my constituency and in his. So yes, I welcome the Government's decision to drop their plans for mixed mode, but it remains to be seen whether this promise will prove any more durable than so many others that have been subsequently abandoned when the pressure for expansion has risen again.

Emily Thornberry: Will the hon. Lady give way?

Mrs. Villiers: Not just at the moment. The simple fact remains that a new runway with a massive uplift in flights and a new flight path over a densely populated area will make an already serious noise problem at Heathrow a whole lot worse.

Mr. Hoon: Will the hon. Lady kindly give way on the question of noise?

Mrs. Villiers: Certainly.

Mr. Hoon: We all recognise that noise plays a part in these decisions; that is why, necessarily, they are difficult. Will she set out for the benefit of the House and the country what—*[Interruption.]* I am very sorry, but there is an important question here. The Conservative party cannot say that it rejects expansion without describing the basis upon which that decision is taken. If the party wants to be taken seriously, it has to give the criteria. Will the hon. Lady say whether or not she supports the noise criteria set out in the 2003 White Paper?

Mr. Gummer: On a point of order, Mr. Speaker.

Mr. Speaker: I do not think that this is a point of order, but I ask the right hon. Gentleman to give it to me.

Mr. Gummer: Is it not true that the right hon. Gentleman is going to make a speech of his own later on?

Mr. Speaker: Order. I knew that it was not a point of order. I call Mrs. Villiers.

Mrs. Villiers: The Secretary of State is in no position to make assertions or claims about, or to ask questions about, the basis for noise calculations. His credibility on noise is completely undermined by the documents revealed under the Freedom of Information Act 2000 by the assiduous work of my hon. Friend the Member for Putney (Justine Greening), which show his officials deliberately reverse-engineering and re-forecasting the data to try to meet the tests and get the answers that Ministers wanted.

Mr. David Evennett (Bexleyheath and Crayford) (Con): My hon. Friend is making a very powerful case against Heathrow expansion and in favour of high-speed rail. Surely rail would be a better alternative to short-haul flights for both the environment and noise nuisance?

Mrs. Villiers: I completely agree with my hon. Friend, and I will respond to that point in more detail later.

The Secretary of State's assurances on noise simply lack credibility because the Government have made every effort to duck their promises in the past. Let us take their assurance that expansion would not lead to an increase in the area covered by the 57 dB noise contour. Even setting aside the criticism of the validity of that contour—such criticism came from both the World Health Organisation and the DFT's own research study, "Attitudes to Noise from Aviation Sources in England", or ANASE—the Government use the 2002 base year for their calculations, a year when Concorde was still flying. The way in which the Civil Aviation Authority's noise model operates means that the demise of Concorde allows the headroom to give the green light to major increases in flight movements by conventional planes, without exceeding the noise tests set.

Ruth Kelly (Bolton, West) (Lab): Will the hon. Lady give way?

Mrs. Villiers: Not just at the moment.

Even more controversially, as I have said, the documents obtained under the Freedom of Information Act show the DFT and BAA working closely together on a re-forecasting, and reverse-engineering the projections for future flight mix to try to meet the tests that the Government had set and get the answers that Ministers wanted. Even then, the Government are still relying on a massive leap forward in aircraft technology to enable them to reconcile their promises on noise with the increase in flights that they want to see, including the delivery of the now notorious twin-engine "green jumbo" which is not in the design portfolios of either major aircraft manufacturer, and yet is expected by the DFT to replace completely all 747s by 2030 and virtually all units of Boeing's successor to the 747, which is not even on the market yet.

It is this history that undermines the Government's credibility when they make more promises on 'green slots'. When challenged, the Secretary of State was unable to give one single example of a model of plane green enough or clean enough to qualify to use the new slots, and it is a major concern that documents published alongside the statement on Heathrow contain no explanation of how the system for regulating the use of new slots will work. Most controversially of all when it comes to noise issues, *The Sunday Times* recently reported that figures passed to the Civil Aviation Authority by BAA predict an increase in flights between 11 pm and 7 am from about 27,300 in 2006 to 35,000 once the third runway is operating at full capacity—an increase on today's levels of more than 25 per cent. We strongly and successfully resisted the Government's attempts to lift the cap on night flights, which can have such a corrosive impact on quality of life. Yet again I urge the Secretary of State to guarantee the future of the 'night cap', and to drop his plans to review it.

Then, of course, there is the climate change impact of a third runway. With 222,000 more flights, the airport could well become the largest single source of carbon dioxide in the United Kingdom, emitting nearly 27 million tonnes every year. According to research by Greenpeace, by 2050 emissions at that level could take up around a fifth of the entire UK carbon budget under the Climate

[Mrs. Villiers]

Change Act 2008. Even with the increase in flights restricted to 125,000, and even if optimistic estimates of efficiency gains are factored in, Heathrow could still consume approximately one eighth of the nation's total carbon budget by 2050.

Emily Thornberry: Can the hon. Lady assist the House by telling us what carbon dioxide emissions would result from the proportionate expansion of regional airports to which she has referred?

Mrs. Villiers: I shall say something about regional airports shortly, but I think the hon. Lady is wrong to dismiss their importance. They can have a significant impact on regional development, and as I have said, they can play a part in relieving pressure on capacity in the south-east.

Emily Thornberry *rose—*

Mrs. Villiers: I have answered the question.

While the Secretary of State may have placated his Cabinet colleagues, I am afraid that his proposed climate change safeguards do not stand up to scrutiny. Let us take the proposed 125,000 cap on the use of the new runway. There is no guarantee as to how long it will last. It is expressly stated to relate to the initial use of the runway, and a review is promised in 2020, but it is unlikely that a new runway—

The Secretary of State for Energy and Climate Change (Edward Miliband): It is up to the Committee on Climate Change.

Mrs. Villiers: Why should we believe that the Government will take any notice of the Committee on Climate Change, given that they are currently ignoring the Environment Agency, the Sustainable Development Commission, a huge coalition of environmental groups, Lord Smith, who is one of their own former colleagues and who chairs the Environment Agency, and their own vice-chairman for the environment, the hon. Member for Reading, West (Martin Salter)?

Mr. Graham Brady (Altrincham and Sale, West) (Con): I strongly agree with my hon. Friend about the role that regional airports can play. I think she is aware of the two misconceptions about Conservative policy in this regard. One is that the party is opposed to aviation per se; she has already dismissed that idea, which is welcome. The other is that we would rule out any expansion of aviation capacity in the south-east. Will she now debunk that myth as well, for the benefit of the House?

Mrs. Villiers: My hon. Friend is right. We do not rule out the possibility of airport expansion in the south-east; nor, as he says, are we against flying.

Let us return to that 125,000 cap. As I was saying, there is no guarantee as to how long it will last. There is to be a review in 2020 anyway, and it is unlikely that a new runway will even have been built by then. In reality, the Secretary of State's assurance about 125,000 flights takes us no further than the promises that Labour has already made, many years ago.

Edward Miliband: Will the hon. Lady give way?

Mrs. Villiers: In a moment.

The consultation document acknowledged that the full uplift to 702,000 flights could not take place until 2030 in any case, as not even the Government, with their optimistic approach to aircraft technology, believe that there is any prospect that before then technology will deliver aircraft clean or quiet enough to comply with the promises on noise and pollution that Labour made as long ago as 2003.

Edward Miliband: On the subject of carbon, the hon. Lady said something very interesting. She said that she did not rule out aviation expansion in the south-east. She has also said this:

"We recognise that the economic arguments for expanding Heathrow are much stronger than any other airport in the south-east".

How does she reconcile those two positions?

Mrs. Villiers: That last statement does not represent my view. I am happy to acknowledge that my thinking on the economic arguments relating to Heathrow has moved on. *[Laughter.]*

Edward Miliband *rose—*

Mrs. Villiers: No. I am happy to acknowledge that I did, at one stage—*[Interruption.]*

Mr. Speaker: Order. I am trying to hear the hon. Lady. It is unfair for Members to do all this shouting.

Mrs. Villiers: I make no secret of the fact—indeed, I said this on the "Today" programme—that I once thought that the economic arguments in favour of expansion at Heathrow were stronger than they are. Having looked at the detail, I find the economic arguments wholly unconvincing.

Edward Miliband: This has been a most illuminating exchange, I must say. The whole country will now realise that the hon. Lady is disowning a statement that she made on 22 November 2007—a statement made 15 months ago. How can we possibly trust what she is saying now?

Mrs. Villiers: I believe very strongly that the economic arguments in favour of Heathrow expansion are not convincing, following detailed reflection on them.

Lynne Jones (Birmingham, Selly Oak) (Lab): Will the hon. Lady give way?

Mrs. Villiers: No, I will not.

Lynne Jones: I am trying to help.

Mrs. Villiers: All right, then.

Lynne Jones: Was it not Keynes who said "When the evidence changes, I change my mind"? I congratulate the hon. Lady on having had a change of heart on this issue. I am still unsympathetic towards her view that airport expansion is possible in the south-east, but I hope she may come to review that as well.

Mrs. Villiers: I am grateful to the hon. Lady for the point that she has made.

Let me return again to the 125,000 cap. I am afraid that the credibility of flight caps is undermined by the long list of broken promises that has characterised the history of Heathrow, and by the fact that Labour was pushing hard to lift the flight cap that it promised to impose when it gave the go-ahead to terminal 5, years before the terminal had even opened its doors for business.

Then there is the target of reducing aviation emissions to below 2005 levels by 2050, not mentioned in the voluminous document published alongside the Secretary of State's statement earlier this month. I am afraid that this has all the hallmarks of something cobbled together at the last minute to paper over internal divisions.

Mr. Hoon: Will the hon. Lady give way?

Mrs. Villiers: No. I have given away to the Secretary of State already. He will have his chance later.

Leaving aside the limited impact of having a target so far in the future unless demanding interim milestones are imposed, let us look at page 84 of "UK air passenger demand and carbon dioxide forecasts", which was published alongside the Secretary of State's statement. Table 3.7 predicts that by 2030 Heathrow will emit 23.6 million tonnes of carbon dioxide, and that the combined total for all the London airports will be 31.6 million tonnes. Yet according to the target set by the Secretary of State, in 2050 the entire industry must emit less than 37.5 million tonnes, the 2005 level. The Government's calculations, as set out in that document, leave no room at all for regional airport expansion, which would need to be constrained below the 2005 level to avoid breaching the limit. Some regional airports might even have to close to allow for the uplift in flights in the south-east, even if we assume no emissions growth at Heathrow between 2030 and 2050.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Will the hon. Lady give way?

Mrs. Villiers: No. I have been very generous in giving way, and I want to make some progress now.

Whereas the environmental case against the third runway is compelling, the economic case, as I have said, is unconvincing. It is astounding that the Oxford Economic Forecasting study on which the current economic case is based fails to make any attempt to deduct the costs of increased air pollution, aircraft noise and a massive increase in congestion on some of the United Kingdom's most important roads. Nor is any attempt made to assess the carbon cost of inbound international flights. The CE Delft study for HACAN ClearSkies disputes the £120 value that OEF claims every passenger arriving in the United Kingdom contributes to the economy. It also concludes that OEF overestimates the extent of suppressed business demand for air travel at Heathrow. Indeed, the Government's whole analysis completely ignores the huge efforts being made to reduce the need for business travel. According to a recent survey conducted for the World Wildlife Fund, 89 per cent. of the FTSE 350 companies interviewed expected to cut flights over the next 10 years.

Emily Thornberry: Will the hon. Lady give way?

Mrs. Villiers: Not at the moment.

Also worth noting is the success of initiatives such as Project Icarus, which asked companies to pledge to reduce their travel carbon footprint by 60 per cent., and which has attracted significant support from major blue chip companies.

Mrs. Ellman: Will the hon. Lady give way?

Mrs. Villiers: No. I have been very generous in giving way.

In a recent poll of small businesses conducted by Continental Research, 95 per cent. said that expanding Heathrow would not provide any benefits for their business. Despite Frankfurt's extra runways, London has captured a dominant share of financial services business over recent years, and a simplistic comparison between Heathrow and airports such as Charles de Gaulle and Schiphol completely ignores the fact that London is served by a total of five busy airports. The south-east system of airports collectively offers a wider choice of flights to more destinations than either CDG or Schiphol.

Mrs. Ellman: I thank the hon. Lady for giving way. Does she recognise the importance of Heathrow as our only international hub airport, and does she also recognise that it is used by businesses and that they are urging that it should run better, which means it should have more capacity so that our economy can grow in our very difficult economic circumstances?

Mrs. Villiers: Of course I recognise the importance of Heathrow and that business wants Heathrow to be better, but businesses are divided over the third runway issue. I hope I can assure all businesses that, as I will explain, we have concrete and credible plans to make Heathrow better by delivering a top-class high-speed rail link connecting the terminals directly with the European high-speed rail network and thereby providing a high-speed rail alternative to short-haul flights. As the hon. Lady will know, it has been demonstrated in the rest of Europe that there is a clear opportunity for high-speed rail to provide a viable alternative to short-haul flights. By providing that alternative, we would relieve overcrowding at Heathrow and make it a much better airport for both businesses and passengers.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Does my hon. Friend share my belief that the fact that this Government have failed to do anything on high-speed rail after 11 years in charge, while at the same time we have seen expanding networks in France, Germany, Italy and Spain, is a shocking indictment of their record on this issue?

Mrs. Villiers: Yes, and I was very concerned that when just a year or so ago the Government published their 30-year strategy for the railways, it had no place at all for high-speed rail.

Hugh Bayley (City of York) (Lab): Will the hon. Lady give way?

Mrs. Villiers: Possibly later.

Both the OEF study and the Government's entire approach are fundamentally flawed by a refusal to give serious consideration to alternative ways of dealing with the problems that passengers all too often experience at Heathrow. That is the essential thrust of early-day motion 2344 and the motion before the House this afternoon.

Ruth Kelly: Will the hon. Lady give way?

Mrs. Villiers: Not at the moment.

Much of the travel misery that so many people experience at Heathrow has more to do with poor customer service than with a shortage of runway space. The most notorious example of such poor service is the fiasco that accompanied the opening of terminal 5. Breaking up BAA's monopoly over so much airport capacity in the south-east and allowing passengers to vote with their feet and choose an airport run by a different operator should help drive improvements in service quality across all of London's airports.

The Government's approach to Heathrow underestimates the potential that regional airports have to relieve pressure on capacity at airports in the south-east. Giving people a wider choice of destinations from their home airport has advantages in terms of passenger convenience and the regional balance of our economy. A switch to more direct flights from regional airports reduces emissions by cutting out the interim leg and relieves the road congestion caused by people having to drive to the south-east's airports. Sensible and proportionate expansion of regional airports on a case-by-case basis, with full regard to local and environmental planning concerns, should be an important part of any strategy to relieve overcrowding problems at Heathrow.

In proposing a new high-speed rail line connecting Heathrow terminals directly with Birmingham, Manchester, Leeds and the channel tunnel link to Paris and Brussels, we have found a further means of relieving Heathrow's overcrowding problems and one that does not inflict— *[Interruption.]* I hear comments about Scotland. I believe what we are proposing would be an excellent foundation for a high-speed network that one day would stretch across the country and up to Scotland. We have made a firm commitment to going as far as Manchester and Leeds, whereas the Government are talking only in vague terms about possibly going as far as Manchester.

Hugh Bayley: I am grateful to the hon. Lady for giving way. Like her, I have a strong interest in railways. She seems to have forgotten that we do have one high-speed line—the line from London to the channel tunnel. It was designed as a private line by a former Conservative Government, but that collapsed and Government had to intervene. How would the high-speed rail link that she is proposing be financed?

Mrs. Villiers: We have set out detailed plans for the costings of our high-speed rail line.

In our proposal for a high-speed rail link, we believe we have found a means of relieving Heathrow's overcrowding problems in a way that does not inflict the damage that would clearly come with runway 3. Evidence from Europe clearly shows that high-speed rail provides a viable and attractive alternative to competing flights.

Mr. Mike Weir (Angus) (SNP): The hon. Lady mentioned the high-speed rail links, which we in Scotland would be very keen to see, but I understand that at present Conservative policy is to go only as far as Leeds. Can she give us an idea of what the policy would be for extending these lines to Scotland? Given the cost estimate of £44 billion, what time scale can she give for these important links, which would cut out the need for much air travel from the central belt?

Mrs. Villiers: I recognise the advantages of taking a line all the way to Scotland, but we have to be realistic about what we can promise, and we have to build such systems in stages. The history of our transport system demonstrates that we cannot deliver the whole lot all in one go. It is clear that constructing, and committing to, the link that we have proposed will be a major step along the road to delivering that wider-scale network, one day including, I very much hope, a full link between Scotland and London.

Mr. Hoon: The hon. Lady has conceded that under a Conservative Government there could be some expansion in the south-east. Will she tell the House the level of carbon emission she would permit before taking any such decision on expansion?

Mrs. Villiers: Today's debate is about Heathrow. It is about the Government's reckless decision to proceed with a third runway, which would significantly undermine this country's ability to meet its target of cutting carbon emissions by 80 per cent. by 2050. No matter what they say, the Government cannot get around that problem.

Whether it is Paris-Brussels, Paris-Marseille or Madrid-Malaga, the arrival of high-speed rail as an alternative to the plane has had a dramatic downward impact on flight numbers. BAA's own figures confirm that there were about 63,200 flights between Heathrow and Manchester, Leeds, Brussels, Paris, Amsterdam and Rotterdam in 2007—all journeys where it is realistic for high-speed rail to replace flying. Freeing up that many slots would provide space at Heathrow equivalent to about a third of the full capacity of a third runway, and more than half the 125,000 uplift that the Government now say should be the maximum permitted usage of runway 3. With the last gap in the high-speed link between Brussels and Cologne about to be plugged, which opens up easier rail travel to German destinations, and with interconnections and through-ticketing improving every day on the European high-speed network, the potential for air-to-rail switching is clearly going to increase even further in the future.

It is clear that high-speed rail is a much less carbon-intensive way to travel than flying. The climate change differential between the two forms of transport will widen with the expected decarbonisation of electricity generation.

Hugh Bayley: Will the hon. Lady give way?

Mrs. Villiers: Sorry, but no.

Furthermore, the Conservative party believes that as a nation we can no longer put off the decision to start building a high-speed rail network in this country. Our proposal on high-speed rail would bring major advantages for rail users suffering from chronic levels of overcrowding.

The boost for jobs would be felt right across the country, but the impact would be particularly strong in the midlands and the north.

The Secretary of State's apparent conversion to high-speed rail was welcome, but unlike in our proposals, there is no firm commitment, no timeline and no attempt to get a new line past Birmingham. The new rail hub that the Government are considering for Heathrow will apparently be located at Old Oak Common, but a station more than 9 miles away from the airport, at Wormwood Scrubs, simply will not yield the benefits of the innovative proposal we have backed to connect Heathrow terminals directly with the main rail network to the west and the European high-speed network. What the Secretary of State still just does not get is the fact that high-speed rail could be an alternative to a third runway, not a sweetener for it.

In conclusion, I make the following appeal to Members of all political parties. A third runway is not inevitable: there is a better way; there are credible alternatives. To all those who signed early-day motion 2344, I say that this is an important opportunity to ask the Government to listen to the millions of people who care about climate change and the dissenting voices on their own Back Benches, and to drop their plans for a third runway, which could cause such devastating damage to our environment and our quality of life in this country.

1.10 pm

The Secretary of State for Transport (Mr. Geoffrey Hoon): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"notes the Government's commitment in the 2003 Aviation White Paper to limit noise impacts and to be confident both that statutory air quality limits will be met and that public transport will be improved before expansion is permitted at Heathrow; welcomes the Government's new enforceable target to reduce UK aviation carbon dioxide emissions below 2005 levels by 2050, and the commitment that increases in capacity at Heathrow, beyond the additional 125,000 movements a year already agreed, will only be approved after a review in 2020 by the Committee on Climate Change of whether the UK is on track to meet this independently monitored target; notes that development at Heathrow will be conditional both on requirements that the size of the 57 decibel noise contour will not increase compared with 2002 and on adherence to the requirements of the European Air Quality Directive; notes the decision not to proceed with mixed mode, thereby ensuring that neighbouring residents will have predictable respite from aircraft noise; welcomes the proposal that new slots at Heathrow should be 'green slots' using the most efficient planes; recognises the economic and social importance of Heathrow; and welcomes proposals on ultra-low carbon vehicles and new rail links to the west of Heathrow and new high-speed services from London to the Midlands, the North and Scotland linked to Heathrow, to the benefit of the UK as a whole."

I set out clearly in my statement on 15 January the key decisions that the Government had reached on the future of Britain's transport infrastructure, including Heathrow. I do not intend to go over that ground again, although I want to address the main points raised by the hon. Member for Chipping Barnet (Mrs. Villiers). The fact remains—the Conservative party needs to face up to this—that despite her refusal and perhaps inability to answer some very basic questions, she has put forward a policy that lacks coherence, is founded on no clear principles and will do serious damage to Britain's jobs and economy.

The hon. Lady simply cannot come here and tell Members that the Conservative party would not go ahead with a major project such as the expansion of Heathrow and fail to set out the basis on which that decision has been reached—without being able to set out the criteria for that decision, her argument has no credibility. As long ago as 2003, the Government set out in a White Paper clear criteria for such expansion. On each issue that she cited as one of the reasons for her decision—air pollution, road congestion, noise and climate change—I asked her, I invited her, I implored her to tell this House and the country the basis on which she has taken any decision, but she could not do it. She has not done any basic homework on the matter, and that leads to the clear conclusion—anybody witnessing the hon. Lady's woeful performance would know that this is the case—that the Conservative party's decision is dictated by political opportunism of the lowest kind. The Conservative party's decision, on which she admitted that she has changed her mind, was determined by Conservative central office. It was not taken on the basis of any kind of principle; it represents the worst kind of expedient. Unless she can answer basic questions on the subject, she has no right to represent her party or the country.

Mrs. Villiers: I shall tell the right hon. Gentleman the basis of our decision—it was what I set out in my speech: that a third runway would inflict huge damage on the quality of life of millions of people who are already suffering because of aircraft noise and on the quality of life of many people who are already suffering direct health problems as a result of the expansion of Heathrow. We believe that it is deeply reckless and irresponsible to press ahead with a course of conduct that would be so incredibly damaging for our environment and for our quality of life. That is why we oppose a third runway at Heathrow.

Mr. Hoon: Those comments would have some credibility if the hon. Lady could set out the basis on which those assertions are made. She and her Front-Bench team are desperate to get into government, to sit on the Government Benches and to take decisions such as on the third runway, but unless they can set out the basis on which their decisions are taken, whatever they say on these issues simply does not carry any weight. She cannot argue that jobs and this country's economy should be put at risk by failing to go ahead with the project without being able to give the reasons for that decision. Unless she can set them out—I am about to give her another opportunity to do so—she has no credibility.

Mrs. Villiers: If there is no credibility in opposing a third runway—if there is no basis or justification for opposing it—why did 57 of the right hon. Gentleman's own colleagues sign early-day motion 2344 and why has he lost a member of the Government only this morning over this issue?

Mr. Hoon: If the hon. Lady is not worried about jobs and the economy—*[Interruption.]* Well, the position of the Conservative Front-Bench team—I heard some sedentary comments—appears to be that a list of environmental and other organisations will be cited as a reason for not taking a decision on the runway. If that is the policy of the Conservatives, they should articulate it, instead of blustering as the hon. Lady has done.

[Mr. Hoon]

Let us consider the impact of the go-ahead decision on jobs and the economy of this country, because hon. Members should not simply take my word for how important this decision is for the country's economic well-being. They should listen to David Frost, of the British Chambers of Commerce, who has said:

"This sends a strong message to the world that we are a nation open for business."

Brendan Barber, of the TUC, has said:

"Aviation is key to the UK economy and will support the creation of many more quality jobs."

Miles Templeman, of the Institute of Directors, has said:

"A third runway is vital to maintaining the UK's economic competitiveness, and will put us in a good position to win business from the key markets such as India and China when the upturn comes."

I am sorry that the right hon. and learned Member for Rushcliffe (Mr. Clarke) is not here, because I really wonder what he must think as he looks across his party—a party that was once capable of taking economically serious decisions. He is a man who sat in Conservative Cabinets with Margaret Thatcher and John Major, and who is supposed to speak up for business and jobs inside the Conservative party. He now apparently finds himself, as do the entire Conservative Front-Bench team, at odds with representatives of both employers and employees. It cannot often be said, so let me repeat that the CBI, the TUC, the Institute of Directors and Unite are all on exactly the same side of the argument—they are united in favour of the action necessary to support British jobs and the British economy. That is something that the Conservative party is giving up on.

No responsible Government can ignore the importance of Heathrow to our international connections, to the 100,000 jobs that it supports directly or indirectly and to the ability of London and the UK's nations and regions to compete for business and commerce. Every great trading nation needs access to the growth markets of the future. Unlike any of the other UK airports, Heathrow serves destinations such as Mumbai and Beijing and it provides more frequent services to key international destinations. In these times of economic slowdown, those links become even more crucial in supporting British jobs and helping to revitalise our economy. What does it say about the Tories' economic policy that they will today turn their backs on 100,000 jobs at Heathrow airport?

Mr. John Randall (Uxbridge) (Con): If the Secretary of State is so convinced of the rightness of his argument, why is it that when we invited him to come to our constituencies to meet the people most affected by this, the offer we received was that three people—that is all—to be nominated by an MP and from each of the affected constituencies, could come to this place to discuss the matter with Ministers and civil servants?

Mr. Hoon: I would have been delighted to make such visits, but unfortunately, and unusually for me, I found my presence in such demand in so many different places that it was necessary to find a means by which such discussions could take place. I would be delighted to meet the hon. Gentleman and representatives of his community, but as I say, I could not spend the next year touring west London, much as I would have been delighted to do so.

May I deal directly with the motion? I listened carefully to the comments that the hon. Member for Chipping Barnet made, but I still do not understand how her party's policy addresses the difficult questions that have been raised by the hon. Member for Uxbridge (Mr. Randall) and others on her own Conservative Benches. I simply do not know how she answers those questions about noise and the impact on local communities, and neither does the House nor the country. *[Interruption.]* It is no good Conservative Members saying that we do not know, because those answers have been set out in a detailed White Paper. I invite those hon. Members who clearly have not read it to have a look at the criteria, because if they were to do so, they would see that a process has been followed for taking the decision—a process that the hon. Lady has completely failed to set out.

Bob Spink (Castle Point) (Ind): I am not going to ask the right hon. Gentleman to come to meet my constituents, but will he give them comfort that the Government will not reconsider the Thames estuary airport option, which is being promoted by a number of senior Tories?

Mr. Hoon: I will be dealing with that in due course, but the hon. Gentleman can take it that we will not be reconsidering that particular option.

May I, again, tempt the hon. Lady to answer some basic questions about her proposals?

Several hon. Members *rose*—

Mr. Hoon: I shall give way in a moment.

First, does the hon. Lady recognise that our constituents and British businesses demand that they should be able to travel by air and that there is growing demand from our constituents and from British business for such services? Her own leader, the right hon. Member for Witney (Mr. Cameron), made that point quite clearly in 2007, when he said:

"It's unrealistic to think aviation is not going to grow. Business requires a huge amount of travel and we live in a world in which people enjoy going on holiday. As people get richer there is going to be growth in aviation."

Does she accept that argument? She says that she does.

John McDonnell (Hayes and Harlington) (Lab): My right hon. Friend mentioned the decision-making process. My constituents are not particularly interested in party political knockabout; we want absolute clarity about the process that will be used to make the decision. I would welcome the opportunity to come back to the matter just to get the clarity. My understanding is that it will be dealt with by the new Infrastructure Planning Commission. If that is the case, it will require a new national policy statement. Will he explain the process of arriving at that new national policy statement given that the aviation White Paper is now six years out of date? If we could get clarity on that today, it would be incredibly helpful.

Mr. Hoon: My hon. Friend makes a fair point. Of course, the process will be governed by the Planning Act 2008, which will set out the process that he has at least in part described. I anticipate that the Government would want to bring forward a new aviation White Paper that would set out the up-to-date position, given the history since 2003. It is important that we acknowledge something that the hon. Member for Chipping Barnet and her colleagues on the Conservative Front Bench seem to have failed to realise—I am sorry that the shadow Chief Whip is not in his place, because he will have to deal with these problems in the unfortunate eventuality of his becoming the Government Chief Whip. The Opposition—I would be delighted to give way again on this point—appeared to suggest that every major planning infrastructure decision would be subject to a vote on the Floor of this House, but that specific provision was rejected in the course of the Planning Bill.

If every major planning decision were not to be subject to a vote on the Floor of the House, then, once again, I must accuse the Conservative party of political opportunism. It is simply picking out those particular policies on which it thinks it might have some success, rather than being consistent and acknowledging that it is necessary as a governing party to adopt a consistent process governing how decisions are taken.

Mrs. Villiers: In tabling the motion, we were simply responding to the passionate demands from both sides of the House that the people who represented constituencies that would be blighted by the Government's plans should have the opportunity to speak and vote on the issue.

Mr. Hoon: I am sorry that I gave way to the hon. Lady, because she clearly did not listen to the question. The question is straightforward. If a Government take a decision, they have to take similar decisions according to a consistent process. They cannot pick and choose for political reasons the kinds of decisions that they would like to be subject to votes on the Floor of the House. Until she understands that, she will not be fit to be in government.

Several hon. Members *rose—*

Mr. Hoon: I am going to make a little progress. What is important is that we should—

John McDonnell: Will my right hon. Friend give way?

Mr. Hoon: I have given way to my hon. Friend. I shall give way in a second.

As the Opposition have accepted that there is a requirement for some increase in capacity, where will that increased capacity be made available? The hon. Member for Chipping Barnet appears to have ruled out in the past any extra capacity at any of the airports in the south. Today, I was not quite so sure what her position would be. Let us consider the policy recommended to the Conservative party by the right hon. Member for Wokingham (Mr. Redwood), whose economic competitiveness policy group was set up and reported in 2007. It was set up, as far as I recall, by the leader of the Conservative party. The report said:

"The primary issue for UK air transport is the lack of airport capacity to meet the relentless demand…We recommend that an incoming Conservative government's priority should be the strengthening of London's, and Britain's, main air transport hub at Heathrow".

That was the policy outlined by senior figures in the Conservative party. The policy was articulated as recently as last year by the hon. Member for Havant (Mr. Willetts) when he appeared on "Any Questions?" in Hounslow. He said:

"I'm afraid there is an economic need for more airport capacity somewhere—somewhere in the South East".

He also said that

"no responsible party can simply say that we can put up the shutters and there's not going to be any more runways anywhere in the South East".

That was what was said by a member of the shadow Cabinet, speaking as recently as last year. That is precisely what the Conservative party is trying to do—to put up the shutters and to do nothing. That has been its policy since it changed its position on Heathrow.

I will give the hon. Member for Chipping Barnet credit—she has acknowledged that the policy has changed. She has acknowledged that the Opposition have changed their mind. What she is not able to tell the House or the country is why that policy has changed for any reason other than grubbing after votes in some cheap exercise in political opportunism.

Mrs. Villiers: We have provided a viable way to make Heathrow a much better airport, by providing a viable high-speed rail alternative to the thousands of short-haul flights that are clogging up the airport and contributing to its overcrowding problems.

Mr. Hoon: Unless the hon. Lady is able to provide the criteria by which that decision has been taken, she cannot be taken seriously.

Several hon. Members *rose—*

Mr. Hoon: I have already given way to my hon. Friend the Member for Hayes and Harlington (John McDonnell). I shall give way to my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley).

Joan Walley (Stoke-on-Trent, North) (Lab): May I take my right hon. Friend back to what he just said about the process by which the decision will be considered and the role of the new planning agency? Will he tell the House what account will be taken of the work of the Committee on Climate Change? It has already said:

"Whilst aviation and shipping emissions are today both relatively small as a percent of total global emissions they are likely, if unconstrained, to grow to much larger shares."

That will have a huge effect on other industries, which will need to have carbon allowances. Will he tell the House what part the Committee on Climate Change will play in the process governing how any decision will be made?

Mr. Hoon: I made it clear in my statement to the House that any further expansion beyond that which was permitted would require a new process by which any new slots would be made available. That process would depend critically on the views of the Committee on Climate Change, which would have to report to the Government, and therefore indirectly to the House, that we were on track—that is, that we were taking the right decisions—to meet our ambition of ensuring that there would be no more carbon emissions through aviation in 2050 than in 2005. That is a clear commitment to take account not only of the advice of the committee but to ensure that it will advise the Government on the necessary steps to meet that ambition.

Colin Challen: I agree with my right hon. Friend that the Opposition's opportunism is to be deprecated. However, wrong-headedness is also to be deprecated. I am disappointed that my right hon. Friend has begun his speech on the premise that we should bow to the market forces first and put climate change somewhere down the ladder. That appears to be the case. The industry's own sustainable aviation road map predicts that by 2020 there will be a sizeable increase in aviation emissions in this country and seems to deny that there is such a thing as radiative forcing, which is something that the Government recognise. Are we putting too much of our future into the hands of an industry that seems to have a golden inheritance while other industries have to pay the price—*[Interruption.]*

Mr. Speaker: Order. We must be careful with interventions. There is a 10-minute limit on speeches because Back Benchers want to make a speech and interventions should not be as long as the one that we just heard.

Mr. Hoon: I do not accept the way in which my hon. Friend has made his point, not least because I took great pains to set out in my statement the week before last that such decisions are necessarily a matter of balance between the requirement to allow more flights and to allow more people to travel on those flights, and the consequences for the local environment and the people affected by Heathrow as well as our international position in securing international agreements on reducing carbon. We have led the way in ensuring that we adopt strict standards and pass them into law. We will implement them. I hope that he will accept that, and I shall deal with it in more detail in a few moments.

Several hon. Members *rose—*

Mr. Hoon: I am going to make some progress, in the light of Mr. Speaker's observation.

One suggestion set out in the motion tabled by the hon. Member for Chipping Barnet is that we should

"give full consideration to alternative solutions".

I have no idea—and I am none the wiser from her speech—what that would mean in relation to her previously stated opposition to expansion at Heathrow, Gatwick and Stansted. She has opposed expansion at each one of those airports without saying why she is against it. Perhaps she is now considering the option of a new four-runway airport in the Thames estuary, which I know that the Mayor of London and some Members of this House favour. At the weekend, I read about the Mayor's plans for runways and train tunnels in the sea, which were described by others as something out of "Thunderbirds"—Boris island rather than Tracy island.

Some 400 alternative sites were considered before the 2003 White Paper, many of which were in and around the estuary. I have said repeatedly why we do not believe that they are feasible or practical. The recent incident in New York, in which a plane was forced to land in the Hudson river, should demonstrate the consequences of a bird strike and make hon. Members think about the implications. Anyone who believes that such a proposal is non-controversial should note the words of the Royal Society for the Protection of Birds, which said:

"'Boris Island'…has been conclusively proven to be a complete non-starter ecologically, environmentally and economically. To revisit the issue is a complete waste of everyone's time and energy."

Mr. Roger Gale (North Thanet) (Con): The Secretary of State has made much of the White Paper. When I raised the issue of Manston airport with his predecessor at the time—now Chancellor of the Exchequer—he indicated clearly that it was too far from London. The hon. Member for South Thanet (Dr. Ladyman), who will defend a 600 majority—is trying to promote Manston. Does the Secretary of State agree with his predecessor or does he accept that Manston, which is 50 miles from so-called Boris island—has a role to play?

Mr. Hoon: I have visited Manston airport, and I can see the argument for its expansion and I recognise that it has a part to play. Indeed, several airports in and around London could help in relieving the expansion capacity problems that we face. However, no one is seriously suggesting that one of those 400 sites could be a substitute hub airport. The hon. Gentleman knows enough about aviation to recognise that we are talking about Heathrow, which is a hub airport and an international gateway very different from the airport that he mentions.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): Will my right hon. Friend recognise that the proposal for a Thames estuary airport is currently being evaluated by Douglas Oakervee, the project director of the Hong Kong airport, which was built in the sea, and chairman of Crossrail? He is one of the most respected civil engineers in the country, and is employed by the Department on that major rail project. Will my right hon. Friend accept Douglas Oakervee's judgment that this proposal is a serious alternative that needs to be evaluated?

Mr. Hoon: My right hon. Friend is right to say that Mr. Oakervee is employed by the Department, and in that capacity I have met him. I am delighted by his judgment, because it is that it will never be built. That was his conclusion.

The hon. Member for Chipping Barnet suggests that increased competition will somehow provide a solution. I welcome the work that the Competition Commission has done and I believe passengers will see some real benefits from the changes outlined. But to suggest that competition on its own can solve the capacity problems we face just is not credible. Let me quote Oliver Dowden, recently installed as the Conservative party's director of political operations. Last summer he said:,

"No matter how much competition you inject into the UK airport market, the fundamental problem remains the same. The projected growth in demand for air travel continues to exceed the projected growth in supply. The way to rectify this is by building more airports and runways. Approving such expansion requires real political will".

Perhaps in his new position he will instil real political will into the Conservative party, and he should start with the hon. Lady.

Even with all the evidence of the need for expansion for economic and social reasons, this was not a decision to be taken lightly. I know that the decision to support a third runway at Heathrow will have a significant impact, especially on those who live in the surrounding area, and that that understandably arouses strong feelings. That is why I have always been clear that while there is a strong case for expansion, it could be supported only if strict conditions on noise, air quality and public transport were met.

Last week I announced my decision that those conditions could be met. A key part of that statement was that there will be a limit on the initial use of the expanded airport, so that the increase in aircraft movements is only around half the level on which we consulted. The modelling carried out showed that the critical noise and air quality tests could both be met in 2020, with the airport operating at that level; that the 57 dB noise contour would be no larger than it was in 2002; and that no residential properties would be in areas of nitrogen dioxide exceedances. However, to ensure that we are basing our decisions on facts, not modelling, we have provided added reassurance by committing to a legally binding mechanism that will ensure that additional capacity will be released only when an independent assessment shows that the limits have already been met and will not be compromised by additional flights.

We will legislate to ensure that, in the event that air quality or noise limits could be breached, the independent regulators would have a legal duty and the necessary powers to take action. Modern aircraft are quieter and less polluting than older aircraft. Modern designs have helped to deliver a reduction in the number of people around Heathrow affected by average levels of noise at or above 57 dB. That was some 2 million people in 1974, but had fallen to 258,000 people by 2002, as the result of significant improvements in aircraft technology. Those improvements in technology will continue, ensuring that aircraft are quieter, more fuel efficient and less polluting. To reinforce that trend we intend to make new capacity at Heathrow subject to a green slot principle to incentivise the use of the most modern aircraft. My decision also included responding to many concerns about the loss of runway alternation if we had agreed to options for mixed mode on the existing runways. I announced my decision not to support mixed mode ahead of a third runway. That means that people living under the existing flight paths will continue to enjoy the predictable periods of relief from aircraft noise that many local residents told us they value highly.

Graham Stringer (Manchester, Blackley) (Lab): I agree with the essence of my right hon. Friend's arguments that there is simply no economic alternative to a third runway at Heathrow if this country is to continue to compete internationally. However, I was worried by the analysis by Ben Webster on page 3 of *The Times* today, which claimed that keeping within the 2005 limits on CO_2 would place unnecessary restrictions on regional airports. I would be grateful if my right hon. Friend could assure the House that that is not the case.

Mr. Hoon: That is simply not the case. Unfortunately, *The Times* seems to have confused the projections for carbon and not taken into account the kinds of policy changes that have been agreed. The pressure will be on the airlines to use more efficient aircraft, so that they are not required to buy permits under the emissions trading scheme, to reduce their emissions and fuel consumption. That is a much more likely approach by a rational airline that is acting economically.

In 1990, some 18 different regional airports had services into Heathrow. Because of capacity constraints, now only nine do so. In fact, the hon. Member for Chipping Barnet might like to reflect on the fact that Schiphol serves 21 UK destinations. If that is not an example of the Conservative party's policy exporting jobs, I cannot think of one.

Tom Levitt (High Peak) (Lab): Does my right hon. Friend agree that perhaps the most polluting and wasteful practice by Heathrow is stacking, in which aeroplanes have to wait to come into land? That is because the runways are used at 99 per cent. capacity, which causes problems with the reliability of services. Is it not the case that the first impact of a third runway would be to reduce carbon emissions through the reduction and even abolition of stacking?

Mr. Hoon: My hon. Friend makes an excellent point and one that was completely ignored by the hon. Lady. At any given time, there can be as many as four stacks of aircraft waiting to land. The average delay at Heathrow—caused by the capacity problems—is some 19 minutes, and some aircraft are delayed for far longer. Therefore it is necessary to address the question of capacity, in carbon terms as much as for any other reason.

We have been criticised by the hon. Lady for failing to progress longer-term options for transport infrastructure, which is why I set out clearly our ambition to ensure the development of a new high-speed line to the north, approaching London via a Heathrow international station on the Great Western line. That could provide a four-way interchange between the airport, the new north-south line, existing Great Western rail services and Crossrail, with a 15-minute service into the centre of London. But I reject the idea that that could somehow be an alternative to much needed runway capacity at Heathrow. The Conservative figures on which the hon. Lady relies assume that every single domestic passenger would transfer to high-speed rail. That would include all passengers flying from the remaining nine British airports served by Heathrow. Incidentally, that includes Belfast. The hon. Lady has failed to explain how a rail link would help our friends in Northern Ireland.

A great many people simply do not believe the hon. Lady's argument. Richard Lambert of the CBI does not, and he said that ◆

"a high speed rail link would have a lot going for it, but I don't think for a minute that it will solve the capacity problems at Heathrow."

The Conservative Mayor of London does not believe it. He said:

"High speed rail should certainly be part of the mix, but it is not enough on its own."

Even Conservative Back Benchers do not believe it. Only this week, the hon. Member for Spelthorne (Mr. Wilshire) said:

"Those who believe new rail links mean fewer flights are wrong."

The beneficiaries of the Opposition's policy are clear—they would be the Dutch, the French and the Germans. Indeed, on Monday night the director of airport development at Schiphol said on the BBC London news:

"If I am honest, I must say Heathrow needs a third runway to stay as a major important hub in Europe and to connect London with all the other cities in the world. But for us it would be the best if they wouldn't get the third runway at all."

[Mr. Hoon]

Now, despite the reincarnation of the right hon. and learned Member for Rushcliffe, I do not believe for a moment that those on the Opposition Front Bench have suddenly seen the light and become overwhelmed by enthusiasm for all things European. What their policy would do, however, is give a real boost to continental employment and growth by exporting British jobs.

The reality is that, by encouraging our European competitors to expand at our expense, the Opposition's policy would damage us economically without saving a single gram of carbon. The sorry truth is that, in their opportunist drive to secure short-term headlines, the Opposition are sacrificing the country's longer-term interests.

Norman Baker (Lewes) (LD): The Secretary of State is very keen about not exporting jobs to Schiphol, but is he aware that in the last hour that airport has announced a 25 per cent. reduction in its work force, due to a decline in traffic?

Mr. Hoon: The Liberal Democrat party may be the last party on the planet to notice that we are in the middle of a global economic slow-down. I regret that slow-down and I am very sorry that businesses around the world are having to reduce costs. I know that the Liberal Democrat party is not the most economically literate party, but I should have thought that even the hon. Gentleman would have noticed that there are some economic problems out there in the real world—although I know that that is not a world that he inhabits very often.

Robert Key (Salisbury) (Con): May we come down to earth for a minute? So far, the Secretary of State has completely failed to talk about the impact of a third runway on any of the local people, but they are not the only ones who would regret the arrival of the bulldozers. He will recall that the construction of terminal 5 took more than a decade, and that it posed a danger to some of the most important archaeological sites in the area. The Thames gravels will be equally affected by a third runway. It took up to 100 archaeologists working over 10 years to rescue what was left of that great part of Britain's heritage. What plans does he have to rescue Britain's heritage from the wanton destruction caused by the third runway?

Mr. Hoon: I am not entirely clear how the issue that the hon. Gentleman raises is relevant to the third runway, as he prefaced his question with a reference to terminal 5 which, when I last looked, was in a different place. Even so, I am perfectly willing to follow through the logic of his argument. Is he really saying that national projects such as this have to be decided on the Floor of this House only in the light of the views of local people, or those conducting an archaeological dig?

Robert Key: Of course not.

Mr. Hoon: The hon. Gentleman says, "Of course not." I invite him to go back and look at the careful statement that I made to the House. If he does so, he will accept that I carefully weighed the impact on local people. I set out very detailed criteria for noise and pollution—

Robert Key *indicated dissent.*

Mr. Hoon: The hon. Gentleman shakes his head, but I hope that he will give me some credit for setting out those criteria, as that is something that those on the Opposition Front Bench have singularly failed to do today. The hon. Member for Chipping Barnet has given us no evidence at all about how the Opposition would weigh local people's interests against our national interest, our economic interest, and our interest in preserving jobs in this country. We want to promote opportunities for British people to get jobs, and it is a difficult balance that requires judgment. However, it also requires fundamental criteria, and I think that the hon. Gentleman should address his remarks to those on his own Front Bench rather than to me, because the Government have set out the relevant principles.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): I have been listening to what the Secretary of State has been saying about jobs, opportunities, Schiphol, Heathrow, and the many flights that go from other airports to those destinations. Can he give any guarantees about whether a third runway would enable places such as Aberdeen and Inverness to have guaranteed slots, morning and evening?

Mr. Hoon: The guarantee that I can give is that that can never happen without expansion and more capacity at Heathrow. As I set out, the history of Heathrow since 1990 has been that the number of different destinations served has fallen from 227 to 180, and it is precisely the regional airports that have suffered most. Essentially, what has happened is that, because of the scarcity of slots at Heathrow, airlines have consistently substituted shorter routes for long-distance ones. Therefore, I cannot give the hon. Gentleman the guarantee that he seeks; all I can guarantee is that there will be no change without expansion.

I turn now to the question of climate change, which various hon. Friends have mentioned. I recognise that Heathrow does not raise only local environmental issues: quite rightly, people also want to understand how the Government's support for a third runway can be reconciled with our climate change commitments.

As a result of the measures that we have set out, we now have a set of proposals that give the UK the toughest climate change regime for aviation of any country in the world. There will be a new target to reduce carbon dioxide emissions from UK aviation in 2050 to below 2005 levels. That provides clear assurance that our strategy for aviation is consistent with our wider climate change goals.

There will be a limit on the initial use of Heathrow's third runway so that the increase in the annual number of flights is no more than 125,000 a year. That is almost half the additional capacity that we consulted on. In addition, there will be no future capacity increases at Heathrow beyond that figure without Government approval, and following a review by the Committee on Climate Change in 2020 as to whether we are on track to achieve our new aviation carbon dioxide target. The Committee on Climate Change has also been asked to advise on the best basis for measuring that target.

The Government are also at the forefront of international efforts to include aviation in a global deal on climate change that would build on the UK's leadership in

securing the inclusion of aviation in the European Union emissions trading scheme. As a result of the agreement reached by European Ministers last year, aviation will join the ETS in 2012. From that point, net carbon dioxide emissions from aviation in Europe will be capped at 97 per cent. of average 2004-2006 levels, with the cap tightening to 95 per cent. from 2013 onwards. Any increase in emissions above those levels would need to be matched by equal reductions in other sectors in the scheme.

In addition, we are arguing for progressively stricter limits on carbon dioxide emissions from aircraft, similar to those already in place for new cars within the EU. My hon. Friend the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), proposed that idea at a G8 meeting very recently and we plan to develop it further with our international partners. That is why I can say with confidence that the United Kingdom will have the toughest climate change regime for aviation of any country in the world.

Mrs. Theresa May (Maidenhead) (Con): One of the issues relevant to increased capacity and the impact of a third runway on local residents that the Secretary of State has failed to address is night flights, which was raised by my hon. Friend the Member for Chipping Barnet (Mrs. Villiers). I asked him about the number of night flights last November, and he replied:

"We have not consulted on that matter, and it is not a decision that we have to take." [*Official Report*, 11 November 2008; Vol. 482, c. 650.]

However, we now know that BAA is predicting a 30 per cent. increase in the number of night flights. Will the right hon. Gentleman confirm whether the Government are going to abide by the current night flight quotas? Will there be an increase in night flights under his plans, or not?

Mr. Hoon: As I set out to the House, there will be no change in the basis on which night flight arrangements operate.

Sammy Wilson (East Antrim) (DUP): The third runway at Heathrow is an important issue for people in Northern Ireland because, as the Secretary of State has pointed out, no high-speed rail link will help domestic flights from Northern Ireland. However, there is real concern that slots from Belfast could be lost if a third runway is not built. Will he give an assurance that any planning agreement for a third runway would contain some guarantees about flights from regional airports into Heathrow?

Mr. Hoon: The hon. Gentleman makes a very strong case on behalf of our regional airports. It is a matter of great regret, as far as I am concerned, that we have seen a reduction in the number of flights that serve our regional airports over very many years, precisely because of capacity straits, and it is vital that we maintain sufficient capacity to allow that diversity, including flights to Belfast, to continue.

Mr. Chris Mullin (Sunderland, South) (Lab): On night flights, does not the decisions that my right hon. Friend is making on terminal 6 and a third runway offer an opportunity to make the permission to build conditional on the removal of the remaining night flights? The number is not large; they could be easily rescheduled, as a result of the extra capacity that will come on track.

Mr. Hoon: I set out very clearly the basis of the decision on night flights in the decision that I announced to the House, and I have indicated to the right hon. Member for Maidenhead (Mrs. May) that there is no change in that basis.

The fact remains that this country faces a fundamental choice: we can follow the Conservative party's approach, which would duck the most difficult decisions, slash transport investment in the midst of a downturn, export British jobs and undermine this country's long-term prosperity; or we can help people through the difficult times and take the long-term decisions on investment and climate change that prepare the United Kingdom for the future. For those reasons, I ask my right hon. and hon. Friends to support the Government's amendment to reject the cynical political opportunism that is so manifestly reflected in the motion tabled by the Leader of the Opposition.

1.51 pm

Norman Baker (Lewes) (LD): I regret very much the tone that the Secretary of State for Transport adopted in his responses this afternoon. There was really no need to be gratuitously unpleasant and offensive, as he seemed to wish to be. Far be it from me to defend the Conservative party, but he seemed to decide that attack is the best form of defence. He decided to do that because he has an unconvincing case to put forward. Let us remember that when he was Defence Secretary he was the man who gave us the dodgy dossier, and now, as Transport Secretary, he wants to give us a dodgy runway—the extra runway that has more and more flights, yet somehow the Government's target of an 80 per cent. cut in carbon emissions is met, where the EU limits will apparently be respected and somehow met, with lots more flights and lots more cars turning up at the airport. The environmental damage will be acceptable, but Sipson will be wiped off the face of the map. That is the dodgy runway that he wants to give us.

Mr. Gummer: Does the hon. Gentleman agree that the debate would be more instructive if the Secretary of State had met the fundamental climate change issue about which most of his colleagues are concerned, rather than trying to make odd points against both Opposition parties, which have a principled reason—I could not possibly have a constituency reason—for saying, "If you really care about climate change, you cannot have this extension and expect Ministers to go to Copenhagen with any credibility"?

Norman Baker: I entirely agree with that. The right hon. Gentleman has a long record on this issue. Let me make it absolutely clear that, although we have a number of reasons for objecting to a third runway, our principal reason is climate change. Therefore, the people whom I feel most sorry for are the two who have been corralled on to the Front Bench today: the Secretary of State for Environment, Food and Rural Affairs and the Secretary of State for Energy and Climate Change. The Cabinet has been leaking like a colander in recent weeks, and we know that those two Secretaries of State have had

[Norman Baker]

genuine difficulties—quite rightly, from their perspective, given their Cabinet positions—and that they have been wheeled out today to sit on the Front Bench to give the impression that all has mended and that all is unity.

I look forward to hearing the Secretary of State for Energy and Climate Change sum up tonight, when he can tell us how a massive increase in the number of flights, with no technological solutions on the horizon, will contribute to his target of an 80 per cent. cut in carbon emissions. I do not know whether he ever took part in university debates where people have to argue the opposite of what they believe, but he will have to practise that this evening.

The reality is that this is a very serious issue in climate change terms and for the constituents of those hon. Members who are affected. The House needs to address those two serious issues. I am afraid the Government have got themselves on the wrong side of the argument. The Secretary of State for Transport, who spent his time attacking other people rather than defending his own case, must recognise that there is now overwhelming opposition to the proposed third runway, even in his own party.

I am happy to say that the Liberal Democrats were the first party in the House to oppose a third runway. In April, we introduced such a motion in the House. We are now being joined by the Conservatives and others: 57 Labour MPs signed the motion tabled by the hon. Member for Selby (Mr. Grogan). I am glad that the independent spirit has not been entirely extinguished on the Government Benches and that the lure of becoming a Parliamentary Private Secretary has not taken away entirely the need to vote the right way when issues come before the House.

I draw the House's attention to the article in *The Times* that has been referred to; colleagues in the nationalist parties and in Northern Ireland need to be aware that, far from guaranteeing any extra traffic for Scotland, Wales and Northern Ireland, a third runway at Heathrow "could bring expansion at all other airports to a halt."

Mr. Mike Weir (Angus) (SNP): I do not disagree with the hon. Gentleman, but from a Scottish point of view, we want transport links that will take us to Europe. High-speed rail may be the answer, but I asked the Conservative spokesperson about the time scale and payment for high-speed rail and did not get an answer. Can the hon. Gentleman give me an answer on when high-speed rail will reach Scotland to stand in for flights from Edinburgh and Glasgow airports?

Norman Baker: I am very happy to try to respond to that point. We have made a firm commitment that high-speed rail will start immediately after the next election if we are in the lucky position to be in government or, indeed, part of the Government, which may be a possibility. That is not a 2015 plan; it is not a 2027 plan; it starts right away. We have also said how we will pay for it—partly by a £30 per person surcharge on domestic flights, other than lifeline flights to the highlands and islands, for example, and that money will go towards the construction of a high-speed rail network. We are deadly serious about that, and we are determined that the benefits of high-speed rail are not simply for the west midlands but will benefit the whole country.

Graham Stringer: As ever, I listen carefully to the case that the hon. Gentleman puts, which seems to be based on the fact that, if there is not a third runway, there will be fewer flights. But surely, without a third runway, people will not stop flying to Japan or elsewhere; they will just leave this country and go to a European hub, so there will be two flights and more, not less, CO_2.

Norman Baker: I have not made the case that stopping the third runway would end up with fewer flights. I have made the case that the Government have accepted for roads. The Government have accepted that, if more road capacity is built, it becomes filled with vehicles, making journeys that would not have been made. However, the Government do not want to accept the case on aviation that, if more airports and runways are supplied, there are more flights. Why do they not accept that argument? I fail to understand the logic that the Government adopt.

Sammy Wilson: Of course, there is real concern about the impact that any decision on Heathrow may have on regional airports, especially those in Northern Ireland, but does the hon. Gentleman accept that, without a hub airport in London, people who leave Northern Ireland and want to fly elsewhere are likely to have to fly to Europe? Those flights are longer, so carbon emissions would be greater. Total carbon emissions are then likely to have an impact on any decision made about regional airports. So it would be far better to have an effective hub airport in the south-east of England, rather than in Germany, France or elsewhere.

Norman Baker: I agree, but we have an effective hub airport at Heathrow already. More people are already using London's airports than those in Germany or France—London is first in the list—so I can assure the hon. Gentleman that there is no question of Heathrow ceasing to exist. It will continue to serve Belfast and the other regional airports that are fitted into it. In fact, as my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) mentions, we want guarantees that slots and flights from places such as Belfast, the north of Scotland and so on will be protected, because they have to feed into Heathrow—there is no alternative—to get elsewhere outside the UK.

The Government have adopted a dangerous political position, and are out of line not just with the House, but with the country at large. With the Government 15 per cent. behind in the opinion polls, I question whether they really want to go to the wall over the issue. Is it really the issue that they want to go down fighting on? Have Labour MPs lost their survival instinct? It seems so.

Mr. Tom Harris: Is the hon. Gentleman suggesting that because of opinion polls, the Government should change their position and adopt a populist approach? Is that what the Liberal Democrats are suggesting?

Norman Baker: I am saying that the Government are muddle-headed and have the wrong policy. The opinion polls should concentrate their mind. If the Government were to concentrate their mind and examine the facts, they would reach a different conclusion.

Susan Kramer (Richmond Park) (LD): I thank my hon. Friend for giving way, as he has come to a pause. The Secretary of State for Transport just made a comment about night flights that he needs to check with his officials. I believe that under current legislation, the cap on night flights ends in 2012. There is no cap on the number of flights—there is only a general noise commitment—beyond that date. The House is possibly being misled. Perhaps that point could be addressed, at least in the summing up.

Norman Baker: That is an important point, and my understanding is that my hon. Friend is correct on that matter. When the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), replies at the end of the debate, he ought to answer that point in full and clarify the Government's position on that matter.

As I mentioned, we have long been concerned about the impact of aviation on climate change. That is the primary, but not the only, reason why we oppose a third runway at Heathrow. According to Government figures, aviation accounted for 13 per cent. of total UK climate change damage in 2005—that is all gases, not just CO_2. That takes account of departing flights only. If the calculation were based on return flights by UK citizens, the figure would be nearer 20 per cent., according to the Heathrow Association for the Control of Aircraft Noise. Emissions from air travel are due to rise by 83 per cent. from 2002 levels by 2020, and could amount to a quarter of the UK's carbon emissions by 2038.

That is the direction of travel that the Government wish to support by allowing the construction of a third runway at Heathrow. They have to get real. I give them credit for putting targets in their Climate Change Act 2008; we are the first country in the world to have a climate change Act. We fully supported it, while others in the House did not. The Government have to realise that they will have to deliver on their climate change targets. They cannot have a target only for some Government to say, 20 years hence, "We cannot possibly meet it." We must know now how we will meet it, and building a third runway at Heathrow does not help in any shape or form.

Mr. Randall: I am sure the hon. Gentleman will agree with me on this point. We are using a sort of shorthand when we talk about a third runway. He is of course aware that we are talking about not just a runway, but something the size of another Gatwick airport, including a sixth terminal, which, as he knows, was not even in the original consultation.

Norman Baker: The hon. Gentleman is quite right. While we are talking about Gatwick, let me make it absolutely clear that we Liberal Democrat Members are totally opposed to any further expansion of airport capacity in the south-east, and in the term "south-east" I include Gatwick, Stansted and Heathrow.

The Government waved away the comments of Chris Smith—Lord Smith, who is now chairman of the Environment Agency. He was of course a former Labour party spokesman on the environment, and was well respected in that capacity. He said on 27 January—not very long ago—that Heathrow expansion is "a mistake". He said that there was "a very big chance" that the project would stall owing to the threat of legal action from campaigners and resistance from Opposition parties. I can confirm that the last part of that point is certainly true. He also said:

"I think the likelihood is that engines will get cleaner, whether they will get cleaner as rapidly as the government projects I have my doubts."

He made sensible objections, on behalf of the Environment Agency, to the Government's policy on a third runway. Will the Government formally respond to the Environment Agency, or does that advisory body matter only when it is in line with Government policy, and is it to be discarded and ignored when it is out of line with it? That appears to be the Government's attitude.

Rob Marris (Wolverhampton, South-West) (Lab): I know that it is the hon. Gentleman's policy to be against all expansion of aviation capacity in the south-east—*[Interruption.]* That is his party's policy; he just said so. Many projections show that demand will increase. If supply is restricted, the price of the item will go up. Is the hon. Gentleman saying that poor people—working people—will not be allowed to fly?

Norman Baker: Not be allowed to fly? I do not know where on earth the hon. Gentleman got that from. If he is saying that aviation is underpriced, well, frankly it is. It is underpriced in terms of the carbon damage it does. It sometimes costs less to fly to Manchester or Newcastle than to take the train, and that is wrong. We increasingly need to base our economy on carbon emissions, and we need to put the price next to the carbon emissions. We have to recognise that aviation is underpriced. I have been frank with the House today, and have said that we should have a £30 surcharge on domestic flights to help pay for the construction of high-speed rail.

Simon Hughes (North Southwark and Bermondsey) (LD): May I make the absolutely obvious point that most constituents in constituencies such as mine may use transport, including public transport—they may use the bus, the tube and the train—but there are very few people from constituencies with high numbers of people on low incomes who fly around Britain to take part in the economy? Often, the people who fly the most are in the business sector, which ought to set a good example.

Norman Baker: Yes, that is perfectly true, and analysis of travel patterns shows that disproportionate numbers of those who take cheaper flights are middle class or well off, and are not the people referred to in the intervention by the hon. Member for Wolverhampton, South-West (Rob Marris).

Let me ask the Secretary of State for Transport to address the issue of safety. I do not wish to say that the proposal for a third runway is unsafe; I just want to raise the issue, and be given an assurance at the end of the debate. The Civil Aviation Authority said:

"Were all...southeastern airport development plans to come to fruition, CAA and NATS are of the view that there would not be sufficient airspace to accommodate the scale of predicted growth"

that is, traffic growth

"on the basis of current and predicted technology."

[Norman Baker]

I raised the matter with the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town, last March, as he may recall. He said:

"The CAA has examined our White Paper proposals and believes that the necessary airspace capacity can be provided safely."—[*Official Report*, 4 March 2008; Vol. 472, c. 1589.]

NATS said, in a letter to me:

"NATS has not yet carried out detailed work as there has been no requirement for us to do so. We are not therefore able to advise at this stage on any specific airspace changes that may be required in support of any...Government policy to permit expansion of Heathrow."

It is a serious issue. It may be that expansion can be handled safely; I do not wish to start hares running needlessly, but it is important that it be put on the record that any expansion at Heathrow can be handled safely under the current air traffic regime. I shall be grateful for such an assurance from the Minister when he replies.

John Barrett (Edinburgh, West) (LD): Does my hon. Friend agree that if there is any question about airspace capacity safety, the issue could be dealt with by the introduction of a high-speed rail link? About 50 per cent. of all flights that leave Edinburgh go to other UK cities that people could easily access by alternative means.

Norman Baker: That is perfectly true. The issue is not simply about getting to other cities in the UK—this may partly relate to the Belfast point; it is also about getting to other cities in near Europe. The potential for high-speed traffic to take us to Amsterdam and other towns and cities in near Europe is significant. The Government have not given that point full weight. There are still too many short-haul flights. There are 24 flights today from London to Manchester; I checked this morning. There is no need for flights from London to Manchester. Paris-Brussels flights have effectively been eliminated by a good rail link. There is considerable potential for transfer of traffic from air to rail. There are still a large number of flights to Paris, although Eurostar offers a good service.

Why is there such a rush to get the third runway approved? It is partly because BAA and its friends know that if there is a change of Government at the next election, whatever the outcome—no matter whether there is a Conservative majority or a hung Parliament—it is much less likely that Heathrow expansion will be progressed with. By the way, I tell civil servants in the Department for Transport not to waste their time on working out an aviation statement; they will not need it. It will be rewritten after the next election.

The majority shareholder in the Department for Transport, BAA, is keen that we should move forward with the expansion as soon as possible. It knows that high-speed rail is a real alternative. It knows that in Spain and elsewhere in Europe, there has been a massive transfer from air to rail on key corridors. It knows that that will happen in this country, too, and that is why it is so desperate to get permission for the third runway before high-speed rail kicks in and the whole case vanishes from under its feet. That is what the game is about, and that is why it is so determined to push the change through. It is just a pity that the Government are determined to aid it in that proposal. It is a great shame.

Mr. Nick Hurd (Ruislip-Northwood) (Con): Does the hon. Gentleman share my concern at the lecture that the Opposition received from the Secretary of State on due decision-making processes, when the Government commissioned a business case in partnership with the very industry that is set to benefit most from the expansion of Heathrow airport?

Norman Baker: Yes, I do. There was a lot wrong with the consultation period and with the whole Government process leading up to this point. If the Government had identified a proper way forward, they might have had a stronger case than they have. Unfortunately, they did not do so.

I return briefly to the subject of carbon. The Eurostar figures, which have been provided to all Members of the House and which the Government have not queried, show that rail journeys by Eurostar to equivalent destinations would emit only 10 per cent. of the carbon per passenger. That is an enormous saving. If we are aiming for an 80 per cent. saving on carbon, there we are—there is a 90 per cent. saving on that journey right away. Even if we allow for different energy modes—Eurostar has nuclear generation—the figures from the all-party sustainable aviation group show that the emissions per passenger per kilometre in grams of CO_2 will be 58 for rail and 227 for domestic air. Even on that normal energy mix, there is three quarters more for domestic air than for rail.

The Government set much store by the economic case, which has been rather overstated. We seem to be told that the expansion of the runway at Heathrow would have massive economic benefits for London and the south-east. In fact, London has been doing quite well in the past 10 years, even with the terribly constrained Heathrow that we apparently have. In my intervention on the Secretary of State, who has left his seat, I mentioned the loss of jobs at Schiphol, but perhaps a Minister ought to reflect on the survey carried out by the Institute of Directors in January. Only 1 per cent. of IOD members think that air should be the Government's top priority for increasing capacity, and 52 per cent. said rail.

A survey conducted by the London chamber of commerce in 2006 said that 78 per cent. of London firms opposed Heathrow expansion. Tim Jeans, the managing director of Monarch Airlines, said that the expansion of Heathrow would have a detrimental impact on the lives of millions of people living in west London and prevent the aviation industry from being taken seriously on environmental issues. He also said that the Government's reliance on new technology to reduce emissions was "highly optimistic". That is the aviation industry speaking.

Justine Greening (Putney) (Con): Is the hon. Gentleman aware that during the public consultation exhibitions there was a board stating that 95 per cent. of businesses had said that Heathrow was very important or vital? What was not mentioned was that that was 95 per cent. of the 164 that responded, out of the 3,000 businesses that had been asked. In other words, less than 2 per cent. of businesses asked about Heathrow's importance said that it was very important or vital.

Norman Baker: That is absolutely right, and it shows that there was a dodgy consultation to back up a dodgy runway.

Simon Hughes: I remind my hon. Friend and the House that there is, at last, progress on Crossrail, which will produce jobs and better train services, and progress on Thameslink, which presents some constituency problems for me but is a welcome north-south rail link; there is an East London line extension; there are plans for a cross-river tram; and there are further plans for light rail. There are many transport schemes that will add to carbon-efficient, non-harmful transport in and around London and provide many jobs in the process.

Norman Baker: Yes. Part of the objective of dealing with the present difficult economic conditions is to move forward in a way that not only encourages jobs, but does so in a green way. There is no point in creating jobs that are unsustainable in environmental terms.

Mr. Gummer: Has the hon. Gentleman also noticed that major companies and small companies alike have used the opportunity of the downturn to learn to do a great deal of international business without travelling from place to place? Does he think that after the downturn is changed, those habits of sensible behaviour and unwasteful use of money will continue?

Norman Baker: The right hon. Gentleman is right. He may have seen a recent study that came out in the past few days and confirmed that. It said that it was not only economically sensible but environmentally sensible to try to do much more business by, for example, video link. It is often unnecessary to fly around the world to do business and it is inefficient to do so—except for Government Ministers, who like to travel round the world frequently.

The economic case has been overstated. It does not take into account the huge subsidy that aviation gets from the fact that it pays no tax on its fuel, unlike other modes of transport. Lastly on the economic point, I draw attention to a poll carried out in December 2008 covering 500 businesses, not the one or two referred to by the hon. Member for Putney (Justine Greening). Only 4 per cent. believed that they would benefit from an expanded Heathrow, whereas 95 per cent. said that that would make little or no difference. However, 23 per cent. of businesses thought they would be helped by a new high-speed rail line to the north. When asked which one they would choose, 27 per cent. chose the rail link and only 4 per cent. chose Heathrow. That is the voice of business.

Political support is vanishing from under the Minister's feet, as is business support. We are told that the Heathrow expansion will help tourism. Foreign visitors arriving by air in 2004 spent £11 billion in this country, but UK citizens going abroad that year spent £26 billion, so if we increase Heathrow's capacity, there is also an issue about whether we should allow more money to flow out of the country and suck less in. That seems not to have been factored in. I do not know whether the British Tourist Authority is in favour of a third runway at Heathrow. I would have thought that it was rather dodgy, if I were considering the future of tourism in this country.

I am conscious of the time that I am taking. I have not mentioned local factors, which are very important. I remember powerfully the intervention and comments of the hon. Member for Hayes and Harlington (John McDonnell) the last time we debated the matter. My hon. Friend the Member for Richmond Park (Susan Kramer) has a close constituency interest. I hope she will catch the Deputy Speaker's eye and be able to speak on those matters. Seven hundred homes demolished, 1,600 people evicted, and Sipson wiped off the map is not something that the House of Commons should be proud of.

We must ask ourselves the reasons for the Government's policy. It is electorally unpopular, economically it does not make sense and it is environmentally damaging, so what is the policy for? The Department for Transport seems to have been influenced far too much in recent times by BAA, which seems to decide the Government's aviation policy. Let us not forget that BAA half-wrote the consultation, set up a joint body, the Heathrow Delivery Group, to steer the plans through the consultation process, and provided the data for calculations of noise and pollution that formed the premises of the consultation document. Opposition groups were not permitted to challenge the data. The Department for Transport and BAA set up a risk list, a list of threats to the building of the third runway, which includes the 2M campaign representing 2 million people.

I will not bore the House by elaborating on the revolving door, but there are a huge number of people in government who find themselves connected with BAA, and a huge number of people connected with BAA who find themselves rather close to Government. That explains why the Government have got their position completely wrong on the matter.

I appeal to the House today to leave aside the charge of political opportunism. Whether hon. Members believe that or not, it is not relevant. What is relevant is that the Government have studiously avoided giving the House of Commons the opportunity of a vote on Heathrow, which is a disgrace.

We on the two Opposition Front Benches have done the best we can to try to make sure that there is a vote in the House. It is the only vote that we are likely to get before the next general election, so I ask Labour MPs to think very carefully about how they will vote this evening. If they go through the Lobby with the Government, which is the easy way of dealing with the matter, the way of least resistance, they will have to answer to their consciences. They will have to answer for the inconsistencies with the Climate Change Act 2008, and they will have to answer mostly to their constituents if they happen to live anywhere near London or the flight path.

This is the one opportunity that we all have to get it right. I ask Labour Members to think about the environmental impact of a third runway, and about the local impact. If they cannot do that, I ask them to think about their own political prospects. If they think of those three things, they will vote to reject a third runway at Heathrow. It does not really matter what the Government do; I think the third runway is dead in the water and it will not go ahead.

Several hon. Members *rose*—

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next hon. Member to speak, I should remind the House that Mr. Speaker has placed a 10-minute limit on Back-Bench speeches. That applies from now on.

2.19 pm

Alan Keen (Feltham and Heston) (Lab/Co-op): I was going to make a joke about new jobs for archaeologists, but that would not have gone down very well with my hon. Friend the Member for Hayes and Harlington (John McDonnell), to whom I pay tribute. His constituents are lucky to be represented by him, and many Members, including Opposition Members, have worked with him under his chairmanship of the Project Heathrow Watch committee. We have worked on a non-party political basis.

My hon. Friend now has to face constituents who are going to suffer, including those who will lose their homes. I promise, Mr. Deputy Speaker, that I will not praise my hon. Friend for picking up the Mace, but had the Secretary of State not said in his statement the week before last that he was going to bar mixed mode, I would not, in my hon. Friend's place, have been able to put the Mace down in as gentle and gentlemanly a way as he did. I would have been too angry.

I say straight away that I am going to vote against the Opposition motion on the grounds that it is, without any doubt, party politicking. I shall tell you why, Mr. Deputy Speaker. I recall the joy that I felt when the Secretary of State barred mixed mode. I shall tell hon. Members what mixed mode is; obviously, many people do not understand it, although some do because we have sat on a committee and talked about it. We know how serious it is. Aircraft bound for both runways come over my constituency. Because of the prevailing winds, the aeroplanes get on to the two flight paths 70 to 75 per cent. of the time, which in the end—*[Interruption.]* The shadow Secretary of State looks puzzled. I should tell her that planes for both runways start to land over my constituents. At 3 o'clock in the afternoon my constituents get a break, because of alternation.

The shadow Secretary of State said a lot about wanting us to have a chance to vote, but it is a shame that she ignored mixed mode; I do not know why she did that. The barring of mixed mode is the best thing that could have been done. BAA wanted to introduce mixed mode immediately.

Mrs. Villiers: I reiterate that we strongly opposed mixed mode, and that we welcome the Government's retreat on mixed mode. The issue did not feature centrally in what I had to say to the House today because I was hoping that that victory had been won. If the hon. Gentleman has no confidence that the Government will stick to their promise to scrap their plans for mixed mode, I will be concerned. However, he should make no mistake: the Opposition oppose mixed mode.

Alan Keen: I was sitting in the second row here in the Chamber when the Secretary of State announced the barring of mixed mode. I looked at the faces of Conservative Members whom I have often regarded as colleagues during my years of opposing the third runway, and there was not a smile on any of their faces. That is how I know that the motion is party politicking; there is no doubt about that. What is more, they know it.

The shadow Secretary of State has just mentioned the issue reluctantly, and then asked whether the promise would be kept. BAA wants mixed mode immediately, because it would relieve the pressure on Heathrow, but the Secretary of State has barred it. The only Opposition Member who acknowledged the issue during my right hon. Friend's statement was the hon. Member for Richmond Park (Susan Kramer), and she did not quite manage to raise a smile. None of the others who opposed it on the committee with us managed to show any—

Justine Greening: The reason why there were not many smiles on this side is that we get the same old story. No promise on Heathrow expansion has ever been followed through. Every statement about Heathrow has always gone something like, "We're going to get on with this expansion, and that will mean that we won't need that other expansion." The Secretary of State's statement took the same form as every previous announcement. When we were told that there would be a fourth terminal, there was supposed not to be a fifth terminal; when we were told that there would be a fifth terminal, there was supposed not to be a third runway—and when we are told that there will be a third runway, that is supposed to mean that there will not be mixed mode. Is it any wonder that people are sceptical and think that if there is another Labour Government after the election we will get mixed mode—just as we got a third runway, even though we were told that it would not go ahead without environmental constraints?

Alan Keen: Just a few moments ago, an Opposition Member mentioned the bar on increases in night flights until 2012. That was the first concession that any Government had ever given on Heathrow airport—the first time they had ever opposed anything that British Airways or BAA wanted. My hon., and special, Friend the Member for Brentford and Isleworth (Ann Keen) and I met the Chancellor of the Exchequer and then Secretary of State for Transport, and he agreed not to oppose the House of Lords amendment on the expansion of night flights. He agreed to allow the amendment to come through. People were delighted. That was the first concession ever made by any Government against BAA's wishes. That is not a mammoth example, but it was the first one, and a good sign.

The barring of mixed mode will make a tremendous difference. *[Interruption.]* People are pulling faces again, but they cannot have felt the relief that I felt. My constituents live very close to Heathrow—right up to the fence—and the noise is appalling. They have had to put up with that noise for many years. We are now arguing about the third runway, which I opposed, along with my hon. Friend the Member for Hayes and Harlington. However, mixed mode would affect my constituents; runway No. 3 would bring a little more surface transport.

At no meeting that I have attended to plead for a bar on mixed mode have I ever done anything other than say at the outset that I supported my hon. Friend the Member for Hayes and Harlington and his constituents in protesting against runway No. 3. However, that runway will hardly affect my constituents at all. The barring of mixed mode will not only save people who would not have been able to use their own gardens with any pleasure ever again; it will also prevent the damage to education in schools in my constituency. Knowing on

which days the noise will start at 3 pm and on which days there will be noise until 3 pm makes a tremendous difference. As Opposition Members know, their motion is party politicking. That is why I shall vote against it, despite my opposition to expansion outside the current boundaries.

Adam Afriyie (Windsor) (Con): The Opposition motion that we are debating today is based on an early-day motion. Will the hon. Gentleman tell us whether he signed that EDM?

Alan Keen: I did sign the EDM. The Opposition told us today that they wanted to give us the chance to debate and vote on Heathrow expansion, but they conveniently ignored the fact that mixed mode has been barred. There is no comparison. Obviously, the media favour talking about whether there should be a third runway or not. However, my constituents fear having to put up with aircraft noise and air pollution all day long, instead of having the half-day's break, and there is no comparison with people in north Chiswick, for example, who will have a flight path across them in 10 years' time. The issue is serious. I know that there is party politicking, and that is why I do not come to the Chamber as often as I might, although I always enjoy it when I do. Again, I praise my hon. Friend the Member for Hayes and Harlington and all the effort that he has put in.

Finally, on 3 April 2008, the Liberal Democrats, led by the hon. Member for Lewes (Norman Baker), tabled a motion saying that runway alternation would bring more noise and air pollution; it should have said that the ending of runway alternation would bring more noise and pollution. I noticed that the Liberal Democrat website reports that that motion said that any runway alternation would bring more noise. They actually changed the motion on which the House of Commons decided that day; they altered it for their own purposes. I am sure that the hon. Gentleman would agree that it would have been better if the website had said that a mistake had been made and that the motion had meant to say that the ending of alternation would cause more noise. However, they chose not to include the mistake, and I am sure that my hon. Friends will not be surprised about that.

2.29 pm

Mr. Roger Gale (North Thanet) (Con): I recognise the need for the United Kingdom to remain competitive in aviation terms. Throughout the 1980s I supported the development of Stansted in competition with Schiphol, because it was clear that jobs would go either to Schiphol or to Stansted. I did not make myself popular with my right hon. Friend the Chairman of Ways and Means, but I believed that it was the right decision for this country. I also recognise that Heathrow is the world No. 1 hub airport, and in the interests of United Kingdom Ltd, must remain so.

However, I do not accept that that is dependent on the building of a third runway. Gatwick will never be a hub airport, and neither will Luton, Stansted or Manston in Kent—but there are alternatives, some of which were put forward by my hon. Friend the Member for Chipping Barnet (Mrs. Villiers); Conservative party policy is very clear. High-speed rail can take some of the pressure off Heathrow, and must do so—that is in the interests of this country—but there are alternatives. The other regional airports in the south-east—Manston is one of them and Southend is another—can take some of the pressure, not directly off Heathrow but off Gatwick, which can then take further pressure off Heathrow. Those alternatives have not been thought through.

The Secretary of State made much of the aviation White Paper. When that was published, I challenged the right hon. Member for Edinburgh, South-West (Mr. Darling) as to why he had omitted Manston. With, I suppose, the sense of geography that one might expect from somebody who represents a seat north of Hadrian's wall, he said that Manston was too far from London to be of any use. Just for the record, Manston is about 77 miles from London; in train journey times, that should be not more than an hour from St. Pancras. There is every reason to suppose that Manston airport could take significant amounts of traffic currently using Gatwick, and that in turn would release capacity. It can be done.

Incidentally, I am not a fan of "Boris island". I do not think that it would work. The Mayor of London—or perhaps it is his advisers—appears to have overlooked the fact that he wants to site it directly on top of a brand-new wind farm, which would have to be demolished, with all the investment involved in that. There is also the small matter of several hundred thousand migratory birds that would need to be told that they have to go somewhere else, as well as the minor issue of the redirection of all the traffic using the Thames estuary. Apart from that, the Mayor of London is right at least to take a passing look at the idea; I trust that it will not be much more than that.

Fifty miles from where Boris wants to put his island is Manston. Manston has one of the longest runways in the country, and its take-offs and landings are currently, and will remain, over the sea. My colleague Mrs. Laura Sandys, who represents the Conservative interest in South Thanet and will, I trust, be its next Member of Parliament, and I oppose the creation of a hub airport—a London airport—at Manston; let me make that absolutely plain before it gets turned into a "Focus" leaflet. However, we believe that as a regional airport Manston has a great deal to offer the south-east, via Gatwick to Heathrow, and to the wider United Kingdom. We see the potential within the next three years for creating London's Olympic airport. We have the opportunity, if we choose to seize it now—and it must be now—to ring-fence Manston. It is potentially the most secure airfield in the country. It would offer a complete, secure package for the coming and going of all those taking part in the Olympics and those who wish to watch them, and it is on the right side of London.

That can be done. What is needed is investment in the fast rail link. At the moment the link effectively stops at Ashford. The trains go on to Ramsgate, but from Ashford to Ramsgate they run slowly. The rail link could be upgraded for a fraction of the money that the Government are considering spending on a third runway at Heathrow. That would give us a one-hour journey time from central London—if one regards St. Pancras as being central London—right through to a parkway station at Manston. The opportunity is there; it should not be disregarded, and I urge the Minister to seize it.

2.34 pm

Ruth Kelly (Bolton, West) (Lab): It is a great pleasure for me to be able to take part in this debate on an issue that I have dealt with in the past. I want to support the position of my right hon. Friend the Secretary of State, who has taken decisions that have been incredibly brave but also vital for our nation's economic future.

Aviation in general, not just the question whether to have a third runway at Heathrow, has had a terrible press in recent months and years, particularly from the green lobby, which has put the case that it is not possible for us to meet our climate change obligations if the number of planes leaving Britain continues to grow. I note that that is the position taken by the hon. Member for Lewes (Norman Baker). If that were true, I would not hesitate to change my position immediately, and neither would, I hope, my right hon. Friend the Transport Secretary and the Government. Others, such as the Mayor of London, argue that aviation is vital to Britain's future but that Heathrow, whose location no one would suggest is ideal, is unable to support a third runway because of the impact that it would have on the local community and west London residents.

Of course, we should all be concerned about any disruptive impact on the people who live locally. These are incredibly emotive issues. Nevertheless, I personally think that the impact on the local environment and on local people can be managed through the framework that my right hon. Friend has set down. Planes become quieter and greener over time, as they have done over the past 10, 20 or 30 years. We would naturally expect that to continue in future, and the safeguards that he has proposed are important in ensuring that the local impact is managed.

I want particularly to address the question of the impact on climate change. Until today, I thought that that was the principle underlying the Opposition's opposition to Heathrow. In fact, they have been through many changes of position over the past 12 months. When I started looking at this issue, the position taken by the hon. Member for Chipping Barnet (Mrs. Villiers) was that Heathrow expansion should go ahead provided that the local environmental conditions were met. She argued that it was difficult to see how they could be met—a respectable position but not one that I happen to agree with—but suggested that were that to happen the expansion of Heathrow could proceed given the economic case for it. Then she made a massive U-turn and said that there should be no aviation expansion in the south-east at all. Today, I was genuinely shocked to read the motion, which suggests that we have not fully examined provisions to improve high-speed rail, which I would dispute,

"along with the potential of other UK airports to handle more long-haul flights".

The hon. Lady was clear today that the Opposition would now consider an expansion in aviation in the south-east.

Mr. Stewart Jackson (Peterborough) (Con): I am following the right hon. Lady's remarks closely. Is not the logical position of her own Government that if a third runway is built, and if they are serious about reducing carbon emissions, the development of regional airports will be stymied or indeed stopped in its tracks, with implications across the whole United Kingdom for regeneration and employment in those areas, including our own area of Greater Manchester?

Ruth Kelly: I do not agree with that for one second. In fact, regional economic growth would be hampered massively if runway capacity at Heathrow were rationed and constrained in future.

I am seriously concerned about the impact on climate change.

Mr. Andrew Tyrie (Chichester) (Con): Will the right hon. Lady give way?

Ruth Kelly: No: I have only a very short space of time to make my case, and I would like to proceed.

People who argue on climate change grounds that we should not expand Heathrow miss two essential points. The first is the social value of flying—something to which we all, as individuals, attach enormous importance. Travelling improves our lives. It enables us to visit places and understand cultures in a way that we could not possibly do if they were seen through a video link. It enables us to keep in touch with loved ones and families and to come together at important times in our lives. Most people, if they had a choice, would be prepared to make much greater sacrifices in other areas of their lives to tackle climate change if that meant being able to continue to use international flights.

Norman Baker Will the right hon. Lady give way?

Ruth Kelly: I give way to the hon. Gentleman, who I know has made this environmental case in the past.

Norman Baker: I am grateful to the right hon. Lady, with whom I had many dealings when she was in office. Does she agree that the cost of travel, whether by rail, air or road, should in future be more closely related to the carbon emissions from the relevant mode of transport? If so, does that not mean that the cost of flying needs to go up?

Ruth Kelly: I agree that the cost of flying should reflect its full environmental and social costs, and I shall develop that point in a moment.

The economic value of flying is another point that people often misunderstand. This country is a global hub of finance, trade and culture, and its competitiveness is supported by aviation in a real and direct way. Fast, effective connections to international markets are essential to our country's future economic success. Having a global aviation hub helps the economy not just in London, but in Northern Ireland, Wales, Scotland and all the regions of the UK.

Mr. Tyrie: Will the right hon. Lady give way?

Ruth Kelly: No, I will not.

The transfer business is often derided by the Opposition and by sceptics in the press. That business is sometimes generated by short-haul flights from within the UK and sometimes by flights passing through London on their way from, say, the United States to Singapore, which enable people to board a direct flight from the UK to their destination. People in London and elsewhere in the UK therefore benefit from a wide choice of direct flights to international destinations.

As my right hon. Friend the Secretary of State said, in recent years the number of destinations served by Heathrow, particularly domestic destinations, has fallen sharply. At the same time, the number of destinations served by Schiphol and Charles de Gaulle has been on a relentlessly upward path. In other words those airports, with four or five runways each, are benefiting at Heathrow's expense. In fact, since 1990 the number of domestic destinations from Heathrow has fallen by 50 per cent., as those are the least profitable routes and the first to be squeezed by any rationing of capacity. The number of international destinations has also fallen, which means that any growing international business choosing where to locate its headquarters will think twice about locating in London rather than in mainland Europe.

Mr. Hands: Will the right hon. Lady give way?

Ruth Kelly: I will not.

Of course, access to a hub airport is not the only consideration that such businesses will take into account. There is also the use of the English language, the time zone

Justine Greening: Tax.

Ruth Kelly: There is also tax, and there are all sorts of other issues for those businesses to consider. However, access to a hub airport is clearly an important one. If a company depends on growing business in India or China, having to conduct business via a hub airport in mainland Europe or the far east will add several hours to each journey and cause huge inconvenience, not to mention the impact on carbon emissions of having to take two flights instead of one. That suggests to me that we need a very ambitious solution that will allow aviation to grow sustainably while maintaining our position as a country with an internationally competitive global hub. If there are ways of meeting our climate change goals without rationing aviation capacity, we should seek them out first.

The most efficient way of doing that is, of course, through carbon trading. If aviation emissions are appropriately priced—the hon. Member for Lewes made that point well—so that people are paying the full social and environmental costs of travelling by air, they could pay for every household across Europe to switch to low-carbon light bulbs or for energy-intensive industries in other parts of Europe to create a step change in their carbon performance. In fact, people who fly will be paying for the transition to the low-carbon economy that we all want to see. Whether they choose to pay will depend on the personal social value that they place on taking a plane. If they are not prepared to pay the price, the number of flights will fall and we will meet our carbon goals in a different way, with less effort on the part of other carbon-intensive industries.

I shall take my argument a step further. Sir Nicholas Stern rightly argued that there would be an economic cost to tackling climate change, but that doing so now would ensure that the cost was less than if we failed to act and instead waited for the inevitable catastrophe 50 years down the line. He also said, in a less noted and less cited part of his report, that the up-front cost could be minimised and made achievable only if we tackled climate change in the most cost-effective way possible, allowing trading between different sectors of the economy. Carbon-intensive industries that could convert relatively cheaply to less carbon-intensive methods would then be funded by industries that currently do not have much choice about how much carbon to emit, such as aviation.

If a true cost is put on carbon, people in business will be faced with the true cost of their actions. Forcing polluters to buy permits would mean that emission cuts took place wherever in the economy they were most cost-effective. If we do not allow people to choose how they want to make their sacrifices, and if we force them through rationing to make fewer flights, we will face a tremendous backlash against our climate change objectives and people will distrust the Government, or any party that seeks to be in government, to take the necessary action in future.

Mr. Tyrie: Will the right hon. Lady give way?

Ruth Kelly: I have only one minute left, so I beg the hon. Gentleman to wait.

In the end, I believe that the matter comes down to an old-fashioned debate between using rationing to shape individual choices and achieving what we want by shaping outcomes through the market mechanism. If we can do that through trading, people will ultimately be much more satisfied, as they will be allowed to make the choices that they believe suit them. The proposal to bring aviation into the European trading system is therefore an absolutely vital but proportionate step in dealing with the threat of air emissions, which in future will be capped across Europe below 2005 levels. In such a system, reducing capacity at Heathrow would be equivalent to granting Schiphol or other airports a licence to expand further. That would be a real economic loss to this country, with no environmental gain whatever.

It is incumbent on our generation to make the European trading system work. It was the UK that pushed for aviation to be included in it, and the UK must continue to be at the forefront of efforts to broaden trading to other regions of the world. Ultimately, the solution has to be global—a worldwide emissions trading scheme for aviation. That is why I commend the efforts of the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), and my right hon. Friend the Secretary of State, who have been pressing for the inclusion of aviation emissions trading at the International Civil Aviation Organisation and elsewhere. I hope that the new President, President Obama, will hold good to his commitments to tackle climate change, too. Alongside any increase in capacity, we need an overhaul of the regulatory system to put passengers first.

2.47 pm

Justine Greening (Putney) (Con): The House will be aware that I have set out my constituents' concerns about the expansion of Heathrow many times both in the House and outside. We feel that the consultation that the Department for Transport and Ministers went through was utterly shambolic. To that end, many Members will remember that I asked the Secretary of State to come and meet residents of my constituency and talk to them. I asked him whether he had ever met any residents who would be affected by his decision, and he said:

"I visited the area, and went carefully around the perimeter of Heathrow." [*Official Report*, 15 January 2009, Vol. 486, c. 368.]

[Justine Greening]

I hardly think that that can have given him a particularly good understanding of how residents will be affected. However, he seemed to suggest that he would come to Putney. I was therefore very disappointed when we had yet another broken promise on Heathrow; I received a letter a couple of days ago telling me that the meeting would take place not in Putney but in the safe confines of Westminster. Apparently, I am allowed to bring three residents, but for every resident I bring, thousands would have relished the chance to talk directly to him.

Will the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), who is in his place, explain why the Government received legal advice that, perversely, they could not meet residents before the decision was taken? They clearly met BAA, so why not residents? That is clearly inequitable, but in the world of the DFT and this Government, somehow residents do not seem to come even remotely high up the list of people who should be talked to directly about decisions that will affect the public.

I wish to tackle the impression, which the Secretary of State gave in his statement last week, that he would somehow be able to reassure Members by making concessions. On noise, the concession was apparently that there would not be mixed mode. None of my constituents is convinced by his assurances, because not one promise on the expansion of Heathrow has ever been kept. We were promised that environmental tests would be met, and that without them no expansion would go ahead. That promise has been broken.

Adam Afriyie: There also appeared to be a commitment to cap the number of night flights, but it appears that that will no longer apply beyond 2012. Clearly, night flights are deeply concerning; an interrupted night's sleep can ruin the entire day.

Justine Greening: My hon. Friend is right. Perhaps it is a good time to remind the House of the night flights consultation. Phase 1 asked people what they thought about night flights and everybody responded that they did not like them. In phase 2, the Government suggested that we should have more night flights. When I checked, I found that only three out of the approximately 2,500 people who responded to the consultation had asked for more night flights, yet they took precedence over everyone else.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the hon. Lady give way?

Justine Greening: I am sorry, but I will not give way because of the time.

The Secretary of State talked about concessions and having only 125,000 extra flights by 2020. The Secretary of State for Energy and Climate Change is in his place, and I tell him that that is not a concession. It was always the plan, as he will see if he looks at page 136 of the consultation document. It is no concession, and it is disingenuous of the Secretary of State for Transport to suggest that.

Air quality is important, and we know that the Government will allow the UK to breach the EU air directive, which will become mandatory, and sets limits for 2010. The Government intend to ask for a derogation from it. Yet the Department's assessment of environmental risk on air quality was high. I have a copy of the Department's risk register, and I will use the Department's words, not mine, in describing the perception of the risks of going ahead with the project. Risk 1.2.1 states:

"Mitigation measures identified to achieve air quality targets are too costly or impractical to implement, or politically unacceptable".

The risk was assessed as high. The register also states:

"New modelling suggests that EU limits for NO2 in 2010 will be exceeded around Heathrow (without new development) necessitating capacity constraints".

The inherent risk was assessed as high.

Let us consider the Department's assessment of the risks posed by the probable 40 million extra road journeys undertaken by people getting to the airport. Risk 1.3.1 states:

"Solutions to road congestion in and around Heathrow prove difficult to deliver, politically unacceptable or airlines refused to support, threatening further expansion".

Again, the risk was assessed as high. One of the mitigation measures proposed to tackle that was

"Constructive engagement with BAA and airlines".

I am sure that we all have faith that that will produce some positive results. Another mitigation proposal is "a narrative" in the ironically named "condoc", short for "consultation document", which

"will outline the possible measures for handling exceedances in 2015 rather than details modelling".

In other words, instead of tackling the problem, the Government want to talk it away. They do not want to provide the real facts about what will happen.

Let us consider Government policy. Risk 1.3.6 states:

"Lack of clarity in DfT over approach to exceedances on the Strategic Road Network exposes inconsistency in policies and frustrates search for solutions".

The Government clearly admit that there is an inconsistency in their policies. Again, the inherent risk was assessed as high. Surely that has proved correct. Risk 1.3.7 deals with surface access and states:

"Surface access modelling is insufficient to demonstrate how increased passenger numbers will be accommodated".

The inherent risk was assessed as high. Yet, in the consultation document, the Government asked us to believe that everything would be fine.

The final risk that the document assesses is whether terminal 5 will be a botch-up. That risk was assessed as low. That shows how much credence we can give to the Government's transparency and the reliability of their facts, and to the consultation process that has just taken place.

Why is all that important? We know that not meeting air quality targets will be detrimental to public health. The Environment Agency said that the Government's plans could increase morbidity and mortality rates around the airport. I have tried to follow that up with the Secretary of State to ascertain how on earth a responsible Government can ignore their own Environment Agency's warnings about public health and go ahead with the project. I received a letter from him yesterday. Even he now admits that public health is at risk. The letter states:

"I note your reference to comments from the Environment Agency about possible increases in mortality and morbidity rates. However, the work done by AEA Energy & Environment, a respected organisation"

as if the Environment Agency were not—

"that works alongside Defra on air quality matters, suggests that such fears have been greatly exaggerated."

The risk register, from which I have quoted, suggests that that is not correct. The letter continues by saying that the statistics and scenarios that were

"published alongside the recent announcement"

show

"that there are only marginal physical health impacts of an expanded airport to 2020."

If one's family is suffering from the physical impacts of an expanded Heathrow, that is not marginal. It is not marginal to the possibly thousands of people who will be affected. It is the first time that the Department has admitted that there are genuine public health impacts.

The Government have spent more than three years modelling noise and air quality effects. They will not release the detailed data—that is why the Environment Agency is concerned about morbidity and mortality. The Government have not convinced residents and Ministers will not even come to the affected areas and meet people. Why is the Department so secretive? Clearly, hon. Members of all parties are worried about the impact of the plan, so why not allow access to data that would set people's minds at rest?

Much of what I have said comes down to democracy. Ministers have said that we should not vote on such matters. We had a vote on Iraq, because that was viewed as exceptional. Many hon. Members feel that the third runway has such profound consequences for the day-to-day lives of their constituents that they view it as similarly important. We have had a consultation, to which residents have responded overwhelmingly by saying that they do not want the plan to go ahead. Despite all those points, Ministers still seek to override people's will. That is deeply worrying. I am sure that Ministers will not change their minds. They are wrong not to be concerned about public health and wrong to avoid being clear about the risks. They are so out of touch with people and their concerns that it will take an election to get some sanity into Government policy on Heathrow.

2.57 pm

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): The debate has been curious. I do not support the expansion of Heathrow, but I was disappointed in the speech of the hon. Member for Chipping Barnet (Mrs. Villiers), which failed to rise to the occasion and showed that the Opposition still face a steep learning curve on aviation and transport policy.

I applaud Labour Front Benchers' efforts to mitigate the consequences of Heathrow expansion. I applaud their efforts to set limits and restrictions, especially focusing on climate change concerns, to try to square the circle of environmental objectives and the interests of the economy and aviation. However, I do not believe that their position is tenable long term. The location of Heathrow means an inherent conflict between quality of life and environmental objectives, about which many hon. Members feel deeply, and the interests of the economy and aviation. I fully endorse the Secretary of State's view that we cannot sacrifice the latter without losing competitiveness to other countries. We must address the issue of how we can provide some additional capacity for aviation—which I believe is necessary—in a genuinely sustainable way.

I listened with great care to the admirable speech that my right hon. Friend the Member for Bolton, West (Ruth Kelly) made. She focused in a very intelligent way on the importance of international measures, particularly the introduction of a system of carbon trading that could be applied to aviation in order to achieve the necessary effect. That is part of the answer, but it cannot address the other tensions that are inherent at Heathrow, including the problem of its location in the middle of a densely populated area of west London in which hundreds of thousands, if not millions, of people live under the flight paths and are subjected to intolerable noise pressures.

Nor can such a measure deal with the problem of a highly congested road network that is responsible for many of the air quality problems that the Government are trying to address. However effectively we reduce the emissions from aircraft, the emissions from motor traffic around Heathrow will remain a crucial constraint. Furthermore, as one or two hon. Members have said, there remains the separate but equally important issue of the impact on the people of Sipson and the surrounding areas, whose homes will be demolished to make way for this expansion. I do not believe that it is tenable to set that aside and not treat it as a serious issue.

The question ultimately must be whether Heathrow is the only site on which we can achieve the maintenance of a hub airport capacity—which I believe is necessary and important to our economy—while meeting our environmental objectives. The answer is that I do not believe that Heathrow holds out that possibility, and that we have to look at the alternatives.

Last Friday, I had the good fortune to travel to the Thames estuary, in the company of the Mayor of London and Douglas Oakervee, to explore a site that is the focus of a study being undertaken by Doug Oakervee into the feasibility of an estuary airport. In absolutely filthy weather conditions, we embarked on a barge from Sheerness and travelled to an extremely remote site some 8 miles out into the estuary. It was the site not of a wind farm but of a world war two anti-aircraft battery that had been placed there to defend London from a different type of aviation in the 1940s. Interestingly, it is still there today.

We could not have been given a clearer message that the site should be considered for an airport, if that were feasible. It is several miles from either shore, and therefore very remote. Also, aircraft would be able to take off and land over water, which would avoid the degree of conflict that is caused by noise problems in surrounding communities. That would give it a huge advantage over Heathrow. Furthermore, the river is relatively shallow at that point. The very fact that anti-aircraft batteries could be located there is living proof of that.

As I said in an intervention on the Secretary of State earlier, Doug Oakervee was the chief engineer and project director responsible for the Hong Kong airport, and he is now the chairman of Crossrail. He is an extremely distinguished engineer, and he made it quite clear that, in engineering terms, it was a feasible option. He also believes that it would probably be feasible financially. It would be very expensive—no question—particularly because of the need for all the ancillary infrastructure, including the high-speed rail links and other links, necessary to make it work.

Stephen Pound (Ealing, North) (Lab): I am sure that the whole House will join me in congratulating my right hon. Friend on his birthday, although he appears to have had his birthday treat a few days ago. As a result of his maritime exploration of the estuary, is he suggesting that the new airport could totally replace Heathrow? Or could it enable Heathrow to retain its present position without further expansion?

Mr. Raynsford: I will await the full results of Doug Oakervee's study before reaching a fully informed view, but my present view is that, if the new airport were located in the estuary, it would be able to provide the basis for a hub. However, it would take a while before that function could come into operation, during which time there would be a need for joint operation between Heathrow and the estuary airport, just as, in Germany, the two hub airports at Frankfurt and Munich operate in parallel. I believe that that option is a possibility.

I certainly do not see the possibility of the closure of Heathrow, for which some people have argued, in the foreseeable future. That is neither desirable nor feasible. It would be possible, however, to ensure that the most damaging kind of aviation going into Heathrow—particularly night flights—was immediately relocated to a site in the estuary, where, because of its location, there would be no problem about a 24-hour operation.

All these matters will have to be looked at much more thoroughly by people who are experts in all the operational aspects involved. Nevertheless, following my visit on Friday, my conclusion was that this is definitely a possibility that needs to be explored. It also needs to be explored because it is entirely sympathetic with the Government's wider objective of developing the Thames Gateway in order to rebalance the economy of south-east England. One reason for the problems around Heathrow is that there is enormous pressure for people to live, work, build offices and operate in that densely occupied area.

Mr. Tyrie: The right hon. Gentleman appears to support the view that we must do nothing to impede the expansion of aviation. That point was also made by the right hon. Member for Bolton, West (Ruth Kelly), on whom I tried to intervene earlier in order to support her. She spoke a lot of sense. I hope that the right hon. Gentleman will feel able to join me in the Lobby to support the motion in the name of the Leader of the Opposition, because all that it asks is that we

"give full consideration to alternative solutions",

which must be a sensible course of action.

Mr. Raynsford: I give the hon. Gentleman an undertaking that I will respond to his comment at the end of my speech.

First, I want to say a little more about the feasibility of the estuary site. I have mentioned the fact that the depth of the river at that point is such that the engineering would be feasible. There are important hydrological issues, which Doug Oakervee is looking at very closely, and they will be crucial in determining the compatibility of an airport with the existing maritime use of the area. Shellhaven port is now being developed on the north side of the river, a little further inland, and the two would clearly need to be able to operate together.

There is also scope for some highly environmentally desirable energy generation—Doug Oakervee has explored this possibility—in tandem with an estuary airport site, thanks to the power of the tides and the scope for tidal generation. In the longer term, there could well be a case for the site being associated with the barrage that might be necessary in about 90 years' time, when London's defences will require strengthening beyond the existing barrage. These are all long-term, complex issues, but the crucial point is that they should be looked at seriously and properly. I believe that the study that Doug Oakervee is undertaking will allow that to happen.

I was disappointed by the 2003 aviation White Paper. It put up an Aunt Sally, in the form of a proposal for an estuary airport at Cliffe. That proposal was defective in almost every way—it was the wrong site, and it would not have brought the kind of environmental benefits that an offshore island airport could bring. Not surprisingly, the Government rejected it. However, that should not be a reason for rejecting the option of an offshore airport that is now being examined.

Given the inherent tension that exists at Heathrow, any proposal to expand it will inevitably result in massive opposition, because of the people living around the airport, the road traffic congestion, and so on. All those factors mean that, every time there is a further proposal for expansion, commitments have to be given on limits and mitigating measures to try to restrain the damage. Each time, those commitments are given and then broken. I am not the only person who regards it as quite disgraceful that, at the time of the terminal 5 inquiry, BAA should have given a pledge that, if it received permission to build terminal 5, it would not proceed with an application for a third runway. BAA has, disgracefully, broken that pledge.

If the House supports the Government's policy tonight, if we proceed with a third runway at Heathrow, and if it proves impossible to meet the various conditions that my right hon. Friends have rightly tried to put in place to mitigate the environmental impact, I fear that there will be pressure on them to say, "Well, we tried, but it wasn't possible. We have to leave those commitments behind and accept the greater economic case for the expansion of the airport." That problem is inherent in Heathrow. If we take the decision in favour of its expansion tonight, we will be committing our successors to exactly the same scenario as the one that we are wrestling with now, as we try to reconcile the irreconcilable.

I believe that it is time to take stock. The Opposition motion calls for a look at alternatives. I have expressed my disappointment at the quality of the Opposition's case and at the grasp of transport issues displayed by the hon. Member for Chipping Barnet, but I will vote with the Opposition tonight, because I believe that we must look at alternatives and we cannot proceed as we have up to now with an untenable airport at Heathrow.

3.10 pm

Mr. John Gummer (Suffolk, Coastal) (Con): I speak as someone who has changed his mind on Heathrow. I have done so because, although I understand the importance of the competitiveness of British industry, I am convinced that if we go ahead with the proposal, it will make it impossible to meet reasonable climate change requirements. That is why I want to address the issue in a rather more measured way than that of the Secretary of State.

I have no wish to claim any constituency interest in Heathrow, except to say that it will be better for my constituency if Heathrow is expanded, because it will make it less likely that Stansted will be expanded. I am not biased in that sense. We must take the problem seriously and ask how we deal with it in a way that meets the requirements of the Climate Change Act 2008 and climate change demands. We cannot turn round and say that there is a balance and that we are going down on this or that side of it. I say that there is no balance: we have to meet the demands of dealing with climate change, so there is a need for an alternative policy to achieve that. I wish I could go along with the argument for Heathrow, but when I look at the facts and figures, I do not think that they stack up.

It has been suggested by the former Secretary of State for Transport, the right hon. Member for Bolton, West (Ruth Kelly), that everything will be all right because of the European emissions trading system. I am a fan of that system, but there is no way that the price of those certificates will outweigh some of the economic incentives for unnecessary airline flights. It will not happen; the figures quite clearly prove it.

It just happens to be economically advantageous to fly flights to Manchester, even though that is not a sensible thing to do, particularly if we replace the present railway line with a much faster alternative. The truth is that the flights going to Manchester show just how wrong it is to argue that there is somehow a scarcity of slots. The truth is that if we did not have the unnecessary flights, we would have the slots to the north of Ireland that are necessary, if that is the argument. The first thing we need to do, then, is to get rid of the flights that are not necessary and replace them with such additional air transport as may be needed.

There is also the argument about stacking. One can deal with stacking very simply and remove 11 per cent. of emissions by having a sensible European-wide air traffic control instead of the present divided system. That would mean planes would not take off from Madrid unless there was a point at which they could land. That is a sensible way forward.

I am not going to argue the geographical case against Heathrow, as that is for others to do. In any case, I am in favour of replacing Heathrow for such air traffic as we need—a considerable amount—with a new airport, simply because the Hudson river example demonstrates the exact opposite of what the Secretary of State has suggested. The fact is that it shows just how dangerous it is to fly large numbers of flights over extremely densely populated areas. That also leads me on to say that to rely on arguments in the aviation White Paper of 2003 when we have moved on so far in climate change terms shows how difficult it is to resolve the problem.

There are four things that I want to put to Ministers. First, it is very difficult to take the Government's assurances on a number of these issues seriously when the Environment Agency—the Government's own agency—which has not shown itself previously to be enthusiastically opposed on these issues, tells us that the Heathrow expansion should not go ahead.

Secondly, I must request that we should not ask for a derogation from EU rules on low-level emissions because if we go ahead with that, it makes the whole argument about credibility very difficult to defend. The Government need to tell us that we are going to meet the EU requirements, not have a derogation and show that we can achieve what we say in a manner that any environmentally supportive Government would do.

Those are local issues about the local environment, but the biggest issue of all comes back to the question of climate change. Here I want to address the Secretary of State for Energy and Climate Change in particular. Britain needs to lead Europe and Europe needs to lead the world on this issue. President Obama represents a remarkable and wonderful change, but he will have his own internal difficulties, which will build up as the honeymoon period inevitably diminishes, so we have to put ourselves into the strongest possible position.

I know that the Secretary of State feels that he has gained enough in this whole argument to put forward the case that we can both lead on climate change and have a third runway at London airport. I put it to him that that will not be possible, because at some point we have to draw the line and say that we cannot go on with the expansion of aviation at its current rate as well as realistically meet our climate change targets without putting so heavy a burden on the rest of industry that it will lose the very jobs that Heathrow is supposed to provide.

Rob Marris: Is the right hon. Gentleman aware that the official Opposition's motion partly contradicts the position that he has consistently put forward on climate change? The motion calls for an exploration of

"the potential of other UK airports to handle more long-haul flights".

Will not that contradiction within the motion present a dilemma for him?

Mr. Gummer: The difficulty is that the Government would not allow the vote in Government time that we should have had, so the Opposition's only opportunity to present the case as impartially as they can is to take the words of a Cross Bencher's motion. I have to say to the hon. Gentleman, who I know rather agrees with me on this issue, that it is perfectly proper in a democratic framework for the Opposition to ask the Government for a proper vote. I shall say more about that before I finish, but let me return to climate change.

I believe that if we do not embark down the road of restricting the growth of aviation, the weight on the rest of British industry that will result from trying to meet our climate change requirements will be far too great. How do we restrict the growth of aviation without restricting our ability to trade and to take leisure? The answer, of course, is high-speed rail. What worries me—I am sure that the Secretary of State for Energy and Climate Change can be exempted from this criticism—is that we heard nothing about high-speed rail proposals from the Government until they became the official policy of the Opposition. I happen to know this to be true, as the Government would be prepared to bring forward high-speed rail proposals now in order to overcome the downturn—they are looking for ways of dealing with it. Why can they not bring such proposals forward? It is because the right hon. Member for Bolton, West did not do the work on them. That serious criticism can be levelled at previous Ministers.

Mr. Tom Harris: Will the right hon. Gentleman give way?

Mr. Gummer: I will, and I will answer him in a much less party political way than he ever answered any of my questions.

Mr. Tom Harris: To come to the defence of my right hon. Friend the Member for Bolton, West (Ruth Kelly), who is no longer in her place, there was a commitment in the Labour party manifesto to look at high-speed rail, and in 2006, when the report to which she referred was published, there was a commitment by the Government at that stage—long before the Conservative party came up with any proposals on high-speed rail—that we would continue investigating the possibility of high-speed rail. At that point, that was a far greater commitment than the Conservative party had ever come up with.

Mr. Gummer: A commitment to investigate by a Government who have had more taskforce investigations, commissions and the like is a meaningless commitment, and we all know it. The truth of the matter is that there was no intention at all to push this forward until it was seen that this was a realistic and reasonable alternative, and that we could make the present Heathrow work better by having a hub there, along the lines of the Ove Arup suggestion.

So there is an alternative, and it is one that delivers for both the needs of British industry and for our climate change policy. I should point out in British industry's defence that more and more businesses are seeing that we travel much more than we need to, and we will come out of this downturn with many more people taking seriously this part of their commitment to sustainability. So I find it difficult to argue at this moment that we need to have the particular answer that has been put forward.

I do not believe that we can meet this requirement in this curious, two-handed way—a new runway, and our support for the Committee on Climate Change—above all because someone has to say "Stop." The European Union is not going to carry forward a policy in which we restrict airport expansion in Europe as a whole as part of its climate change programme if the country that puts it forward is the one that has just done the last development. That is precisely the way to make nobody follow us. That is why we have to take the brave step of being the leader.

I know that the Secretary of State for Energy and Climate Change has a difficult role to play. Instinctively, he knows what a difficult balance it is. He has come down on one side, after a great deal of argument, and I respect him in this because at least he believes in climate change. I have to say that, to judge from the speeches of the Secretary of State for Transport, I am beginning to wonder whether he really has that commitment to the belief that climate change is happening. He does not really take it seriously—at least, that seriousness has not come through in his speeches. Perhaps a little tutoring over the years will make him better at feigning, at least, some sort of enthusiasm.

I want to make the time spent by the Secretary of State for Energy and Climate Change in Copenhagen the most productive it could be. I want to make him the man who made the difference in the European Union, and the EU the body that made the difference to save this world from the effects of climate change. This issue hampers him—it makes it almost impossible to take this Government seriously, and because I believe that climate change is the biggest physical threat to the world, I believe that we should not have a third runway.

3.23 pm

Martin Salter (Reading, West) (Lab): It is a pleasure to follow the right hon. Member for Suffolk, Coastal (Mr. Gummer), as I did in the debate that we had on 11 November. The fact that the hon. Member for Chipping Barnet (Mrs. Villiers), who speaks for the Opposition on these matters, did not make one of her finest speeches today does not make the Government's case any stronger for forcing through a third runway at Heathrow airport.

My starting point is the 2003 aviation White Paper, "The Future of Air Transport", which contains commitments that I and every other Labour MP were elected on. It is worth reminding the House what it said about air quality, noise and surface access—three of the key tests for all of us who represent constituencies under the Heathrow flight path. It was fairly clear:

"To tackle local impacts around airports, the White Paper prescribes a range of measures to be applied nationally and locally. These include new legislation and economic instruments as well as improved technology and stringent planning conditions attached to airport development. The Government's under-pinning objectives are to limit"—

to limit—

"and, where possible, reduce noise impacts over time".

I welcome the announcement on mixed mode—that was not limiting noise impacts; it was not making them worse immediately, which is an entirely different thing. The White Paper continues with the phrase,

"to ensure air quality and other environmental standards are met, and to minimise other local environmental impacts."

On surface access—these issues are linked—the White Paper was again clear. Paragraph 4.55, on access to and from airports, states:

"Ensuring easy and reliable access for passengers, which minimises environmental, congestion and other local impacts, is a key factor in considering any proposal for new airport capacity. All such proposals must be accompanied by clear proposals on surface access which meet these criteria.

Increasing the proportion of passengers who get to airports by public transport can help reduce road congestion and air pollution. We expect airport operators to share this objective, and to demonstrate how they will achieve it in putting forward their proposals for developing new capacity."

We have heard from the contributions today that BAA's management do not accept that responsibility—in fact, they butted it back. It is "not their problem". BAA's problem is to provide landing and take-off slots. Its problem is to run an airport; it is not interested in the chaos that it causes around the airport. Its track record and believability, for any of us who represent constituencies around Heathrow airport, is shredded. It lied. It lied to the people of this country, to this House, to the Government. It said whatever it had to say to get terminal 5, and now it has the bare face to admit that it was deceitful all the way through. And we are supposed to believe the assurances that it is going to give us.

Mr. Gummer: Could the hon. Gentleman tell me of a single occasion on which a solemn promise made by

BAA has actually been carried forward—except those where it has not had time to break them?

Martin Salter: I do not think I need detain the House in racking my brains for an instance when BAA may have kept a promise. The whole House knows the thrust of the right hon. Gentleman's argument and my argument, and I concur entirely with what he is saying.

So we have a solemn commitment to do something about air quality, which was pretty bad in 2003 and is a lot worse now. Air quality is the big one—certainly for me, representing a Thames valley constituency. The Thames valley suffers from very high levels of asthma among its children and young people, which is an issue that I will return to.

We know that, in common with nine other European Union countries, we are about to be in breach of the European air quality directive. That is why the Government are about to apply for a derogation, which can last for only five years. I have to tell the House that there is no guarantee that that derogation will be successful. I have been passed a letter from the Environment Commissioner, Stavros Dimas, which makes the situation clear. Article 4 of the directive

"sets a limit value of 40 micrograms/m3 for NO_2 and requires this limit to be achieved by 1 January 2010."

The letter says that it is possible to derogate, but

"States wishing to do so must notify the Commission and bear the burden of proof to demonstrate that the conditions for the postponement are met. If the Commission decides that the conditions for a postponement or an exemption have not been met, it may raise objections within nine months of receipt of the notification."

Susan Kramer *rose—*

Martin Salter: What that means, effectively, is that if a Government have good reason and need time to establish measures to improve air quality, a derogation may follow. Building a third runway moves in exactly the opposite direction: a child of three could see that. Now I give way to the hon. Member for Richmond Park (Susan Kramer).

Susan Kramer: I thank the hon. Gentleman, but it was precisely that point that I wanted to underscore.

Martin Salter: You can have too much of a Liberal Democrat. I am sorry; that was uncalled for.

What is causing the problems for people living around Heathrow and under the flight path? I know the area well. I was brought up in Bedfont, moved to Ashford and now represent Reading, and all those communities are under the Heathrow flight path. To some extent, they benefit from the economic activity generated by the airport; let us make no mistake about that. Let us also be under no misapprehension about the fact that the economic case presented for a third runway is predicated on increasing airport capacity across the piece. It is not predicated on increasing airport capacity in the very place where it is causing the maximum damage: that is where the analysis falls down.

In the time that remains to me, I want to focus on the damage caused by nitrogen dioxide, a lethal pollutant which causes much of the high incidence of asthma and other respiratory diseases in my constituency. During the debate on 11 November, the Secretary of State dismissed concerns about nitrogen dioxide. Perhaps "dismissed" is too strong a word, but he certainly appeared not to give those concerns the emphasis that we felt they should be given. He claimed—it is on the record—that the prime cause of nitrogen dioxide emissions was vehicle exhaust fumes, and that only 20 to 25 per cent. of such emissions were caused by the movement of aircraft.

That does not justify building a third runway. If nitrogen dioxide is indeed a problem, it certainly does not justify increasing the appalling gridlock and traffic congestion that exists in the area, primarily because Heathrow is already operating at capacity. The envisaged increase in the number of flights per year from 480,000 to 605,000 raises the prospect of millions of extra vehicle journeys, with more gridlock, more pollution, more nitrogen dioxide and more young people put at risk of asthma.

I congratulate the hon. Member for Putney (Justine Greening) both on her research and on her speech, in which she demolished the Department's plans by citing its own figures. Her analysis was devastating, reflecting my concerns and many of the concerns of my constituents.

I worry about how the House is ever likely to be taken seriously on the issue of climate change, and on broader environmental issues. There is a real problem with issues such as the third runway, which has become a totemic issue. We can do good things in this House. We can present good legislation, we can use the levers and mechanisms available to us to encourage councils to recycle more, and we can introduce landfill levies. We can change human behaviour. We can lead on an issue about which many of us care passionately, and which was identified and evaluated so effectively in the Stern report, which I think all parties welcomed. But we have to walk the talk. I cannot stand up in front of audiences of, in particular, young people and say, "We are taking your future seriously: we do care about the future of your planet," if our fingerprints are on this decision.

When moments such as this happen in Parliament, people ask, "Are you prepared to go into the Lobby with the Opposition?" Normally I am not. I detest the Conservative party as much as anyone on these Benches does. I have spent my life fighting the Conservative party. However, no one political party has a monopoly on truth, and no one political party is always right.

What makes this occasion different is that what is actually before us is a House of Commons motion, tabled by my hon. Friend the Member for Selby (Mr. Grogan) and signed by 57 or 58 Labour Members. It is a sensible, bipartisan motion. I would rather the Opposition had picked the one that I tabled a few weeks later, but as it praised the Prime Minister and the Secretary of State for Environment, Food and Rural Affairs, I understand their reluctance to do so. This is not a Tory motion; it is a motion calling for a rethink, raising important arguments and recognising that we need a new aviation statement.

David Taylor: My hon. Friend is referring to early-day motion 2344, which was tabled in the last Session. There is no doubt that it is a bipartisan motion, but does my hon. Friend not realise that some of those 57 or 58 will not be in the Lobby with us tonight—for I plan to be in the same Lobby as my hon. Friend—because of the charge of political opportunism?

[David Taylor]

When the Conservatives were last in power pre-1997, they were even closer to the aviation industry than the present Government are. They were in bed with the industry, and refused to implement reasonable and decent environmental frameworks at airports such as East Midlands airport in my constituency, which has more night flights than Heathrow, Stansted and Gatwick put together. Their track record—

Madam Deputy Speaker (Sylvia Heal): Order. That is a very lengthy intervention.

Martin Salter: I think I thank my hon. Friend for that intervention.

At the end of the day, we cannot look the parents of a young child with breathing problems in the eye and say, "When I had an opportunity to do something about this, I walked away from it; I didn't walk into the Lobby because my political opponents were in that Lobby." There comes a point when such an argument carries very little credibility.

I agree that on these issues we in this House are all on a journey. The right hon. Member for Suffolk, Coastal understood the climate change issue before many of us. A lot of us have been slow to wake up to the dire predictions that were being made, but we know that climate change is happening and that we in this House have a leadership role to play. Frankly, I do not think I would have credibility in the job I seek to do if I was—

Madam Deputy Speaker: Order. The hon. Gentleman's time is up.

I have now to announce the result of a Division deferred from a previous day. On the Question relating to section 5 of the European Communities (Amendment) Act 1993, the Ayes were 261 and the Noes were 214, so the Ayes have it.

[The Division list is published at the end of today's debates.]

3.36 pm

Mr. John Randall (Uxbridge) (Con): I start by congratulating the hon. Member for Reading, West (Martin Salter) on his contribution. It is a privilege to follow him. I do not think I will very often say that he speaks a lot of common sense—I certainly would not do so publicly—but I have to say that on this occasion he got it absolutely right. I should add that, as is common in these particular debates, as the discussion moves forward the arguments are made in a very sensible manner.

Before the right hon. Member for Greenwich and Woolwich (Mr. Raynsford) leaves his place, I should like to add the following. Shortly after I first entered the House, I served on the Committee of the Greater London Authority Bill—I think several other Members who served on it are still here. The right hon. Gentleman was the responsible Minister at the time, and although I disagreed with probably most of what he said, I was impressed by the persuasive way that he expressed his arguments, and I am still impressed by that today. On the current occasion, moreover, I agree with much of what he has said. I am most grateful to be able to be present to listen to such contributions.

I feel so passionately about the matter under discussion that I regret that I did not spend more time learning oratory. Later tonight, I will probably sit down somewhere and think of the speech I should have made—of the wonderful points, and the glorious acclaim from all around—but I am unable to make such a speech because I get overawed when I stand up here, particularly when I am following such excellent contributions. The speech by my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) was a model of what an excellent speech should be, and he has been completely right on climate change from the early days.

There are many issues, but I will not reiterate them. Instead I will speak on behalf of my constituents and my neighbours—those people with whom I have lived all my life—because that is what I feel most strongly about. We know the arguments. We have heard about climate change, which is very important, and pollution, which will greatly affect my constituents. I cannot understand how in this age we can so lightly consider the removal of entire communities. I understand that sometimes in national projects some people will have to move—their houses will have to be taken over. However, we are talking about 700 families at least, if not more—a whole community. I have asked the Department time and again what plans they have in respect of where those people can go. Anyone who knows this part of west London—or Middlesex, as I prefer to call it—will know that there is no space. When reference is made to all the jobs that allegedly will be created, I will say, "Where are the people who do those jobs going to live, because there's no capacity for more houses there?" The plan is to move 700 people from Sipson, and thus to destroy them completely. They are to be dispersed all around; the Government are not going to build another Sipson somewhere else. They are just going to give those people their blood money and let them go.

This will not just happen to Sipson; it will happen to other villages, where people will not fall within the compulsory purchase area. Such people will have their lives blighted, because they will be living at the end of a runway, but they will not be able to get any compensation. I know of somebody—I believe he has been in *The Sunday Times*—who has farmed in that area for generations. His name is Roy Barwick and he used to be a constituent of mine; he has moved but his farms are there, and his family have lived there for ages. If one thing upsets me more than anything else, it is when people who are telling me about the third runway say, "But those people knew what they were getting into when they moved there." These people have lived in the area for generations. I am from only the second generation to live in my particular house, but my grandmother moved to the area in 1929, when there was no Heathrow airport—market gardening took place then. Do hon. Members think that anyone said, even to the people who have moved in lately, "While you are here, it is only fair to tell you that BAA will want your homes, your houses, your schools, your churches and your cemeteries, because it needs them for another runway"? Nobody said that, and why not? Because BAA plc consistently said that it did not want anything else. So people who have put up with Heathrow in their back garden will now find it in their sitting room, and that is not acceptable in the 21st century.

People might accuse me of being anti-aviation, but I am not. I am also not anti-Heathrow. In fact, I have

always been very proud of Heathrow being where we live: when I am abroad and people ask me where I come from, I tell them I am from Uxbridge, but unless they have served in the RAF they probably do not know it so I tell them, "That's Heathrow." Heathrow is a vital part of our local economy, but it is not going to be allowed to take over utterly and destroy people's lives. Although I understand the difficulties that Labour Members have, that is why I am glad my Conservative colleagues chose this issue for the motion, which was also signed by the Liberal Democrats in order to try to make it as consensual as possible. This is not a party political matter; it is something on which our constituents, wherever we may represent, would expect us to take a decision—and not on party lines.

I hope that if the boot were on the other foot, I would do as I hope Labour Members will do tonight. This is important, and at a time when Parliament is not held in the highest respect in this land, it is at exactly these moments that our constituents can look at us and say, "This is what Parliament should be about." It should be about MPs speaking up for what we believe. I understand that the Government have a decision to make, but I regret that the Secretary of State adopts a certain tone every time—it is his particular style. I observe Members of Parliament as they make speeches and I am aware that we all have our own style. His particular style tends to be hectoring and badgering. It is better suited to the Whips Office, where I know he served admirably.

Martin Salter: He is here.

Mr. Randall: I know he is here; I see him in a place in which I would not expect to see him—on the Back Benches. I was just wondering whether the Prime Minister heard his speech and decided that he ought to revert to the Back Benches and let more consensual politics take over, but I do not think that was the case. I think that the Secretary of State is merely having a word with one of his Labour colleagues.

This issue is about leadership for our country. As my right hon. Friend the Member for Suffolk, Coastal said, if we want to be taken seriously in Europe and around the world on climate change, this is the moment to say, "No; here is a line in the sand. There must be other alternatives. We cannot go ahead with this particular proposal because if we were to do so, no one would ever take us seriously again."

3.44 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): I support the motion, because it is identical to early-day motion 3244, tabled in the last Session by my hon. Friend the Member for Selby (Mr. Grogan), which I signed, and in which I believe. I am grateful for this solitary opportunity for Members to vote on this key issue.

I oppose the third runway, not only for social and environmental reasons, but because I believe that the economic case that the Government have made for the expansion of Heathrow simply does not stack up. Moreover, the social and environmental arguments against a third runway—the serious worsening of noise, air pollution, climate change emissions and quality of life for the 2 million long-suffering residents of west London—are overwhelming in their own right.

My right hon. Friend the Secretary of State was acutely aware of those arguments when he made his statement a fortnight ago, and he offered three sweeteners to soften the pill. The third runway would initially operate at only half capacity when opened, aircraft using the third runway would have to meet strict greenhouse gas emissions standards, and CO_2 emissions from UK aviation in 2050 would be limited to 2005 levels—a point that he repeated today. Those concessions, welcome as they are, do not carry very much weight when looked at closely.

A promise to limit the runway to half its potential would last only a very short time, and is hardly credible when, as hon. Members have repeatedly pointed out in this debate, Governments of both parties have four times in the past 30 years given firm pledges that there would be no further expansion and a cap on flight numbers. Every time, those promises have been quickly broken.

Martin Salter: I applaud the contribution made by the Secretary of State for Energy and Climate Change in mitigating the worst aspects of the proposal, but does my right hon. Friend agree that it beggars belief to claim that an organisation with a track record like that of BAA will tolerate a situation in which it builds a runway but cannot use it? That is nonsense.

Mr. Meacher: I completely agree. The second promise was to limit capacity, under the so-called green slot principle, to more modern aircraft. That is also welcome, but it is no serious constraint on noise, air pollution or emissions. The most important commitment is the one to limit aviation emissions in 2050 to no more than the level in 2005, when they were 37.5 million tonnes. That artfully conceals the fact that if the Government make the 80 per cent. reduction in climate-changing emissions to which they are committed, that level of emissions will be 30 per cent. of total UK emissions in 2050—and that is not acceptable.

Mr. Gummer: Does the right hon. Gentleman agree that it is difficult to take seriously promises made for 2050, when the people who make them—with the possible exception of the Secretary of State for Energy and Climate Change—are unlikely to be here to answer for them?

Mr. Meacher: I agree. It is easy to make commitments for five years' time, but those for 50 years' time are not very serious, unless there is evidence in the short term that we are systematically making progress towards them.

The whole thrust of the Government's case in the statement made on 15 January is that whatever the environmental downsides—and the Secretary of State did acknowledge those—the economic case for expansion was overriding. We are told that the third runway is essential for the business economy and Britain's future competitiveness. That case has been far too widely taken at face value, and it needs far more scrutiny.

First of all, the aviation industry ranks only 26th in this country; it is half the size of the computer industry. Far from aviation being key to the balance of payments, as the airline industry constantly likes to argue—of course using only one side of the equation: the expenditure

[Mr. Meacher]

of incoming travellers to the UK—both sides of the equation show a deficit of £17 billion a year. That is the amount by which what British tourists spend abroad exceeds what incoming foreign tourists spend here.

The UK airline industry is heavily subsidised by the taxpayer: £10 billion is spent a year, roughly, on VAT-free tickets and planes and tax-free fuel. That is taxpayers' money that could be far better spent on sustainable transport systems, and particularly on substitutes for domestic short-haul flights. Indeed, the respected industrial consultants that I have quoted before, CE Delft, argued that the official figures greatly exaggerate both the number of jobs that the runway would generate and the value brought to Britain by extra business travellers.

In addition, in a video-conferencing age—to take on the point made by the right hon. Member for Suffolk, Coastal (Mr. Gummer) about business practices changing in the economic downturn—the number of business flights that are absolutely essential to the British economy are, I suspect, comparatively few. No less than 87 per cent. of international passengers are in the leisure and tourism category, and even at Heathrow only a third of travellers are travelling on business. I suspect that much even of that travel is probably perks—a conference or a holiday on expenses.

The hub argument that is repeatedly used, and is so beloved of the industry, is not any more persuasive. Indeed, Bob Ayling, the former BA chief executive, recently said that transfer passengers spend little or no money in London and offer no external benefits, except to airline profits. The biggest growth in air travel has actually been in non-hub cheap flights, as we know.

There is also the argument about capacity constraint, but the industry does not actually believe that. Table C1 on page 205 of the recent Department for Transport Heathrow consultation document, which by chance I have with me, shows BAA's forecast for Heathrow, with the 480,000 maximum movement limit still in place for the period between 2000 and 2030. BAA sees a growth from 67 million passengers in 2006 to 85 million in 2015 and 95 million by 2030—a 30 per cent. increase. Why is there a capacity constraint? Why will that increase happen? The movement limit will rightly force airlines to fly larger and larger aircraft per flight, increasing passenger numbers per movement. That clearly shows that even the industry does not anticipate that Heathrow is in any sense in decline. The industry has a very optimistic forecast, even under the current capacity-controlled regime.

There is also the argument that Schiphol and Charles de Gaulle have more runways than Heathrow, which of course they do. For competitiveness reasons, it is argued, Heathrow must be allowed to expand. However, that misrepresents the configuration of airports in Britain. In south-east England we have not one airport but five—Heathrow, Gatwick, Stansted, Luton and London City—each catering for a different sector of the air transport market place. The south-east transport system as a whole—that is the only way of regarding it—will always collectively offer more choices of flights to more destinations at a greater range of prices and times, with greater convenience and with more airlines, than Charles de Gaulle and Schiphol put together. Added together, London's airports handle 137 million passengers a year. That number is set to grow within current planning limits to about 210 million passengers by 2030. In comparison, Charles de Gaulle airport handles 59 million passengers, Frankfurt 54 million, Madrid 52 million and Schiphol just 46 million. So Heathrow's so-called continental competitors lag a long way behind, and they will continue to do so as our five-airport system develops.

The business case for the third runway at Heathrow is clearly much weaker than has been made out, and I have to say that what does not fit it has been massaged. Nowhere is that more apparent than in the treatment of the noise, air pollution and climate change impacts of the proposed Heathrow expansion.

Last March *The Sunday Times* published devastating evidence that the Department for Transport and BAA knew perfectly well even then—and, in fact, a long time before that—that a third runway at Heathrow would immediately breach mandatory EU noise and pollution limits, especially on nitrogen oxide. That would mean that it could never be built, and they therefore colluded in re-engineering the figures to fit the limits.

In his statement a fortnight ago, my right hon. Friend the Secretary of State said:

> "Immediately around Heathrow, action will be necessary to ensure that we meet the air quality limits by 2015. Our forecasts predict that, in any event, we will be meeting the limits by 2020 even with airport expansion."—[*Official Report*, 15 January 2009; Vol. 486, c. 358.]

On the latter point, it is not good enough to say that the EU mandatory limits will be met by 2020, because they kick in on 1 January 2015. On the former point, I hope that my right hon. Friend will understand me when I say—slightly delicately—that it is all very well to be assured that action will be necessary to meet the targets by 2020, but that commitments have been given and broken repeatedly by successive Governments. We need to be told transparently exactly what mechanisms will bring the UK into compliance with the EU limits, because it is very difficult to place much credibility in vague promises.

The fact is that we are already well over the permitted EU nitrogen oxide levels around Heathrow. The problem will be worse by 2015, and worse still by 2020. Therefore, I ask again: what precisely are the mechanisms that will ensure that we meet the limits that the EU will force on us? If the Secretary of State cannot tell the House precisely what they are, I do not see how he can responsibly approve the expansion of Heathrow, nor how this House can responsibly vote in support of that proposal.

For all the reasons that I have set out, and although I understand what others have said, I regret to say that I support the motion and intend to vote for it tonight.

3.57 pm

Susan Kramer (Richmond Park) (LD): I want to speak in two capacities today. As a local MP whose constituency is under the flight path, I need to say a few words about how the third runway will significantly exacerbate the quality of life problems that people in my area already suffer as a result of the existing Heathrow operation. I also want to speak about two much more fundamental and overarching issues.

The first of those is climate change. Hon. Members of all parties agree now that it has a stature and importance

that matches any issue to do with the economy or the future of the UK, because if we do not have a sustainable future, we do not have a future.

The second fundamental issue that I want to raise is that of democracy in this House. I am shattered that a decision of this magnitude—it has been called "totemic", and I think that it easily has that status—should not be subject to a vote. Regardless of whether hon. Members would vote for or against a third runway at Heathrow, this is an issue on which the House should decide. It should not be masked within a paper on aviation policy that, essentially, was drafted six years ago, and which does not concern itself with all the knowledge and understanding that we have gathered since, both from across the House and from our constituents. There is a real question as to whether this House matters—and it is the question of who decides that is at stake today.

I shall speak first as a local MP. I want to do so in the spirit of reaching across the Chamber, because it was a huge relief to my constituents to hear that the Secretary of State had decided not to proceed with mixed mode. Frankly, it would be Chinese water torture for my constituents to live with flights overhead all day. I have some hope that that will be a true and genuinely kept commitment, but I can tell the Government that one of the reasons why the decision not to proceed with mixed mode was taken is that, if a third runway is built, mixed mode cannot be operated on runways 1 and 2. Runway 3 could operate mixed mode, but that could not be done on runways 1 and 2, or planes would crash into one another. I hope that if, for some reason, the third runways does not proceed—and I hope it will not—the commitment that has been given to the House will not be discarded, and mixed mode will not suddenly come back on to the agenda because the third runway has been demonstrated to be impossible and undesirable, and is rejected. That is crucial.

Mr. Mullin: The hon. Lady is quite right to draw attention to that possibility, and she can be absolutely sure that BAA and the airlines will seek to undermine the Secretary of State for Transport's decision, perhaps from the very day that he first mentioned that that was what he intended to do. She is quite right to alert the House and her constituents to that possibility.

Susan Kramer: The hon. Gentleman gives a very wise warning, and I am glad that that observation is coming from hon. Members in many parts of the House, because it matters.

For my constituents, the third runway means planes overhead every 60 seconds rather than every 90 seconds, and our air will be more polluted. Traffic and access issues are sometimes considered as something to look at later, as though there is bound to be a way to deal with them. I invite the Secretary of State for Transport to come with me to see what it is like on the M4 and all the surrounding roads that feed off it, and the impact that that has on my constituency at peak hours of airport use. There is no easy answer.

BAA has proposed what it thinks is a wonderful idea of increasing rail transport with the Airtrack proposal—wonderful if it was a proper and real proposal. For my constituents, it would be a transport route from Heathrow via Richmond to Waterloo, but it comes without updating signalling to 21st-century standards and without changing the stations. Consequently, because my constituency contains four level crossings, about 30,000 people will be marooned between a railway on one side and the river on the other, unable to get across the couple of congested bridges and completely unable to cross the railway line, because there are only two points where the level crossing barriers will not be down for 45 minutes in the hour. There has been no thought, no planning and no sincerity concerning the public transport option on offer. I would love it to be turned into something, but the BAA case is not convincing when it is presented in that unthought-out, undeveloped and unsustainable form.

My constituents have been very clear that although there are local issues, they are taking a stand in this matter for broader reasons. Many of them have asked me to say today that they stand shoulder to shoulder with the people of Sipson, where the community will be eliminated. People in Sipson face the elimination of an ancient community, but there are no arrangements for them to remain together as a community. It is regarded as simply a matter of paying compensation, but there are questions about how adequate the compensation will be. Those people simply have to find somewhere else to live. Given the difficulty of finding a home anywhere in the outer London area, this is a really serious issue: 700 families are suddenly trying to find a new place to live and a way to build a new community. That issue has been given very little thought: no attention has been paid to it, or effort made to deal with it. The people of Harmondsworth will be essentially marooned within an airport. What kind of life is that? What kind of commitment is there to people in south-west London when that is what this project offers?

Climate change is obviously one of the underlying issues. I will not reiterate what has been said, because brilliant speeches have been made by the right hon. Member for Suffolk, Coastal (Mr. Gummer), my hon. Friend the Member for Lewes (Norman Baker) and others who have gone through the climate change issue. I simply say that my party thinks that people must change the way in which they think about aviation and other transport. The Government seem to focus on making some marginal changes, thinking that they will constrain things until they meet a benchmark before going ahead. But we need to think outside the box. Climate change fundamentally adjusts the way in which we have to look at how we develop in future. Sustainability has to become absolutely core. That whole way of thinking has not been brought into the transport planning that underpins the decision to proceed with a third runway. Like many others, I believe that that completely destroys the credibility of the Government's argument.

I am running out of time, so I need to move quickly. I will briefly raise two last issues. One of them is the economic argument, which is always presented in discussion on Heathrow. One would think that Heathrow was disappearing, instead of having more passengers than any other airport in Europe. It has 69 million passengers; there are 59 million at Charles de Gaulle and 54 million at Frankfurt. Heathrow is by far the largest airport. As others have said, if we think about all five London airports, the aviation option available to people who base themselves in London for business or leisure is completely out of scale.

[Susan Kramer]

People say, "There are so many runways at other airports." They will be conscious, as I am sure the Secretary of State for Transport is, that at any one point in time, those airports cannot use their full selection of runways. The typical number that they can use is two. There may be four runways at Charles de Gaulle, but only two can operate at any one time, so although there is slightly more runway capacity there, the reality is not significantly different. We never hear that point made in discussion.

Often, when the business case is presented to the House, it is as though there had been some sort of major, serious study to enable us to understand the dynamic between aviation options and business in London. None of that work has ever been done. There is the occasional survey, but when one digs down into them, one finds that they were answered by only a couple of hundred people, and that 700 or 800 people refused even to bother with them. When people are offered the rail option, they choose it over aviation. The point is that if decision makers were serious, they would go around businesses across London finding out in detail what their needs were, where they needed to go, and what the constraints were. We would build the economic case from the ground up—but that fundamental, simple work has never been done.

Businesses need sufficient flights to key destinations. They do not need to go absolutely everywhere, and they do not need to buy into the idea that there have to be ever more flights. People may say, "We've got capacity constraints," but how many Heathrow flights use relatively medium-sized or small planes? The answer is: a significant proportion. I read today that the Aviation Environment Federation estimates that we could increase the number of passengers by about 30 per cent. just by reordering the flight make-up at Heathrow, so there are a whole lot of possibilities.

Let me finish on the issue of democracy, because I think that it matters. I have constituents here today, and constituents of mine have come to these debates before. They are utterly disillusioned with the Government, and they are becoming disillusioned with Parliament. They say to me, "This is only the beginning of the fight for us. We're not going to lie down." I say to the Secretary of State and others that if they will not allow MPs to speak on the Floor of the House, and go through the Lobbies, in Government time, and with a clear opportunity to say yes or no to the third runway, they will drive people to direct action—possibly sometimes illegal action, but never, I hope, damaging action. The Government will drive people to that if they do not allow democracy on an issue that is central to people's understanding of a sustainable future for their communities and for this country.

4.8 pm

John McDonnell (Hayes and Harlington) (Lab): I was not completely sure how to attract your attention, Madam Deputy Speaker. *[Laughter.]*

For some of my constituents, last week's statement was heartbreaking. Most of them, faced with the loss of their homes, schools, places of worship and whole community, found it devastating. For most of them, it brought about a stronger sense of community, and absolute determination to fight on to ensure that this disastrous proposal does not go ahead.

My forced absence from Parliament over the past week meant that I held a number of meetings across the constituency, and the Mayor of London held his question time there, too. As a result, I spoke to more than 1,000 constituents that week. The message that they want me to convey to the House and to the Government, is: "We will not be moved. We will not allow this to happen. We will not allow our communities to be bulldozed in this way."

I heard the Secretary of State say that he has "carefully weighed" the interests of local people. My constituents and those of the hon. Member for Uxbridge (Mr. Randall) and other local MPs would be more convinced of that if, over the past decade, a single Secretary of State had come to our area to meet local residents. Ministers have been to the area plenty of times to meet the aviation businesses, but not one Secretary of State at any invitation has come and met the local people. I find that appalling. I issue the invitation again today, not to meet hand-picked delegations of one or two, but to come and meet the people whose homes they are threatening to demolish.

I do not expect Members to know every detail of the decision. That is not the way of things. No one can know everything about every debate and every decision, but because it affects the lives of so many people, I expect Members to look at some of the information available to us. I have pored over the published documents associated with last week's statement. They are voluminous, but it is worth time and attention to study them. When the Government make the decision, we need to know what the economic arguments are, the implications for local communities, the environmental impact and what people feel about it.

I jotted down some of the arguments that we have heard today. My right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) set out the alternative economic case. Heathrow is not failing. It is expanding. There will be another 30 million passengers in the coming planning period. The argument that it is failing as an aviation resource is laughable when one considers the intensity of the development that is taking place and the number of passengers that we are moving.

Comparison has been made with our international competitors. We are moving across London and the south-east nearly three times the number of passengers that other capital cities are moving. Reference was made to a hub. It was pointed out that we have five airports, or six, including Northolt. Each one is providing a specialist service for the area. What we need to do now is connect them so that they become a collective hub, allowing people to fly into London through any airport and to fly wherever they want.

That is the future for aviation in this country. The reason that it has not happened—let us be honest about it—is the strength of lobbying by BAA and BA, self-interestedly trying to develop solely Heathrow as their own airport to maximise the profits from BAA's ownership of Gatwick and Heathrow. We need to cut through that self-interested lobbying and develop the future of aviation in this country, so that it will be sustainable and have a collective, co-ordinated hub linked by high-speed rail.

Members need to read the documentation about the social impacts of the development. We know about the

700 houses in Sipson because that is in the documentation, but there is no mention of Harmondsworth, Harlington, Cranford, South Hayes and all the rest. It is like Brigadoon. It is almost as though they had disappeared off the face of the earth.

When Sir John Egan, the chief executive of BAA, wrote to my constituents at the time of the building of the fifth terminal, he said that BAA would not go for a third runway because of the destruction of 3,300 homes. There are now 4,000 homes in that area, which means that people in Harmondsworth, Harlington, Cranford Cross and Longford—this is particularly so as a result of the scrapping of the Cranford agreement—will live in homes that will eventually be bulldozed or in areas where they are breathing poisoned air and which have been rendered unliveable by noise and air pollution.

The House, without a vote, is determining the forced movement of 10,000 people. Let us recognise that. It is not mentioned in the documentation. It is not just a matter of 700 homes. At one of my meetings, one of the people from Sipson got up and said, "We're the lucky ones. Others face the lingering death of their communities around the area."

The health implications for my constituents and others have been mentioned. We have been asking for a health impact assessment around the airport for almost 15 years. I took evidence to the terminal 5 inquiry about the respiratory conditions in our area. We did a survey. We asked the Government to make a health impact assessment before they made any decision, but none was forthcoming. My local primary care trust has just written to the Secretary of State saying that it would carry out the assessment but that it needed the necessary funding. How can we go forward with a decision such as this without even assessing the health consequences for my community?

The economic arguments in the document are almost laughable. I say to hon. Members from other parts of the country that the costs are unsustainable. Grupo Ferrovial, the Spanish company involved, will pay for the building of the runway and the terminal itself, but we taxpayers will pay all the ancillary costs. For the next decade, that will squeeze out of this country's transport budget any potential for transport improvements across the country. Basically, we are committing taxpayers' resources to subsidise the profits of a Spanish company that has just taken over the British Airports Authority for speculative gain.

Let me go back to the conditions. It has been said time and again in the House that the conditions will not stick. There is almost consensus on it; no one believes that they will do so. The right hon. Member for Suffolk, Coastal (Mr. Gummer) asked what single commitment BAA had given that it had adhered to, or that any Government had adhered to. We are told that the conditions will be legally binding, but we have been here so many times before.

I am grateful for the lobbying done by some Secretaries of State in Cabinet, but to be frank, some of the commitments and conditions imposed do not stack up. The argument that there will be green slots on the runway, for aeroplanes that do not yet even exist, is farcical. People should look at some of the statistics in the paperwork published last week. There is even one analysis that says that in 2002 more than 7,500 homes were located in areas suffering from air pollution above the European Union limits, and that in 2015 there will be none. How will that miracle be brought about—on the basis of the assessment provided by BAA about non-polluting, non-noise making aeroplanes that will run off the new runway that will be developed by the company itself for profits? Nobody is given credible reassurances.

I turn to the process itself. I am still unclear about how the decision will be made. We were assured that if there was to be a national policy statement in advance of the decision, it would be consulted on and there would be parliamentary approval in some form. I want that commitment today. I want there to be a vote in the House. The hon. Member for Uxbridge (Mr. Randall) quoted back to the Prime Minister something that he said when people were on the roof of the Chamber; I almost got the blame for that one as well. The Prime Minister said that the decision would be made not on the roof, but in this Chamber. I expect him to adhere to that commitment.

I expect any national policy statement that will inform the Infrastructure Planning Commission to be debated and decided on the Floor of the House. What is wrong with debating infrastructure projects here? We have just spent the past two years debating Crossrail, which will have a major impact. Actually, I opposed that project in the early '90s, but as a result of the debate on the legislation we have improved it, and as a result of democratic discussion and a vote in the House, there was consensus across all political parties. Why can that not happen on the most significant aviation infrastructure project in a generation, which at this rate will be decided by the Government?

Finally, I find it unseemly how lobbyists have been able to permeate Government decision making on this issue. There has been exposure of a revolving door of lobbyists, and a Member of the House of Lords is paid full time to lobby on the issue on behalf of the aviation industry. The measure will not be credible without a vote of this House.

4.19 pm

Mr. Nick Hurd (Ruislip-Northwood) (Con): It is a privilege to follow two speeches by my senior and southern Hillingdon neighbours. They made great speeches on behalf of their communities.

I should like to salute two brave speeches in this debate. The first was that of my hon. Friend the shadow Secretary of State for Transport, who had the courage to go to the Dispatch Box and say that she had thought things through a little harder and come to a different view. She was met with derision from the opposing Benches, where a lot more people should have done exactly the same thing. I salute my hon. Friend. The other brave speech was from the hon. Member for Reading, West (Martin Salter), who is not in his place, so I will not shower him with praise. He appears, for today at least, to have overcome a lifelong loathing of the Conservative party so as to do the right thing. Those were brave speeches.

The least courageous speech this afternoon came from the Secretary of State. He came here with a stinker of a speech on 11 November, and he has followed it with an even worse one today. He did not even have the courage to make a case to the House for his decision. I wish that he had been in the Beck theatre in the constituency

[Mr. Nick Hurd]

of the hon. Member for Hayes and Harlington (John McDonnell) at a public debate facilitated by Boris Johnson. An empty chair was left up on the stage for a member of the Government to participate, but no one appeared. We had a fantastic debate. If he had turned up, he would have heard, as one would expect, genuine anger from local people whose houses are going to be demolished and who are going to have to dig up their relatives in the cemetery. He might then have come to the House in more sensitive mode. He should have been particularly concerned about the expression of a complete breakdown of public trust in how this process has been conducted and in the democratic process of decision making in this country.

The public have lost faith. They know what has happened in this process. They know that there has been a steady stream of broken promises or lies by BAA, and they can see a Government who have got far too close to that organisation. The Secretary of State's speech included lots of new announcements on additions to rail capacity in the Heathrow area that were not part of the original consultation process, which is now invalidated. People see a really bad decision-making process and ask why we are doing this, because they can see the facts. They can see that this decision will materially affect the quality of life of millions of people in west London living under the flight path. They can see that it will destroy communities, and they care about that. They can see that it will increase emissions. A lot of people care passionately about that and do not understand why a Government who take pride in leadership in this area are driving a coach and horses through their own climate change strategy with this one decision. They can see the impact on air quality in the Thames valley. They can see all these things, and they ask why we are doing it. The answer from the Government is no more than a series of assertions—that Heathrow is full, that the concept of the hub is a sacred cow that cannot be questioned, that it is inevitable that Heathrow will decline and that that carries mortal consequences for the state of the British economy, and that we therefore have to take this enormous decision in the national interest.

What is shocking is the lack of rigour in testing those assertions. As the right hon. Member for Oldham, West and Royton (Mr. Meacher) powerfully observed, how can Heathrow be full when the Government and the Department accept the data in BAA's own consultation document about an enormous increase in passenger flows through Heathrow over the next 20 years because the market will respond to capacity constraint by flying bigger planes? Those are not the statistics of an airport in decline, so why is decline considered inevitable? Heathrow has not declined over the past 10 years. While other airports have expanded, has London suffered any loss of prosperity? No, because decisions on where people invest and do business are not restricted to the quality of the airport. Everyone knows that Heathrow is shockingly bad as a passenger experience, but people still come and do business here. A host of other factors determine business decisions. What I hear from business people is not, "I can't get to place A from Heathrow", but "This is a shockingly bad experience, and what are you going to do about it?" They want a better Heathrow, not a bigger Heathrow.

As other speakers have said, we have enormous airport capacity around London. London has five airports. We move many more people than our so-called European competitors. We have the best connections in Europe, and that will be the case for the foreseeable future. The Government talk sombrely about the decline of the hub model, but where is the modelling to support that assertion? Where are the data? Where is the research? Where is anything on which we can pin evidence to test this assertion? There is nothing—just really lazy decision making by a Government who were content merely to jointly commission with the industry research that underpins a business case that has been exposed over time to be entirely inadequate.

Where is the debate about the future of the hub as the sacred cow of the industry? Is it conceivable that consumers might want a different experience in future, and that they might want to fly direct to places? They might not want to spend hours wandering around huge, impersonal airports. The consumer and the industry might change, but we are nailing our colours to the mast and signing up to BAA's game of "My airport is bigger than your airport."

That seems to be the limit of the Government's vision, but will not our European competitors be subject to exactly the same constraints as we are in a carbon-constrained world? As my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) said, now is exactly the time to show genuine leadership in Europe and to say that this game is unsustainable. We should take a lead in saying, "Pause and rethink." Have the Government engaged with those matters at all? No. There has been absolute silence, and they have bought the BAA argument hook, line and sinker.

The truth is that for the foreseeable future, London will have the best air connections in the world. Surely the trick is now to think much more cleverly about what will change in the future and, as the hon. Member for Hayes and Harlington (John McDonnell) said, to consider how we can connect the five London airports more effectively. We must consider the 25 or 30 per cent. of Heathrow's capacity that could be served by rail and give passengers a genuinely compelling alternative. We must consider how to harness the new technology that is coming on stream to give people a better alternative to flying, or to accelerate the industry's progress in finding more environmentally friendly methods. Those are the big policy questions, and we should not adopt a passive, predict-and-provide approach in tame submission to an extremely effective corporate lobby.

Now is the time for real leadership. I will be interested to hear what the new Secretary of State for Energy and Climate Change has to say. I simply cannot see how a third runway at Heathrow is compatible with achieving an 80 per cent. emissions cut by 2050. He has placed only one policy chip on the table, which is emissions trading, despite the fact that it has been proven only as a concept and a theory. It has not been proven in practice to reduce emissions, because cap and trade schemes are only as good as the cap that is set, and caps are set by politicians who, as we well know, are subject to intense corporate lobbying to make them as soft as possible. The caps that he has set up are no more than aspirations, and the debate has only just started. We have no guarantee at all that they will be effective in reducing emissions on a scale compatible with our target of an 80 per cent. drop by 2050.

A really big Government, a Government who genuinely took the tough decisions, would say, "We may have got this wrong. We have listened to the people who share our concerns about climate change—the Environment Agency, the millions of residents, the businesses that are thoughtful about the matter—and we recognise that we may have got this wrong." This Government will not do that, because they are not that sort of Government. The matter will therefore be decided at the next general election.

It is perhaps worth my ending by echoing the voices of two of my constituents. One of them wrote to the Prime Minister, and is a Labour supporter—some still exist in Northwood, the Secretary of State will be encouraged to hear. He wrote:

"If the government is serious about lowering the UK's emissions why is this proposal even being considered"...There's no denying that Heathrow is an important airport for the UK but I do urge you to look again at the planned expansion proposals from a humanitarian (traditionally Labour) perspective and ask again whether the UK can live without this expansion. I and many other Labour supporters believe it can."

Another constituent wrote to me:

"I trust that when the Conservatives win the next election the Conservative Government will rescind this awful decision and bury this scheme forever. Perhaps I will then start to believe again that I am still living in a democracy."

4.28 pm

Mr. Chris Mullin (Sunderland, South) (Lab): I believe that I am right in saying that so far this afternoon, no Member of any party, apart from the Secretary of State, has spoken in favour of the expansion. *[Interruption.]* I beg your pardon; there was also a former Secretary of State, my right hon. Friend the Member for Bolton, West (Ruth Kelly). She has the privilege of being the only Member who has spoken from the Back Benches in favour of a bigger Heathrow.

My view is the same as that of most Members who have spoken—that, as the hon. Member for Ruislip-Northwood (Mr. Hurd) said, the expansion drives a coach and horses through the Government's emissions policy, and that it is a mistake. I welcome the decision by the Secretary of State for Energy and Climate Change to resist the demand for mixed mode, but giving the go-ahead for a new runway is a surrender to one of the mightiest lobbies in the UK, which has plans, if it is unconstrained, for unlimited expansion, regardless of environmental or any other factors.

John McDonnell: We should try to get clarity about mixed mode on the record. Mixed mode is not going ahead because of the CAA's advice about the air traffic problems that it would cause. However, whenever BAA has been questioned about the future expansion of Heathrow beyond a third runway and a sixth terminal, it has refused to deny that it has further plans. If it got that expansion, it would be to accommodate its mixed mode.

Mr. Mullin: I am sure that my hon. Friend is right and that the relevant vested interests will be back for more. As I said to the hon. Member for Richmond Park (Susan Kramer), lawyers and lobbyists are probably working to undermine the decision on mixed mode even as we speak.

For 18 undistinguished months, I was a Minister in the Department of the Environment, Transport and the Regions, and I had some responsibility for aviation. I learned that the aviation lobby wants more of everything—terminals, runways, you name it. When we were elected in 1997, the only change that it made to its demands was to insert the word "sustainable" in the opening paragraph. All the same demands appeared underneath.

The decision to go ahead with a third runway marks the triumph of predict and provide, which we have forsworn—at least we say we have—for new motorways, over rational planning. From listening to my right hon. Friend the Secretary of State for Transport, predict and provide is exactly what we are doing in this case.

As others have said, the decision will make it difficult, if not impossible, for the UK to meet its emissions targets. On past form, the aviation industry will not accept any constraints placed on it, whether legally binding or not. I have no doubt that, for the time being, the industry will sign up to whatever limits the Government see fit to impose and, when they are reached, a way around them will be found.

As others have said, a third runway will result in a huge increase in overflights across central London. They start at 4.30, disrupting the sleep of millions and blighting, as we have heard, much of west London. When I went to the DETR as a Minister, I thought that, although I would not achieve much in my tenure, perhaps we could sort out the 16—I do not know how many there are now—night flights that came in between 4.30 and 6 am. I tried to convene a meeting between Members of Parliament for the constituencies that were most blighted by the night flights and representatives of BAA and the aviation industry. Officials advised me that the latter would not even bother to turn up. That initially proved to be the case, but then I got my immediate superior, Lord Macdonald, to put his thumb print on an invitation, and they duly turned up in a rather surly fashion. We were considering only rescheduling 16 flights after 6 o'clock, yet we were given a long list of reasons for doing nothing about anything. The most ludicrous was wind speeds over China.

I do not accept the arguments for unlimited expansion. As my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) said, comparisons with Charles de Gaulle, Frankfurt and Schiphol are not right because they are made on the basis of Heathrow being the only London airport, when there are at least another four.

I also do not accept that cheap air travel is a basic human right, which takes precedence over all other considerations. The quality of life of the millions who live under the flight paths, not to mention environmental considerations, is more important.

I do not buy the economic argument either. Some, including my hon. Friend the Member for Reading, West (Martin Salter), have made the point that the economy in the south-east is grossly overheated, and that many of the new jobs generated by the expansion of the airport are, in any case, being done by foreigners because there are not enough local people available to do them. Pollution, congestion, noise and unaffordable housing are all bigger issues in the Thames valley than the effect on the economy. Also, as my right hon. Friend the Member for Oldham, West and Royton said, it is at least arguable that the economic argument is invalid anyway, and that the losses are greater than the gains.

We do, however, need economic expansion in the regions, and aviation has a part to play in that. The

[Mr. Mullin]

Government are right to encourage the expansion of regional airports such as Newcastle, Manchester and Edinburgh, provided that such expansion is conditional on access to public transport. That makes perfect sense, and it is an aspect of the Government's policy that I support.

I allege no impropriety, but I have felt for a long time that the relationship between the Government and the aviation lobby is far too cosy. I was surprised to find, during my tenure at the former DETR, that some representatives of the airlines and of BAA had passes to this building. It has to be said that I had to ask how many such passes had been granted to the industry about half a dozen times before I got an answer. "What are you implying, Minister?" "I'm not implying anything. I just wish to know the answer to this interesting question." In due course, I got it. I think that the figure was about 10 at that time; I do not know whether that still obtains, or whether any other parts of the private sector enjoy such privileged access to Government Departments.

The aviation section of the former Department used to engage endlessly in research, the outcome of which was always known in advance. It seemed to me to be a complete waste of time. On one occasion, some very expensive research was conducted, and most people replied to the wrong question, saying that they did not like night flights. The research was invalidated and put aside, because that had not been the question that they had been asked.

In my last week in the Department, I was asked to authorise a plan for about £1.5 million worth of research and I refused because it was a complete waste of public money, and no one would take the slightest notice of the outcome anyway. The following week, I was reshuffled—sideways, incidentally, not downwards—and I left a note for my successor, saying that that matter would be back in his in-tray the moment I was out of the door. And it was. I believe that he shaved a little off the amount, however.

Finally, I should like to say to the Secretary of State for Energy and Climate Change that I know that he has done his best, and that he is absolutely sincere. He has actually made progress on issues such as mixed mode; I acknowledge that. However, I do not believe for a moment that the mighty vested interests concerned will abide by any of the restrictions that the Government impose on them. As I have said, their lawyers and lobbyists will make short work of them, whether they are legally binding or not. Nor, eventually, will they be satisfied with a third runway and a sixth terminal. They will want a seventh terminal, and an eighth, to say nothing of their plans for the expansion of Stansted, Gatwick and elsewhere. This will go on until politicians pluck up the courage to say no. I think that this is the moment to do so.

4.38 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): As I said in our last debate on Heathrow in November, I have always considered myself a pragmatist on this issue. I try to look at the net environmental benefits or disbenefits of any proposed changes, and, alongside that, to weigh the economic case, which will typically be made in favour of expansion. For the past 11 years or so—for as long as I have been an elected politician in west London—that has been my position. I am not necessarily against the expansion of Heathrow, but I am absolutely set against this particular proposal for expansion.

We need to look at the balance involved, and my constituency represents some of that balance. Many of the staff who work at Heathrow and for the airlines live in my constituency. In fact, a senior person from British Airways, whose job is neither in lobbying nor public affairs, came to see me yesterday to give his own personal case as to why Heathrow expansion should go ahead. I used to be an admirer of BAA as a company, not least because when I lived in the United States, I saw the appalling condition of US airports in the early 1990s. At that point, Heathrow was comparatively a very good airport in very good condition, but I am afraid to say that those glory days for BAA have long gone. The fading grandeur of Heathrow is apparent, as the same graphics and infrastructure of the early '90s are still there today.

I am still an admirer of British Airways as a business and I think it is part of our role in the House to stick up for important British businesses. However, on the proposal to build a third runway at Heathrow, I believe that the case against it is overwhelming. I say that partly due to my own local considerations, but I genuinely believe that the third runway will be detrimental to the UK.

Let me first examine the hub argument. My hon. Friend the Member for Ruislip-Northwood (Mr. Hurd) developed some interesting arguments and a couple of other hon. Members started to consider the hub case. For me, the hub argument does not stack up. I am not convinced that London needs an aviation hub of the same size as that required by Amsterdam or Frankfurt. The hub argument is important, but I believe that it has been overdone in this case.

London is itself a destination large enough to provide airport capacity sufficient for almost all the destinations we need. Last week, I flew to Skopje in Macedonia to give a presentation for the Westminster Foundation for Democracy. Incredibly rarely, Skopje cannot be accessed directly from any of London's five airports. It was most surprising to find how rarely that is the case for a European capital city destination.

If we look at the population figures of the various competing hubs that we have heard about, London has a population of 8 million, Frankfurt of only 670,000 and Amsterdam of only 750,000. It is quite clear to me that Frankfurt and Amsterdam need to become hubs in order to become viable as international aviation destinations at which people will change planes because there is simply not enough local demand to be able to do that. London is very different.

Let us look at the example of the United States. New York City is not a hub airport; neither is Los Angeles; virtually all the US hubs are located in the middle of the continent—in places such as Atlanta, Chicago, Dallas and Houston. The geography of London does not seem to suggest that we should be Europe's largest hub: we are at the edge of the continent.

The loss of hub status can, however, be quite traumatic. St. Louis in the 1990s is an interesting example. After TWA was bought by American Airlines, St. Louis lost its hub airport—the famous Lambert Field airport.

St. Louis was the home town of Charles Lindberg and has an incredible aviation history. When it lost its airport, it had a significant negative impact on the city's economy in the early to mid-90s, but it is worth remembering that St. Louis has a population of only about 600,000. The disproportionate impact of the loss of the airport on the economy of St. Louis was far greater than the impact that any individual hub airport would have on London.

I am not necessarily against London Heathrow being a hub, but we need to get it in perspective, because I think that the hub argument has been overdone. British Airways, however, desperately needs London Heathrow to be a hub. I am not someone speaking in a "bash British Airways" mood: as I said earlier, it is important for us to support some of our companies. British Airways employs 43,000 people. I am not sure whether it still is a FTSE 100 company, but it certainly was and may still be so. However, this is not the same argument as saying that it is essential for London to have a hub airport to compete with Frankfurt or Amsterdam.

Does a hub provide business? I guess it does, but we have to keep it in perspective. When people change planes, it provides some business; there is a boost to the economy if people stop to eat, shop or just to have a coffee. Again, however, we have to get the balance right between this obsession with the hub airport on the one hand, and the deep economic impact and degradation that it is causing across west London and in areas beyond, including in my constituency.

The other argument, which is being put out by the Future Heathrow group, is the supposed loss of Heathrow's status in terms of the number of destinations that it serves. If I am not mistaken, there is a table showing that Heathrow has fallen in that regard from No. 2 in Europe in the 1990s to No. 5 now. That might be a compelling argument, were it not for the fact that, with its five airports, London serves massively more destinations today than it did 15 years ago, when that table was first drawn up. Who would have thought 15 years ago that people could fly to Rzeszów, to Bydgoszcz, and to Bialystok, in Poland? Fifteen years ago, the only Polish destination people could fly to from Heathrow was Warsaw. Now, greater diversity is available, thanks to a much better use of our five airports around London.

Some people might say that that change has happened only because of the end of the cold war, but let us look at France. I might be wrong, but I think that some 20 years ago, people could fly only to Paris, Lille and Marseilles from Heathrow. Today, they can fly to an incredible wealth of destinations from London airports. Much of the reason why Heathrow has declined in importance is not a lack of investment or of expansion; rather, it is the relative success of airlines such as easyJet and Ryanair. Let us face it—that is a very important factor that has not been brought out in this debate. So I do not think that a hub should be seen as essential in itself. It is helpful for London to have an important hub airport, but it is not vital. Again, I refer Members to the example of New York city, which seems to cope perfectly well without having a US hub airport.

In the brief time available, I want to cover a little of the thinking on the geography of the flight path for the third runway, because this is very important. The Government have said that the eventual package will include an initial cap on additional flights from the new runway at 125,000 in a year, and a Government pledge that any new slots after that point would be "green slots"—allocated only to airlines that use the newest, least polluting aircraft. I am not sure that that will satisfy anybody in my constituency. The flight path for the third runway takes in north Westminster, north Kensington, Hammersmith, south Acton, north Chiswick and so on. These are all new communities that, although not totally untouched, were largely untouched directly by aircraft noise. They will now be directly impacted on. That is a lot of people living under that flight path.

Let us think about the people living under the existing flight paths, as well. The implication is that none of the environmentally friendly aircraft will fly over their heads; instead, people in places such as Fulham, in my constituency, will have the noisiest, most polluting aircraft flying over them. Nobody in my constituency, either in Hammersmith or in Fulham, is going to be satisfied with this solution. Obviously, we welcome the abandonment of proposals on runway alternation, but nobody is going to be satisfied with this. Who is to say that things might not change over time? I think that the Secretary of State gave a commitment earlier that there would be runway alternation on the third runway, but who is to say that that will not alter over time, and that the people of Hammersmith, on whom aircraft noise does not currently impact directly, will not have it right through the day, along with night flights?

I am not convinced by the hub argument or by many of the economic arguments. The overwhelming environmental impact on west London, and on my constituents in particular, will be horrendous, and we should vote tonight to throw out the third runway.

4.49 pm

Hugh Bayley (City of York) (Lab): I want to start by declaring an interest. My older sister lives in a mediæval house in Harmondsworth, a village that, as the hon. Member for Richmond Park (Susan Kramer) said, will be encircled by Heathrow airport if the third runway goes ahead. The house would be just a few hundred yards from the end of the runway. Because I have that interest, I will not speak about the local environmental impact of the proposal. Many other Members, including my hon. Friend the Member for Hayes and Harlington (John McDonnell), have spoken eloquently about that. Over many years, he has won the respect of constituents across the political spectrum for the way in which he has dealt with this issue.

I do, however, want to speak about the economic consequences of the decision on the third runway for Yorkshire and, indeed, the north of England more generally, and about the environmental impact on the country as a whole. I am not persuaded that the Government have made the case for a third runway; nor, I should add, am I persuaded that the Conservatives have articulated a viable alternative to the Government's proposal. It is the devil of a job to square the circle and reconcile the demand from the public for more flights with the commitments made by the House and the country to limit carbon emissions. The Government seek to do that by imposing strict environmental controls, but—as has been pointed out by my hon. Friend the Member for Sunderland, South (Mr. Mullin) and others—whether those commitments are met by the airline industry remains to be seen.

[Hugh Bayley]

Let me explain my own reservations. First, I do not believe that a business case has been made. In the autumn, *The Economist* devoted almost an entire issue to considering the business case for Heathrow, and decided that the case had not been made. One would think that such a liberal, free-market newspaper would find a business case if there was one to be made. Secondly, I do not believe that expanding Heathrow's capacity is the best environmental option, or that the best economic option for our country as a whole is to concentrate more flights and more economic development in the south-east of England rather than, by means of airport policy, spreading it across the country as a whole.

Every plane that flies from London to north America flies over the north of England. If, instead of taking off from London, those planes took off from Manchester, they would save some 400 miles' worth of fuel and pollution on a round trip, and about half an hour of travel time. Passengers landing at Manchester, or at one of the other northern or midlands airports, could be in London in the same time if we built a 200-mph fast rail link. I have advanced that argument for a number of years, and many more people are advancing it now.

For the rail link to be viable, it would have to be affordable. The fare could not be £100; it would have to be, say, £30. I believe that that is possible, however, because many airlines would bulk-buy seats on the trains. They would sell Newark to Manchester and Manchester to London as a package, and an airline buying 500 seats a day from a train operator would obviously be able to buy at a keen and affordable price.

I am not arguing that the country should have a second hub in the north of England, because I believe that we can have only one hub in the United Kingdom. Nor am I arguing that the single hub should be in the north rather than the south. However, I do believe that we need a policy that spreads the increase in flights—which is happening because of consumer demand—around the country. We should spread the economic development that results from that, and we should also spread the pollution: if all the pollution is concentrated in one area, it will clearly have a greater impact than if it is distributed more widely.

The key argument in favour of expanding the central hub is that when people transfer from one flight to another, more flights to more destinations can be provided. Some 35 per cent. of Heathrow passengers fly in on one plane and out on another: a third of the volume of flights consists of transfer flights. Concentrating more flights as a whole in London for people whose journeys originate in the south-east of England, as well as those whose journeys originate from other parts of England or from Scotland or Wales, naturally draws business from other airports and makes their business less competitive.

Manchester, for example, used to operate direct BA and British Midland flights to north America. Therefore, those airlines thought that was a viable option, but the flights have been withdrawn because at the margin they are not seen to be viable. Manchester will never compete with London in any way or form, but I think that if there were the fast rail link, that would attract enough business for there to be a few direct flights from Manchester to north America. Those living in the north of England would then get the benefits not only of those flights, but of transfer flights to destinations that are not currently served; there might be one flight a day from Manchester to Turin, for instance.

Business people in the north of England need to travel to meet their customers, business associates and suppliers in other countries just as much as do those in London and the south-east, but when travelling from Yorkshire to almost any destination it is quicker to take the train to King's Cross, the tube or Heathrow Express to Heathrow, and then to fly from Heathrow than it is to go to a regional airport in the north of England.

I get complaints from Nestlé, whose biggest factory in the world is in York. It is extremely difficult to travel between its global headquarters near Geneva, in Vevey in Switzerland, and its York factory. There are similar complaints from Aviva Life, whose headquarters are in York, and I am sure other MPs with constituencies in the north of England get similar complaints. We must develop our transport and aircraft policies for the benefit of the country as a whole, not just for London and the south-east of England.

I have supported the case for a north-south high-speed rail link for many years. I think it would help businesses in the north of England. It would bring some additional passengers to north of England airports, but it would also make Heathrow more accessible to passengers from the north of England who need to fly. I have lobbied for that, and I am pleased to see the proposals the Government have set out in their High Speed II document.

The Government have done just enough to secure my vote tonight; that will disappoint Opposition Members. I am sure this will not be the only vote we have on Heathrow expansion, however, and whether the Government continue to secure my support depends upon how vigorously they pursue the high-speed rail argument. If there is as much determination and drive behind it as behind the Heathrow policy, they might just keep me on board.

I must confess, however, that I found it extremely difficult to decide how to vote. When I signed the early-day motion of my hon. Friend the Member for Selby (Mr. Grogan), I did, of course, register my close family interest in the third runway issue. I realise that if I were to vote for the motion tonight, I would be open to the charge that I had put a personal interest before other considerations. I do not believe that is the case, but I would not be able to disprove it, and that is one of the factors that has influenced my decision.

I congratulate both main Opposition parties on calling this debate. I regret that I cannot support them in the Lobby tonight, but I think they have done a service to the House and the country, and certainly to the communities around Heathrow airport, by calling it and focusing our attention on this issue.

4.58 pm

Adam Afriyie (Windsor) (Con): I think that, overall, the decision to build the third runway is a bad decision; it is the wrong decision for the country. Before I begin my speech, however, I must say that I thought the Secretary of State's attitude was insensitive; he did not deal with the issue seriously, and he was brash and full of bravado. He had adopted the approach that attack

was the best form of defence. He attacked my Front-Bench colleague, my hon. Friend the Member for Chipping Barnet (Mrs. Villiers), and I was thinking of raising a point of order as I was so concerned by the bullying tone in which he addressed her, when she had made a clear, concise and measured statement. The Secretary of State was loud and bombastic; to paraphrase Shakespeare, his speech was full of sound and fury but it signified very little. There was not much content in what he said, other than, "We've made the decision and we're going to march ahead," and when Members asked him about the alternative, he just said, "No, we've ruled that out," but there was no explanation as to why.

The thrust of what I want to say is that when the facts change, sensible, reasonable people change their minds. Several Conservative Members have done so on this issue, and, with the additional and changing evidence, I think that even one or two Liberal Democrats have taken a slightly different view—and certainly many Labour Members have changed their views. Nobody is arguing for Heathrow to close or for it to be threatened.

Mr. John Leech (Manchester, Withington) (LD): On a point of clarification, I do not think any Liberal Democrat Member has ever been in favour of a third runway at Heathrow.

Adam Afriyie: I appreciate that, but on issues such as Cranford and mixed mode, different views have been held in different constituencies; I know that because Old Windsor, in my constituency, will be affected seriously and views have changed there over time. To be fair, what I said was not criticism—it was praise. I praise anyone who would change their mind if the facts are changing, because that is the right thing to do. What would we be doing here otherwise? Surely people must be reasonable and accept the evidence as it is and as it appears.

There is capacity at Heathrow for expansion; the Government's own figures show that up to 85 million passengers could be accommodated just with larger aircraft and by using the airport in a slightly different way. The argument I make is not even an argument against expansion in air travel. The world has changed, as have the circumstances. In 2003, when the White Paper was developed, it contained information from two or three years earlier, so much of the information in that predict-and-provide document is now about 10 years out of date. I welcome the fact that the White Paper will be updated, because that is the right approach to take. Several of the predictions and several of the observations made in it have already not proved to be correct—that is certainly the case given the downturn in the past 12 months.

What changes are taking place at the moment? One is that we are now in a recession. A major downturn is occurring, and as NATS has said, there was an 8 per cent. reduction in flights in December compared with the previous December. That change must surely be taken into account when making this decision. We have discovered today that Schiphol has been laying off workers and reducing its operations. As 2 million or 3 million people could be unemployed over the next 12 to 24 months, surely it logically follows that the number of flights will reduce to a certain degree, especially given the reducing economic activity. I am not arguing that, in the long term, demand for air travel will not increase again, but this gives us three to five years in which we can look at the alternatives and make a decision based on that delayed time scale. The urgency came from the fact that we would be running out of capacity. If there is an international downturn and air travel does not grow as fast as predicted in the White Paper, that changes the date by which this decision must be made.

Rob Marris: Unless I am misunderstanding the hon. Gentleman, as is possible, he seems to be under the delusion that the UK Government are proposing themselves to build the third runway at Heathrow—they are not. If there is to be a third runway at Heathrow, it will presumably be built by Ferrovial or whatever private sector company owns that. Therefore, the fact that, as he rightly points out, the number of passengers has decreased in recent months will make this a commercial decision—it is not for this House to second-guess that commercial decision.

Adam Afriyie: The hon. Gentleman is right, and I am not suggesting that the Government second-guess that decision. I am simply suggesting that the national, political decision that needs to be made by this Parliament—sadly, it does not look as though it will be made by Parliament, because the Government are not going to allow an official vote—does not have to be made today, and it did not have to be made two or three months ago. It could be made two, three or possibly four years down the road—that is the observation that I am making.

Our understanding of the environment has also changed since the original White Paper was published in 2003—it was not right at the top of the agenda then, but we now understand more clearly the connection between CO_2 and climate change. Surely we must address that issue and make a different decision in the light of those changes. When even the Environment Agency points out that it does not support this idea because it is not the right one, we must step back and consider it seriously.

My hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) made it clear that he questions the hub concept, which is an argument that I have heard for a long time. I have asked on five occasions—BAA, British Airways and two or three times in the House—for someone to show me the model of how hubs work, and the mathematical reasoning behind them. What makes a hub viable? Is it 100 destinations or 200? Nobody knows and no modelling is readily available, but that is the fundamental basis of the Government's argument. Where is the economic evidence that a third runway at Heathrow would lead to greater prosperity? An increase in air travel and transportation will lead to greater prosperity, but why must that be at Heathrow specifically?

I should declare an interest in that I live under the flight path in Old Windsor and I met representatives of the royal borough of Windsor and Maidenhead this morning. They raised many concerns, although I do not have time to go into all of them. Many things have changed locally, including those that affect people's quality of life. The "Attitudes to Noise from Aviation Sources in England" study showed that people are now more annoyed by noise than 10 years ago. Traffic congestion on the M4 and M25, even after the widening, is greater. Pollution levels from road traffic and the airport have been rising and it is unlikely that we will meet the

[Adam Afriyie]

targets for reduction. All those changes are further reasons for the Government to reconsider their decision.

There are alternatives, some of which were not around at the time of the 2003 White Paper. We have talked about high-speed rail and I am glad the Government have now started to look at that—albeit a little late. That high-speed link was not necessarily possible 10 or 15 years ago, but it is now, and it is another reason to reconsider the decision.

Other proposals include the estuary airport and the extension of Manston airport, and some people have even suggested that Gatwick might be able to take up some of the slack. If air travel is to grow enormously over the next 20 or 30 years, we will need much more capacity than we have now, so surely now is the time to consider some of these alternatives. With modern engineering techniques and technology, they have come closer to reality.

I am acutely aware that we were elected to this House to represent our constituents and the national interest. The motion that we have tabled comes from an early-day motion signed by Members on both sides of the House, including 57 Labour Members. We chose it in an effort to be non-controversial on this issue and to give people an opportunity to have an initial vote on this issue, because the Government have ruled one out. I am fairly certain that everyone affected by the Heathrow proposals will check carefully how we all vote today, and that is right, because we are accountable to the people. I also suspect that the millions of people concerned about the environment and pollution—this issue will affect the regions and Northern Ireland—will also look closely at how we vote tonight.

I urge the Secretary of State to take this opportunity to reconsider. Even if the Government just delayed the decision, that would be welcomed by everyone. The Secretary of State for Energy and Climate Change could apply a little more pressure and delay the decision until some of the alternatives have been considered. I ask the Prime Minister to see reason and change his mind on this issue. If the Government do not change their mind, the people will decide to change the Government. I am not bothered about that—I say bring it on—but politically, the Government would be wise to listen to the people of Britain, who are saying very clearly that they do not want this. The decision does not need to be made today. Because of the economic downturn it could be made in three or four years' time, as I am sure the Secretary of State is aware.

5.10 pm

Mr. Tom Harris (Glasgow, South) (Lab): May I begin on what might be interpreted as something of a sour note? I am glad to see that the hon. Member for Lewes (Norman Baker) is back in his seat, because he finished his speech on a note that I think was unworthy of him, by suggesting that anybody who disagreed with his view on Heathrow and the third runway must be in the pocket of BAA. That was the clear inference of his remarks. He was referring to the Government, but I consider myself a Labour MP and I have come to the independent conclusion that a third runway is essential. I have come to that conclusion not because I am in the pocket of anyone with a vested interest, but because I have looked at the facts and reached that conclusion. I hope that the hon. Gentleman will accept that there are occasions when individuals in the House disagree with him for entirely genuine reasons.

Norman Baker: I am happy to agree with that. I was casting no aspersions at all on the hon. Gentleman or on many of his colleagues who genuinely believe that the third runway is right. I was referring to evidence of collusion between BAA and the Department, but I fully accept that he and others have made up their minds independently on that issue.

Mr. Harris: I am grateful for that intervention.

A number of colleagues on both sides of the House have raised some criticisms of the Government for not holding a formal vote on Heathrow's third runway in the Commons, in Government time. That issue was initially raised by the hon. Member for Putney (Justine Greening). I intended to intervene, but I generally try not to intervene on Back Benchers when there is a time limit on speeches.

I wanted to ask the hon. Lady whether, if the Government had brought forward a Government motion to support the proposal for a third runway and if that motion had been carried, she would have accepted that decision and walked away from the campaign. Would anyone in the Chamber who opposes a third runway respect that democratic decision? The corollary of that is to ask whether, if such a motion had been defeated, they would expect the Government to adhere to that decision. The answer, of course, would be yes. The absence of a formal Government motion on the issue makes not a jot of difference.

The hon. Member for Windsor (Adam Afriyie) suggested that by taking the EDM signed by 57 Labour MPs and using it as the text for an Opposition day motion, the Conservatives were somehow extending the hand of friendship across the Chamber in an effort to build some kind of cross-party consensus. Perhaps he has not been here as long as I thought that he had, but that is a typical silly little tactic that is used only to try to embarrass colleagues who have signed an EDM by asking them afterwards, "Why didn't you vote for it in the Lobby?" I will give to colleagues who are considering voting for the Conservative motion a good reason not to do so: it is a Conservative motion. There is all the difference in the world between words in an EDM and the same words in a Conservative Opposition motion.

Mr. Julian Brazier (Canterbury) (Con): I am most grateful to the typically courteous hon. Gentleman for giving way. May I remind him what the letters EDM stand for? It is "early-day motion"—a motion calling for itself to be debated. It seeks an early day for a debate in the House, and we have provided that opportunity.

Mr. Harris: If I had time I would go into another definition—that of a Conservative Opposition day motion, which is entirely different from an early-day motion.

I have no doubt that those who are speaking against the third runway, particularly those with a constituency interest, are doing so from entirely genuine motives. I thought that the hon. Member for Uxbridge (Mr. Randall), in particular, spoke very eloquently and powerfully. He said at the start of his speech that he wished that he was more of an orator, but I thought that his speech was extremely powerful. I did not agree with him, but I understood where he was coming from.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) is not in his place at the moment, but he spoke very powerfully for his constituents' interests. That is what we are all here to do, but in this debate I have not heard anyone stand up for the hundreds of thousands of people whose jobs depend on Heathrow. No one spoke for them, either, in the debate in October—the last time we debated this issue before the Government announced their decision.

I am talking about people whose families' livelihoods depend on Heathrow. They do not protest, demonstrate or lobby their MPs. They do not buy up small tracts of land to obtain some public relations benefit, but they deserve to be heard in this debate. I am very proud that my trade union, Unite, stands four-square behind the campaign to save and protect those people's jobs, and to promote a third runway.

As I have said in the past, Heathrow and its third runway are not issues just for London; they are United Kingdom issues. The hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) intervened earlier in the debate, and I am disappointed that neither he nor any of his colleagues has seen fit to listen to the rest of it.

Rob Marris: They have probably flown back to Scotland.

Mr. Harris: My hon. Friend says that they may have flown back to Scotland, but I believe that the Scottish National party is completely at odds with the Scottish business sector, and does not represent Scotland's best interest in this issue. When the Government announced the go-ahead for the third runway, Iain Ferguson, CBI Scotland's policy executive, said:

> "There has been an increase in the number of direct flights from Scotland to foreign destinations in recent years…accessing London's key interlinking airports, particularly Heathrow, is an absolute must for Scots firms wishing to access global markets and customers at a time when winning business abroad has become even more important."

In addition, Liz Cameron, chief executive of the Scottish Chambers of Commerce, said:

> "This is good news for the United Kingdom and good news for Scotland…A third runway would ensure a better opportunity to secure domestic air links to Scotland, and expand linkages with Aberdeen and Inverness in particular."

The hon. Member for Na h-Eileanan an Iar rightly spoke about his concern about securing flight slots between regional airports, such as the one at Aberdeen, and Heathrow. In his absence, I wish to point out that no one is seriously considering a high-speed rail link any further north than Glasgow and Edinburgh, and there certainly is not one planned to go to Aberdeen. If Heathrow does not expand and is instead left to wither on the vine, the idea that slots for regional destinations other than Glasgow and Edinburgh will be secure is pie in the sky, as it were.

As my right hon. Friend the Secretary of State very eloquently said, high-speed rail will have an important part to play in the UK's transport infrastructure. He was also right to point out that it simply cannot entirely replace the demand for short-haul flights in and out of Heathrow. No one—not even the hon. Member for Chipping Barnet (Mrs. Villiers)—believes that it can.

In her opening remarks, the hon. Lady conceded that regional airports are vital economic engines. She also claimed that the high-speed rail network proposed by her party—which apparently goes to Leeds but does not go anywhere near Scotland—would remove all need for regional flights from Heathrow. That seems to me to be something of a contradiction: so much for the economic engine that regional airports comprise, if the Conservatives' high-speed rail network will replace the need for them!

Of course, views both for and against the third runway have been expressed in the debate. I acknowledge that the 57 of my Labour colleagues who signed the early-day motion were entirely sincere in their motivations, although I say again that I hope that they do not follow that through by voting for the Conservative motion. However, there has been less discussion of the fact that a significant number of Conservative MPs—including people on the Opposition Front Bench—oppose their party's official position. There is astonishment among grass-roots Conservatives, and especially in this country's traditionally Conservative-supporting business community, that the shadow Secretary of State for Transport is beginning to sound more like a Green party spokesman—or, heaven help us, a Liberal Democrat.

I want to go back briefly to the comments made by the hon. Member for Lewes. I intervened on him because he suggested that the Government should renege on their decision to approve the third runway because it was unpopular. That was a remarkable feat of wisdom and principle from the Liberal Democrat Front-Bench spokesman—but in fact that thought process has been followed by the Conservative party. I genuinely believe that the reason why Conservative Members have arrived at their policy position, which they are trying to support with the motion tonight, is that they have licked their fingers, stuck them in the air and decided which way the political wind is blowing, and seen that they can make short-term political capital from opposing something that is widely approved of among their traditional core support. I find that the most cynical thing in a raft of cynical things that the Conservative party has done over the past three years.

I now want to make three quick points. The night flights issue has been raised. Of course, I am lucky enough not to live beneath the flight path of any major airport, and I understand why colleagues are concerned on their constituents' behalf. However, it seems fairly obvious that the pressure to have more night flights is at least partly caused by the lack of capacity at an airport. Surely, perhaps a smidgeon of light that the Opposition can take from the proposal is that, with increased capacity at Heathrow, there will be less pressure to lift the cap on night flights.

A word of criticism for my right hon. Friend the Secretary of State for Energy and Climate Change—I am glad to see that he has taken his seat again—is that the proposal for a high-speed rail hub at Old Oak Common is peculiar. I hope that, at this early stage in the planning process, he will look again at that proposal and decide whether that is the best location for such a hub.

The underlying presumptions in the debate are that flying per se is a bad thing, and that increased access to flying by those on lower incomes is something that can be lightly reversed. I find that completely out of touch and entirely patronising. Heathrow is a touchstone issue by which any party's commitment to jobs, economic

[Mr. Tom Harris]

growth and prosperity should be judged, and by that yardstick, all the Opposition parties have been found wanting.

5.22 pm

John Howell (Henley) (Con): I wanted to speak in today's debate because I want the Government to understand that, even 50 miles down the road to the west of London, my constituency is still one of those affected by noise from aircraft coming to and departing from Heathrow. Many of the points that have been made by Members whose constituencies adjoin mine apply to my constituency. My postbag on this subject is large, because Henley and the surrounding area is one of those places above which aircraft bank to approach Heathrow. That causes noticeable intrusion.

My constituency also contains the Chilterns area of outstanding natural beauty, where one of the features is tranquillity—an escape for Londoners as much as a feature for locals. We spend an enormous amount of time going to great lengths locally to preserve that on the ground with tight planning, but it would seem that we are not prepared to do that in the air.

The hon. Member for Reading, West (Martin Salter) has mentioned some of the local difficulties on the ground, rather than in the air, particularly in relation to air quality. Of course, many of those difficulties relate to and come from congestion on the roads. None of my constituents has any belief or trust at all that the measures proposed by the Government to try to relieve congestion on the M4 and the M25 will have the slightest effect. Unfortunately, they are coming to the conclusion that there will inevitably be a wall of congestion between my constituency and London, as a result of the third runway going ahead.

We need to reiterate, and understand, that being anti-third runway is not the same as being anti-Heathrow or anti-aviation industry. I am not anti-Heathrow; I am not anti-aviation industry. No hon. Member who has spoken today has seriously doubted whether Heathrow will be a major part of the south-east's air transport network, at least for our lifetime. That is why there is such a huge need to make it better, rather than bigger. To do that, we need to understand that high-speed rail is an alternative that would take passengers out of the air, and not just make it easier for them to travel when they land. If Members do not think that attitudes and behaviours are already changing as a result of experience of high-speed rail travel, they are wrong. I give my own example: having used high-speed trains in mainland Europe, I now find it inconceivable that I would fly, except in the most dire circumstances, even between destinations as far apart as Geneva and Rome, as my experience of using high-speed rail networks to get to those places has been so positive.

There has been much mention of a number of business leaders who have claimed that the third runway is essential for the global competitiveness of the UK—or perhaps we should say the south-east. I am not surprised. It is not the first time, and I doubt that it will be the last, that many of those business leaders have been out of touch with people, partly because they, like the Government, have failed to reject the old-fashioned notion of predict and provide. If we move away from those business leaders and speak to businesses on the ground, we see that many of them have already moved away from a business-centric model of how development should take place to one in which there is a balance between a range of issues, including climate change and general environmental impact. Those issues are the lifeblood of those businesses as much as earning profits is.

I find the claims for the essential role of the expansion of Heathrow increasingly fanatical. As Members have said, that is partly due to the refusal to see Heathrow as part of a ring of airports around London. There is no proven link between the number of runways and global competitiveness. How have we lost competitiveness in the UK in the past five years, since the last major redevelopment and extension at Schiphol? There is no evidence to show that we have done so. It is even more absurd when the argument involves comparing London and Frankfurt as financial markets. We are asked to believe that the defining factor in London's continued success as a global market is the number of runways that Heathrow has, compared with Frankfurt. That is absolute nonsense. London is a global market; Frankfurt is not. That is due to the substance of the markets with which they deal, rather than the impact of individual runways.

Two years after the last major development at Schiphol, the Corporation of London produced a report entitled "The Competitive Position of London as a Global Financial Centre". It showed that the development had had no impact on the position at all, and the foreword states that two year afterwards, London had

"moved further ahead of Frankfurt and Paris as"

an

"international financial centre".

The report looked into what people considered to be the defining factors in that success, and business and transport infrastructure did not even make it into the top three.

As other hon. Members have said, the most disappointing aspect of the Government's position is the lack of serious study of alternatives, but what particularly stuck in my craw was the notion that the Government were suddenly wedded to the idea of UK plc. After all, they have spent the past 11 years demolishing the idea of UK plc through excessive regionalisation and the pitting of one region against another. I cannot fail to see that the decision on Heathrow is more a reflection of the triumph of that policy, and of the greater lobbying powers of the south-east, than of anything else.

Several hon. Members *rose—*

Madam Deputy Speaker: I call Clive Efford. I announce to the House that after his speech, the time limit on Back Benchers' speeches will be reduced to eight minutes.

5.29 pm

Clive Efford (Eltham) (Lab): Almost all the people who contacted me about today's debate believed that it was about climate change and the impact on it that airport expansion has, not just at Heathrow, but in general. However, we are talking about an early-day motion in the name of my hon. Friend the Member for Selby (Mr. Grogan) that the Conservatives adopted to entice as many hon. Members as possible to follow them into the voting Lobby. The idea was that Members

would feel duty-bound to do so because they signed that early-day motion, believing that that was the right thing to do. It is a mere device not just to bring the issue to the Floor of the House, as some people have suggested was the intention, but to use it as a political football.

When I began to think about what I might say in the debate, I expected to see an Opposition motion setting out what, if anything, we should do about airport expansion and laying out the criteria by which the Opposition would measure whether they would introduce any airport expansion and where that might be, but we do not have that. What we have is a motion that is purely about the third runway at Heathrow. Many of my colleagues feel that, because of their constituency situation, they have to state their position in relation to Heathrow and support the early-day motion that has been presented as an Opposition motion today.

Adam Afriyie: I recognise some of the hon. Gentleman's concerns about whether party politics are involved, but does he regret the fact that his Government will not give the House of Commons a vote on the third runway?

Clive Efford: I will come to that.

We heard from the hon. Member for Chipping Barnet (Mrs. Villiers) a refusal to give any commitment at all about where we might see expansion, how she might measure expansion if she were ever a Secretary of State for Transport in future, and what criteria she would use. None of those questions was answered. She spoke about expansion at Heathrow, and expansion alone.

When my hon. Friend the Member for Hendon (Mr. Dismore) asked the hon. Lady about mixed mode, however, she welcomed the statement from the Secretary of State that there would be no mixed mode at Heathrow, but when pressed about whether she would approve mixed mode across London, she refused to give a commitment that a future Conservative Government would not introduce mixed mode. If her position is that she would not introduce mixed mode given the chance, why did she not take the opportunity to refuse to introduce it? [HON. MEMBERS: "She did."] She did not. I challenge hon. Members to check *Hansard*. The hon. Lady said that she welcomed the commitment from the Secretary of State, but that she hoped he would stand by it in the future. I suggest that Conservative Members check *Hansard*.

Mr. Brazier: May I lay this one to rest? On several previous occasions in the House and at press conferences, my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) has made it clear that we are profoundly against allowing mixed mode.

Clive Efford: I am sure that people are listening, but they will go back and check *Hansard*. The hon. Lady, who opened the debate, refused to give a commitment on the issue. Last October she was asked whether she would approve a second runway at Stansted. She made an unequivocal statement then that if BAA were to pursue that option, she would advise them not to do so because a future Conservative Government would stop it in its tracks. There was no mention of Stansted today.

The motion says no to a third runway at Heathrow, but let us look at all the other options. Right across the south-east now, anyone who lives near an airport might have the Tories coming down their way to expand that airport. That is what the motion says. In the absence of any policy—*[Interruption.]* I am sorry if they do not like it, but they are going to have to sit there and listen to it. In the absence of any policy—

Mr. Brazier: Will the hon. Gentleman give way?

Clive Efford: No, I am sorry; I have given way twice.

In the absence of any policy of their own, the Conservatives have adopted an EDM in the name of my hon. Friend the Member for Selby. It has fixed them now with a policy of airport expansion, potentially right across the south-east. Let us look—

Stephen Hammond (Wimbledon) (Con): Will the hon. Gentleman give way?

Clive Efford: I have already given way twice and there are others who wish to speak. I am sorry if I have rattled the hon. Gentleman's cage, but that is how it is.

Let us have a look at what the Tories are saying where they are in power. Let us look at Mayor Boris and the island, for which my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford) made a powerful case. It does not represent the position of the Conservative party in the House. The Conservative party has got into a schism about airport expansion; it does not know whether to go one way or the other. The Mayor, who actually has power and influence, is pushing for a new airport in the Thames estuary. The Conservative party does not know which way to go on any airport—all it knows is that it does not want Heathrow to expand. Much as I have misgivings about airport expansion, I will not join the Conservatives in the Lobby today.

I turn to the position of the Government. Labour Members have made some reasonable requests today, most notably about the national policy statement. Heathrow is totemic in environmental terms, and it will be made so whether it is talked about in this bubble of the House of Commons or elsewhere. The matter should be brought back to the Floor of the House; let us have a vote on it in the near future. That would be a test of our commitment on climate change. We passed the Climate Change Bill, which is now an Act. There is the Committee on Climate Change, and we intend it to consider the measures that we have put in place for airport expansion. We are also going to give powers to the Civil Aviation Authority and the Environment Agency. Labour Members have questioned whether we are earnest in our commitments in relation to those measures. I believe that they should be brought back to the Floor of the House for debate so that people can question, amend and alter them if they need to be strengthened. That is an essential role that the House can play in future on the issue—an issue to which we will return, as others have said.

I want to mention the high-speed rail link before I sit down. I do not believe that it will ever be built. I support it and want it, but according to the Conservatives' own figures it would cost £17 billion to introduce. I have always felt that we could make much more efficient use of our resources by building a dedicated freight line and taking freight off our passenger rail network. That would be cheaper and would not require all the engineering that a high-speed rail link would need. It would allow us to create more capacity and improve timetables on the

[Clive Efford]

existing passenger network. We could deliver it much more cheaply and, in addition, take a great deal of freight off the road. Currently, 12 per cent. of our freight goes by rail; that represents a significant increase in the past 10 years, but if we could create more freight capacity the figure would rise further. One freight train is the equivalent of 50 heavy goods vehicles; an aggregate freight train is the equivalent of 120 HGVs. Building a dedicated freight line rather than going for a high-speed rail link, which would knock off only marginal amounts of time from journeys up and down the country, would make an enormous contribution to the environment.

In conclusion, I hope that the Government are listening to what we on the Labour Benches are saying. There is great concern that past promises on Heathrow have not been adhered to. This issue is a major test of our commitment on climate change, and that means that the House, the Committee on Climate Change, the Civil Aviation Authority and the Environment Agency must have a role, to ensure that we deliver on the commitments that we have made.

5.38 pm

Sammy Wilson (East Antrim) (DUP): There have been some powerful speeches in this debate, especially from Members whose constituencies are affected by this proposal. Although local issues are involved, however—in Northern Ireland I have seen in another role how airport expansion and changes to airports can generate heat and anxiety in local communities—what we are discussing is not a local issue; it is about an asset of national significance and extreme importance to outlying regions of the United Kingdom.

At a time when we are going into recession and are concerned about jobs and the future of the economy, we should be aware that a project such as this can sustain many thousands of jobs and generate many additional thousands of jobs, and at the same time encourage the private sector to see that we are friendly to business in the United Kingdom. That pushes us to the conclusion that there is an economic case for the expansion of Heathrow from the point of view of the regions, such as Northern Ireland, where we are out on a limb and need good link to a central infrastructure that then radiates out to the rest of the world. It is important that those link are not only maintained but strengthened.

I listened to what the hon. Member for Chipping Barnet (Mrs. Villiers) said in putting the Opposition's case. A high-speed rail link, whether or not it is feasible or ever happens, will not help Northern Ireland unless we are going to build a bridge or a tunnel as well. I would welcome those links, but I suspect that that is a dream for people in Northern Ireland. It is therefore essential that we have the ability to link into Heathrow. There is already concern that because of the pressures on slots at Heathrow, and now the link-up between BMI and Lufthansa, those slots could be lost to what are regarded by the bigger airlines as more profitable flights.

Dr. William McCrea (South Antrim) (DUP): My hon. Friend will understand that I have Northern Ireland's international airport in my constituency, and that BAA took those slots from Northern Ireland and gave them to flights to international destinations. Does he agree that Heathrow is therefore vital to my constituents, to the people of Northern Ireland and to the prosperity of the Province?

Sammy Wilson: It is. I hope that at the end of the debate the Government will be able to make commitments about the number of planes and kinds of planes that will use these runways. I am sure that it must be possible to give a commitment in the planning agreement that slots will be retained for flights from regional airports to the central hub.

Norman Baker *rose—*

Sammy Wilson: I would love to give way, but I am restricted to eight minutes and therefore want to make my point.

Many Members have expressed concern about the impact on climate change of a third runway at Heathrow. Some, at least, have been upfront in saying that there should be a reduction in air travel and that it should be made more expensive. I do not take that view. I suppose that I might be at odds with many Members anyway, because I do not attach the same importance to reducing CO_2 emissions as to doing so at the expense of sacrificing the economy, but I will not enter into that debate here. Nevertheless, there is an inconsistency in the argument. We have heard that if we are going to keep on increasing air traffic to other airports, there will be more CO_2 emissions as a result. If one believes that CO_2 emissions have a dramatic impact on climate, one is bound by the argument to believe that that impact will be created. If we start going down that road, we tie ourselves in the same knots as the Opposition, and some Labour Members, have done today. There have been challenges from other speakers in that regard. If air travel is expanded, there will be an impact on CO_2 emissions and we have obligations on that which the Government have to live up to.

Some Members, including the right hon. Member for Suffolk, Coastal (Mr. Gummer), suggest that the circle could be squared through the European emissions trading scheme. I do not believe that. Given that there is currently a surplus of those certificates and that firms could sell them and move polluting activities elsewhere, the scheme would not reduce CO_2 emissions anyway. We have to question that as an alternative.

The third reason why I oppose the motion is that although there is talk of alternatives, those alternatives have not been properly explained to us or argued for. One argument is that high-speed rail links could cut out a lot of the travel from regional airports to Heathrow. As I have pointed out, that idea is probably not a runner for places such as Scotland and Northern Ireland, and even the limited high-speed rail link proposal that has been put forward will cost about £15.6 billion—a quarter of what is currently spent on subsidising the rail network. At a time when we already have economic constraints on Government spending, one must ask whether that alternative can be delivered. I suspect that it cannot. If we are relying on the private sector to deliver it, we are in even greater difficulties, as we have already seen in the case of other proposed high-speed rail links.

I do not believe that there is a credible alternative. Even if there were, and we reduced the number of flights into Heathrow by 66,000, which I think was the

figure that the Opposition spokesman gave, that would not solve the problem. Heathrow is currently operating at 98.5 per cent. of its capacity, and flights are already being stacked up because of the lack of capacity. This is at an airport that has two runways, when other hub airports with far less traffic, and therefore with the capacity to compete in future, are operating with three, four or five runways. If we look at the matter from that point of view, we see the need to increase capacity at Heathrow for the sake of the whole UK, particularly the regions.

Another suggestion that has been made—I am amazed at the suggestions that are coming out of the woodwork—is that we should link all the other airports around London. I do not know how much work has been done on that, but I suspect that had it been a feasible option, it would have been considered some time ago. As the hon. Member for Eltham (Clive Efford) asked, do we want to introduce uncertainty to the communities around all those airports, in the vain hope that by linking them in some way we can deal with the demand for increased air traffic?

This is an important matter, and Members have said that the House should have had a vote on it. I do not really mind whether there is a vote in Government or in Opposition time, but even if the House were to vote, how could the result be a material consideration in a planning application? I do not believe that it could, so I do not know how much impact a vote would have on the final decision. It might once again raise hopes unnecessarily and bring the House into disrepute.

5.48 pm

Emily Thornberry (Islington, South and Finsbury) (Lab): I am profoundly against the building of a third runway at Heathrow, because of the impact of aviation on the environment. I do not believe that an extra runway should be built in the UK—not at Heathrow, not in the north of England, not on the Thames estuary. Planes not only emit CO_2 but speed up global warming by emitting further damaging gases at altitude. Unless we restrict them, emissions from aviation are set to increase to five times their current levels. All that is at a time when we simply must cut our carbon emissions.

However, if the Opposition parties think that because of those firmly held beliefs I will vote for their motion this afternoon, they must be stark staring bonkers. It is based on an early-day motion that was tabled last year. When that motion urged the Government to rethink and give

"full consideration to alternative solutions",

it meant that they should consider rail, restrictions on short internal flights and a host of other measures, but the Tories have hijacked it. The hype surrounding it led environmentalists to expect a motion today that would oppose the expansion of aviation on the basis of its effect on the environment. Well, it does not do that. It does not provide the strong, green leadership, for which many of my constituents and non-governmental organisations may have hoped. It does not deal with the question of why the rest of the world should suffer for the benefit of the few and it is not about the urgency of reducing our emissions and the challenge of realising that goal.

The motion speaks of

"full consideration of alternative solutions"

to Heathrow expansion in a week when the most powerful Tory in the land, the Mayor of London, Boris Johnson, sailed up the Thames on a dredger to show us two islands on which he wants to build four runways for the biggest airport in Britain. That "alternative" to Heathrow is an airport four times as big as Gatwick, which allows people to get into their Chelsea tractors, drive to the wilds of east London and catch a plane there without the hassle of the crowds at Heathrow. That is the Tory policy and I will not vote for it.

The hon. Member for Chipping Barnet (Mrs. Villiers) told us today that she does not rule out expansion in the south-east. However, she is not prepared to state the extent of the carbon emissions that would be permissible in that expansion. She also says that she is in favour of proportionate expansion of regional airports, but she is not prepared to give us any details about that, either. Do the Tories genuinely believe that the public will not notice that?

Exactly what are the Liberal Democrats doing supporting the motion? What is their policy? I do not know. Some people might describe it as political opportunism, but I am sure that that cannot be true. I understood that they opposed aviation expansion—my local Liberals claim to oppose it—but perhaps they do not. Today, they have said that they oppose the expansion of aviation in the south-east, but the Tories are in favour of it. Both parties are held together in some unholy alliance. I will certainly not vote for the motion.

Environmentalists have been dazzled by the hype, and the Tories should apologise to the green movement, especially Greenpeace, which is based in my constituency and has been manipulated by the Conservatives into being their cheerleaders. They should apologise to the more than 6,000 people who have written to and e-mailed me, urging me to support the motion because they believed that it was anti-expansion, when it is pro-expansion.

Mr. Randall: Will the hon. Lady give way?

Emily Thornberry: No, I shall be very quick.

If the right hon. Member for Witney (Mr. Cameron) would like to draft such an apology, I undertake that my office will send it to all the people who made contact.

I pay tribute to the work that has been done on restricting the development of Heathrow and to the commitment to restrict the increase in carbon emissions to 2005 limits by 2050. Some people believe that those restrictions are so severe that a third runway will never be built and that it will simply not get through a planning hearing. Perhaps that is true. However, it is unfortunate that the decision, although if is surrounded by restrictions on pollution and a cap on aviation, is in danger of eclipsing all our huge achievements on the environment.

What should I do tonight? I have thought about that carefully. Although I hate the possibility of the Tories wrapping themselves in their phoney turquoise cloak and winning a vote on an opportunistic motion designed to hold together an unholy alliance, the whole purpose of which is to embarrass the Government, I will get on my bike and cycle home. I will go home because there is no motion for Members of Parliament like me who want to halt the expansion of aviation anywhere in the UK on environmental grounds. No motion allows us to

[Emily Thornberry]

express that. However, I assure hon. Members that, when I get on my bike, no car will follow me, carrying my shoes.

5.53 pm

Alan Simpson (Nottingham, South) (Lab): I shall vote for the motion, which was originally tabled by my hon. Friend the Member for Selby (Mr. Grogan). I do not care who is in the Lobby with me or what contradictions they bring with them. Given that the House is not allowed to vote specifically on the Heathrow third runway, the vote this evening will be seen as a surrogate for that. I say to all those who wriggle about and pretend that it will not, that that is how it will be perceived outside.

I hope that those who live in the vicinity of Heathrow will forgive me for making next to no comments about their circumstances. That is not through lack of sympathy, but simply because I regard the matter as an overwhelmingly national and ecological issue. It is in that context that I want to address my remarks to the House.

I get most dispirited about the House when it cloaks itself in delusions, and the most consistent delusion that has paraded itself around in this debate is that, when we come out of the present global crisis, we will somehow go back to business as usual, and that we will be able to carry on with this everlasting expansion of over-production, over-consumption and over-pollution. It simply is not going to be like that.

Two years ago, the International Energy Agency issued a report that said that, by 2013, the world would face an energy supply crisis. It added the caveat that the only thing that might delay that crisis was the possibility of a global slump. It is some kind of lifeline, but that is what we are immersed in at the moment. When we come out of it, in whatever way we do so, that energy crisis will be waiting for us.

The scientists at the intergovernmental panel on climate change revise their climate change pr.dictions forward every time they meet, in such a way that we now have a window of opportunity of probably only six to eight years in which to make profound changes to the way in which we think about the framework of the economies in which we live, and in which we hope that our children will be able to live.

I like to think that President Obama understands some of this, and that he understands the urgent need for change now. I also like to think that my own Secretary of State for Energy and Climate Change understands that. He has done many inspirational things, and one of them is so inspirational that I do not think the House has a clue what it means. It is that we are committed to introducing annual carbon budgets at the end of this year. It will come as a huge shock to households, businesses and other parts of our infrastructure when they have to live within their annual carbon budget.

The delusional aspect will become apparent only when we try to hide behind the presumption that carbon budgets can be forward-projected, that we do not really have to meet them until 2050, that, in the context of aviation, they can be premised on the basis of planes that do not exist yet, and—worse still—that the emissions trading scheme will somehow get everyone off the hook. The presumption will be that we will be able to continue to pollute as we like, while paying others to clean the planet up in ways that we will not do. The emissions trading scheme is a cheats' charter. It will not work, because everyone involved—including ourselves—is part of the cheating game. If we want to address how we should deliver our climate change targets, we need to do so in the now. That is the context in which I want to address the issue of the third runway.

Just a couple of months ago, Jim Hansen from NASA said that, if we were to survive the century, we would have to constrain climate change within 2° C. That probably means lowering the carbon thresholds to 350 parts per million, not the 450 parts per million that we are currently talking about. That would be an astonishing target for us to set ourselves. Jim Hansen is still vaguely optimistic about that, but James Lovelock, the originator of the Gaia theory, has now given up on that premise. He says that, by 2050, we are likely to have had to divide the UK into three, just to survive. One third would have to accommodate the entire population of 57 million. The second third would have to be given over to intensive agriculture, and the third handed back to nature. If that happens, I suspect that not a single person who is squeezed into that space in central England will be sitting there saying, "Well, I'm glad we got that third runway. It's certainly made a difference to the quality of our lives." That is nonsensical.

If we are going to take carbon budgets seriously, we have to begin to budget for them now. How we reduce aviation's contribution to carbon emissions overall is one question; how we deal with the additional emissions resulting from a third runway is quite another. The figures in the official documents state that 11.7 million tonnes of CO_2 equivalents will be emitted as a result of the third runway, on an annualised basis. How do we translate that? If we were to offset it by something positive, it would mean that we had to deliver and install 7.2 million solar roofs in the UK. If we take out apartment blocks and everything north facing, it probably means the entirety of south-facing roofs in the UK.

If we did not offset those emissions through a positive countermeasure, we might have to reduce the carbon impact of things that we currently do. That could work out as the equivalent of taking 4.5 million cars—one in six—off the road. We might want to do that in a fairer way and say to every car owner that for two months every year their cars would be impounded—and they would just have to live with it. If we did not want to do that, we could look into reducing electricity consumption. To achieve the required offset would mean permanently disconnecting 5 million households from the electricity supply for the duration of the existence of the third runway. We might want to share the impact of that more equally, so we could say that every household could take a share of the cut—every day each of us would have to do without any electricity in our homes for four and a half hours.

Those are the real costs that we have to trade off among ourselves to live within an annualised carbon budget for the third runway—and the budget is not even static. To get to the position we need to be in by 2050 effectively means shrinking our carbon footprint on the basis of an annualised 3 per cent. reduction per year, probably right through the entirety of this century. That requires meeting transformational demands, affecting

the whole way we live. I suspect that, in the future, we will live in more localised or more regionalised economies. I think we can live simpler and better lives, but I will tell you this, Mr. Deputy Speaker—whichever way we try to make this stack up, a third runway is not part of the solution, but part of the problem.

6.1 pm

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I grew up with Heathrow, living for about 30 years under the flight path in Fulham before I moved to the gentler and quieter climate—quiet at the moment, that is—of Shepherd's Bush. I concede to my Front-Bench team that planes were noisier and dirtier then, but like the hon. Member for Uxbridge (Mr. Randall), I could never describe myself as an opponent of Heathrow at any stage. As he said, it is a driver of the west London economy as well as a direct employer.

I do not want to get into an auction of misery, but my constituents may not be the most at risk—perhaps unlike those of my hon. Friend the Member for Hayes and Harlington (John McDonnell). I have a large constituency in Shepherd's Bush and I have a prospective constituency in Hammersmith with a total combined population of about 160,000 people. I have done canvassing in both those areas and I can say that very few people there—almost no one—believe that Heathrow should be closed. Indeed, I believe that even the Mayor of London has resiled from that position. People hold that view despite the fact that we know that Heathrow is in the wrong place as an historical accident and despite the fact that we know that the airport potentially affects the health and safety, quality of life and convenience of people living in west London.

As with so much about living in London, people accept that this issue comes down to a balance between environmental and economic considerations. The one organisation that has never accepted that balance is BAA, which has fought time and again for expansion by any means. That is why I have spent the 25 years that I have been active in west London politics fighting against Heathrow expansion. The terminal 5 planning application is now legendary and we heard earlier about the letter that went out from BAA at that time, effectively saying, "If you give us terminal 5, we will never apply for a third runway". That, too, has become legendary. It shows that this issue has become not just a matter of tactics but one of trust for many people living in London.

I am sorry that I have only eight minutes to talk about a matter of such complexity. I concede that these arguments are complex. If we look into the issue of noise alone, we find as many different views as there are objections. We cannot agree on a system for measuring it; we cannot agree on what level it takes effect; we cannot agree on the flight paths; we cannot agree on what changes in technology will mean. It is indeed a subjective feeling that people have: one partner of a couple might feel affected while the other did not.

Pollution, surface transport, the transport infrastructure—all these issues are hugely complicated; I accept that. I also accept what my right hon. Friends the Secretaries of State for Energy and Climate Change and for Environment, Food and Rural Affairs have done in getting mitigation of these measures. No mixed mode, what they say are stringent and binding controls, and a gradual expansion are substantial mitigating effects, but if the existing airport is in the wrong place and we accept that, that is not a reason to build what is effectively another airport in the wrong place. One has only to look at the maps—even the maps that BAA provides—to see where those flight paths go, and to ask whether a massive increase in aircraft movement across the largest conurbation in the country is sensible.

That brings me to the motion, which is a Labour motion; that is why it is so reasonably written. It sets out the environmental case and asks the Government to look again at the case for a third runway, using the planning legislation process that we agonised over so much to get in place. It is the motion of my hon. Friend the Member for Selby (Mr. Grogan), and I did feel for my right hon. Friend the Member for Bolton, West (Ruth Kelly) when she was putting questions about the motion to the Opposition Front Benchers, who clearly have not read it. They should have asked my hon. Friend. He knows what it is in it.

It is the Tories who should have a problem voting for this motion, because as we have heard, over the course of a year they have turned from being qualified or unqualified supporters of a third runway at Heathrow into—well, what? I am not talking about the hon. Member for Spelthorne (Mr. Wilshire), who has always been consistent. I am talking about people such as the hon. Member for Havant (Mr. Willetts), part of whose peroration to the citizens of Hounslow within the last year we heard quoted. He went on to say the following about the third runway at Heathrow:

> "although I recognise this will not be welcome by this audience we have to accept that...things sometimes have to happen that people don't wish...we cannot allow, sadly, one community—however badly affected—to stop if there is a strong economic argument."

Within the last year to 18 months, the right hon. Member for Witney (Mr. Cameron) and the hon. Members for Surrey Heath (Michael Gove) and for Chipping Barnet (Mrs. Villiers) have all endorsed, even with weasel words, the third runway and expansion at Heathrow.

It is the abandonment of that position and its replacement with a policy vacuum that has allowed, where angels fear to tread, the Mayor of London to step in with his proposal, which, according to *The Times* last week, is now not just a policy of supporting the Thames estuary airport. It said:

> "Although Johnson has described Heathrow as 'a planning error of the 1960s', his advisers believe it could continue to work with two runways even if the new hub is built."

So what we have from the Tories at the moment is six runways in London. This is the party of the environment. This is the party that believes it has the answer to airport expansion in the south-east. The Tories may believe that this is clever politics and that by tabling a motion, they have successfully lured me for the first time into what they think is their Lobby—although I maintain it is a Labour motion that we are voting for. I take comfort in doing that for this reason. I believe that the third runway will never be built, because of the sheer illogicality of it and the fact that time has moved on. All that is being asked for in this motion—certainly from the Labour Benches—is for the Government to look again at the aviation and rail strategies for the south-east and the country as a whole and to come up with a better solution, which is there.

[Mr. Andy Slaughter]

In due course, this debate will prove to be a complete figment, and I will continue, just in case I am being complacent about this, to campaign against the third runway. But the debate will also expose the vacuity and hypocrisy of the Opposition, and the fact that they are doing this for pure political advantage. It will not be clever politics; in the end it will be stupid politics, because already, and more quickly than they think, the country and opinion-formers are seeing that they will say anything. Somebody used the phrase "student politics" earlier today, and that is exactly what we have here. The Tories will do anything at all to get into power, but they cannot go on doing that; eventually, their chickens will come home to roost. These chickens will indeed come home, and if the airport is built in the Thames estuary, they may have a problem with bird flights, as well. They should think about that as they vote tonight; I will do so with a clear conscience.

6.9 pm

Mr. John Grogan (Selby) (Lab): It is a great pleasure to follow the thoughtful speech by my hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter). This has become a truly cross-party occasion, with a series of Labour speakers sustaining—admittedly from different perspectives—the remains of an Opposition day.

I reflect on the fact that, although I still hope that one day the Government Whips will recognise my modest political talents—*[Laughter]* The Whips have been speaking to me rather more today than they usually do on Wednesday afternoons.

Although I still live in that hope, I should be honest with myself and accept that this is probably the only occasion on which I shall be the author of a motion that will be voted on by the whole House of Commons. Before I give the reasons for which—after a great deal of reflection and consideration—I shall vote for my own motion, let me make one thing clear. Some Members have said that voting for my motion will mean voting in a Conservative Lobby. Well, long may it be remembered in this House that there are no Conservative Lobbies and no Labour Lobbies: there is an Aye Lobby and a No Lobby, and we must all make our own judgments on what it is best for us to do.

It was clearly a very exciting Cabinet meeting that decided the policy on the third runway, but those of us who were not privileged to be there could only go by what we read in the newspapers. *The Daily Telegraph* told us that Lord Mandelson banged his head on the table in a

"bitter Cabinet feud over Heathrow runway".

I am a great admirer of Lord Mandelson's political talents, but there are some on these Benches who are not so appreciative: one of them even suggested that he did not bang hard enough.

Perhaps Lord Mandelson was cruelly provoked by some of the other comments going around the Cabinet table. Another newspaper reported the Secretary of State for Transport as saying that climate change was

"a load of tree-hugging hoolah".

Apparently, my two very distinguished right hon. Friends with Yorkshire seats—the Secretary of State for Energy and Climate Change and the Secretary of State for Children, Schools and Families—also became quite excited. The headline in the *Daily Mail* was "Balls wins as he goes Ed-to-Ed". Apparently,

"Bruiser Balls blasted baby-faced Miliband"

I consider both those descriptions to be desperately unfair—

"for saying there should be no increase in civil aviation and accused him of sabotaging Labour voters' foreign holidays."

I have always thought that one of the many contributions made by the Secretary of State for Children, Schools and Families to Yorkshire politics is sophisticated political argument, and that was certainly in evidence during that Cabinet meeting.

Let me very briefly—because I have only a few minutes left—rattle through a few arguments in favour of the motion. Its centrepiece is that we should think again, and take a step back. These are momentous issues involving the future of the planet and the future of transport in our country—both aviation and high-speed rail—which, presumably, is why the Government wanted a planning policy statement. That appears reasonable to me, and incidentally, it appeared reasonable to the Sustainable Development Commission, backed up by the Institute for Public Policy Research. According to the IPPR's report, much of the aviation data is disputed, and the Government should re-examine the policy.

I make no apology for trying to secure consensus across the House. If we are to go forward as a nation, we will need consensus on aviation policy, climate change policy and high-speed rail policy. We cannot allow those policies to change every two or three years, and I think that achieving such a consensus is a noble ideal.

I feel passionately about high-speed rail, and I do not think the Government have gone nearly far enough in that regard. High-speed rail is as important to the north of England, and to Scotland, as the Olympics and Crossrail are to London. I think that, in both England and Scotland, it could be an important substitute for air travel. According to evidence from Eurostar, KLM and Air France, for goodness' sake, are thinking of running a rail service from London to Paris, because they realise that it is a case of "If you can't beat them, join them".

Before the TGV came along, only about 20 per cent. of traffic on the Paris-to-Marseille route was rail traffic; the rest was air traffic. Now nearly 70 per cent. is rail traffic. Perhaps as many as 100,000 of the 470,000 flights to Heathrow could be replaced by high-speed rail. As we have already heard, particularly from my hon. Friend the Member for City of York (Hugh Bayley), once high-speed rail makes it possible to travel from London to Birmingham in 40 minutes, from London to Doncaster in about an hour and from London to Leeds in an hour and 20 minutes, Doncaster and Birmingham become as close to London as some of the five London airports are to the centre of London. For the first time, it proves possible to have some long-haul flights. It changes the economics—an issue which my hon. Friend the Member for City of York addressed in some detail.

Many Members have talked about the economic case. My hon. Friend mentioned *The Economist*. Its conclusion was that the Government's case on economic grounds was

"as vapid and noxious as a jet-engine's exhaust."

It joins a host of newspapers—*The Sun*, *The Guardian*, *The Sunday Times*, *The Observer* and many others—who are all ranged against the Government's decision.

Let us look at the Government's economic case, as they put it forward. They say the economic boost from the third runway will be about £3.3 billion over 70 years, whereas many calculations have suggested the boost from high-speed rail would be about £30 billion. Also, the Government's calculations are very suspect; if the price of carbon is changed to bring it more in line with the Stern report, or if oil is priced at $100 a barrel rather than $50 a barrel, that economic benefit completely disappears. As *The Economist* points out, there is also the Competition Commission report. BAA will be broken up, and some of the airports that will be independent might make suggestions. Since the early 1990s the number of transfer passengers at Heathrow has dramatically increased—it has gone up by almost 20 per cent.—while the number of direct routes served from Heathrow has fallen from about 230 to 180, so there is no direct link there.

A promise is a promise in politics. On the local environment and air quality, about which many hon. Members have spoken passionately, we made a promise as a party and a Government that we would not go ahead with the third runway at Heathrow if we could not guarantee that European level air quality standards and noise quality standards could be met. Our own former Minister, Lord Smith, is making it clear from his role at the Environment Agency that that cannot be done. On those grounds alone—let alone the arguments about climate change—Labour Members should have real pause for thought.

I appeal to all Members to remember that there is not a Conservative Lobby and a Labour Lobby, but an Aye Lobby and a No Lobby. There are many reasons to go into the Aye Lobby tonight—on environmental grounds, on economic grounds—that should appeal to Members in all parts of the House. I urge Labour Members to go into the Aye Lobby because this is about the heart and soul of our party as well; it is about keeping our promises—about keeping faith with the north of England, with Scotland and with the environmental movement.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. It seemed almost cruel to stop the hon. Member who tabled the motion.

6.18 pm

Rob Marris (Wolverhampton, South-West) (Lab): I declare an interest, in that I am a member of the Transport and General Workers Union, which is now part of Unite, which I understand supports the third runway at Heathrow.

We have had a great debate today, as we often do on such controversial matters. In my brief remarks, I shall not address the issue of what I call the concrete footprint of a third runway—the destruction of the village of Sipson and other surrounding areas—as that is primarily, although not solely, a matter for the MP representing the people who live in that area. Instead, I shall focus my remarks on the environmental issues and what I regard as the mish-mash of the Conservative Opposition motion before us today.

On the three primary environmental issues relating to local residents—air quality, surface traffic and noise—I take heart from the statement that my right hon. Friend the Secretary of State for Transport made to this House on 15 January. On noise, he said:

"the Government committed not to enlarge the area within which average noise exceeded 57 dB."

He then went on to set out some safeguards, which he reiterated to the House today, in respect of the following understandable question that people ask: can these promises be relied upon, in the light of what has happened in the past in terms of Heathrow and airport expansion? He said:

"the air quality limit is already statutory, and we will also give the noise limits legal force".

I take great heart from that.

The Secretary of State also said:

"We will give the CAA a new statutory environmental duty to ensure that it acts in the interests of the environment...and that it follows guidance from myself and my right hon. Friends the Secretaries of State for the Environment, Food and Rural Affairs and for Energy and Climate Change."

He also referred to the important safeguards that

"the independent regulators would have a legal duty and the necessary powers to take the action—or require others to take it—needed to come back into compliance. In the case of noise, the matter would be for the CAA. In the case of air quality",

the matter would be for

"the Environment Agency".—[*Official Report*, 15 January 2009; Vol. 486, c. 357-358.]

I take heart from that.

On the procedures and processes that this matter involves, I take a different view from many in this Chamber, because I think that they have been putting on the Government the sorts of things that would be done by a planning inquiry. Surface transport, the overdevelopment arguments often put forward in our constituencies, and the air quality and noise arguments are very important issues, but they are also ones for the planning process. On surface traffic, the Government have not been given credit for the battle they fought in Brussels—in the European Union—to have tighter controls on emissions from passenger vehicles; this Government stood up for the 137 g per kilometre provision, which is a step forward. It will indirectly affect the air quality on the ground around Heathrow, whether or not it has a third runway, because the cars delivering people to and from Heathrow will be less polluting.

Another issue that has been mentioned today is the economics, and there are two ways of looking at that factor. The first is the economics of what the runway will do for the economy and so on—and I understand the scepticism that I have heard about the figures. The other aspect is whether it will be economic to build a third runway at Heathrow. Some hon. Members seem to be trying to substitute the decision of this Chamber for a commercial decision made by the owners of Heathrow—currently Ferrovial, a Spanish company. I think that a third runway at Heathrow will never be built, because of the following things: high-speed rail; video links; the price of oil; the opprobrium associated with flying; and the question of whether hub airports make any sense, given that, as we all know, the big expansion in recent years has been undertaken by carriers such as Ryanair and easyJet—point-to-point carriers that do not go for the hub.

I understand that from this Government and previous Governments there is no direct subsidy for Heathrow. Indirect subsidy is provided, particularly through the lack of excise duty and tax on aviation fuel. The Government ought to end that unilaterally, rather than wait until there is an agreement within the European

[Rob Marris]

Union. The emissions trading scheme will clamp down, and I think that, in view of the entire context, a third runway will not be built.

What I object to strongly on the part of Conservative Members is, to use an old-fashioned biblical phrase, the whited sepulchre—although in this case it is a green sepulchre: fancy on the outside, but a pile of bones on the inside. That is what this motion is, because it tries to have it both ways. With all due respect to my hon. Friend the Member for Selby (Mr. Grogan), I suspect that he never believed in his wildest dreams that this motion would be debated on the Floor of the House. It is a contradictory motion that has been adopted today by the Conservative party, particularly in respect of the environmental stuff. It is like the old Canadian saying from the first world war, when people were trying to get Quebec to decide to stay in the confederation—they said that there would be conscription if necessary, but not necessarily conscription. That was a great political point made by their Prime Minister at the time, and although it was pretty nonsensical, it convinced the Canadian people. The approach here is that we will clamp down on air traffic if necessary, but we will not necessarily clamp down on air traffic. That contradictory, fake position faces both ways.

The Conservative motion is also hypocritical. I suspect that many Members of this House fly moderately frequently for leisure purposes, let alone for business; they may fly to go on holiday in Iceland, to go yachting in Corfu or to go birdwatching in Paraguay. I regard it as hypocritical, and an insult to my constituents, that they are being told in terms, "We want to restrict flights so you can't fly. We're rich, and we'll carry on flying." If they were really being intellectually honest about it, they would say, "Let's ration flying. Let's not do it through a price mechanism so that poor people can't fly."

The Liberal Democrats have just as much of a hypocritical position, and they should back off it. It is the kind of position that we face in our constituencies all the time from some people—I stress the word "some"—who say, "I don't want a mobile phone mast on my street." When such people are asked whether they have a mobile phone, they reply that they have, and when they are asked whether they use it, they again reply yes, but they do not want a mast on their street. That is the kind of hypocrisy that we face from people who are flying around the world on their holidays. The Conservative motion is contradictory, and I urge hon. Members to vote it down.

6.24 pm

Lynne Jones (Birmingham, Selly Oak) (Lab): I agree with every word said by my hon. Friend the Member for Selby (Mr. Grogan), and I will support the motion in the Lobby tonight. I agree with him about the need for consensus across all the political parties if we are truly to tackle this major global issue of climate change. We came together not so long ago and passed the Climate Change Act 2008, and only two hon. Members voted against it. We imposed on ourselves strict targets that must be met by 2050, and as a result, the Government have been able to claim global leadership in tackling climate change.

It is one thing to have targets; it is another to achieve them. We achieved our Kyoto targets, but that was on the back of a temporary phenomenon—the dash for gas and the closure of coal-fired power stations. We are, even now, contemplating building a new coal-fired power station, and we are increasing our greenhouse gas emissions in this country, as are our partner countries in Europe. So when it comes to competition between Heathrow, Paris, Schiphol and Frankfurt, we are all in this together. We will all have to take difficult decisions about whether we can continue with the predict and provide policy in aviation.

We must also consider the science. When the Climate Change Act was first considered, we had a target of 60 per cent., but that was based on out-of-date science. We then realised that we needed an 80 per cent. target, based on the report by the intergovernmental panel on climate change, which is now some four years out of date. The latest science tells us that even that target may not be sufficient. It is not even the target that we need to consider, but our trajectory, and how we meet it. We cannot put action off. The latest science tells us that we are probably already at the tipping point. Predictions show that the melting of the Arctic ocean and ocean acidification, which were not expected to take place for another 50 or so years, are taking place now. The target that we must aim for if we are to reduce the increase in global temperature to the 2° C necessary to avoid catastrophic climate change is now more like 350 parts per million—and that is the level that we are at today.

We have to take urgent action. We cannot wait one or two years: we have to start now. We cannot look just for energy efficiencies and otherwise carry on as we are. We cannot look to some technological fix, as yet undiscovered. We have technologies that will enable us to tackle climate change, and we can be optimistic, but only if we start now. That means that all sectors of our economy have to participate. As the chief scientific adviser has said, the UK's target means that all sectors must make a major contribution and achieve step changes in past performance. That applies to the aviation industry perhaps even more than to other emitters of greenhouse gas, because its emissions are made in the atmosphere and have a greater impact than those on the ground.

It is therefore inconceivable that we will meet our climate change targets with a target for aviation that says that we will not get back to 2005 levels of emission from the aviation sector until 2050. Even if that were achievable in the scenario painted by the Government, it is still not good enough. If we do not get it right, and if we do not take a lead in this country, as is absolutely necessary if we are to reach agreement at Copenhagen, that could have an impact on unemployment and on our economy. It will also have a global impact, through the water wars that will take place and the refugee problem. What happened in the early 1990s—with the break-up of the former Yugoslavia, the consequences that followed for refugees seeking asylum, and the impact that that had here, as well as the impact that the wars in places such as Somalia and Darfur had here—will be as nothing compared with the impacts of dangerous climate change, which we are now embarking on.

If we are embarking on such change now, we cannot contemplate going ahead with a third runway at Heathrow airport. It is as simple as that. If this country wants to offer global leadership, it must not go ahead with the

project, which makes a mockery of all our claims that we are serious about meeting the targets and tackling climate change.

We can tackle climate change—but what will happen if we do not? I sometimes wonder whether I did the right thing by bringing children into this world. I am from the luckiest generation. I was born in 1951, after the second world war. I had the benefit of the post-war welfare state: health care, free education and a good pension scheme from the public sector and from my current employment. When I look at our children, I see that they have a lot less opportunity and a lot less to look forward to than I had. If we are going to be true to our children, and to children all over the world, we must take climate change seriously. That means that we must not go ahead with the third runway at Heathrow.

6.32 pm

Greg Clark (Tunbridge Wells) (Con): It is a pleasure to respond to a debate that has been serious, heartfelt and broadly positive across the whole House. That owes much to the motion that we are debating today, tabled originally by the hon. Member for Selby (Mr. Grogan), whose balanced and responsible early-day motion provided the words used. As we might expect from the hon. Gentleman, the motion is constructive rather than partisan in both its tone and effects. He made a wonderful speech that we all enjoyed, and it is a shame that we could not hear more from him.

The motion simply calls on the Government to rethink their plans for a third runway at Heathrow and to give full consideration to alternative solutions. The original early-day motion was signed by 167 Members, with support drawn almost equally from all the main parties. It is right to make a careful, cool-headed assessment, because it would be wrong to pretend that the decision does not entail difficult choices.

The Secretary of State for Energy and Climate Change reminded me last week that some years ago I co-authored a pamphlet entitled "Free to Travel". I am glad that he did, because I have since reread it and I was delighted to discover that I agreed with it. Not all of us can say that all the time. In it, I said:

"The growth in travel has enriched all our lives…and provided opportunities previous generations could only dream about."

I stand by that, and that same point was made by the right hon. Member for Bolton, West (Ruth Kelly). However, I also stressed the need to

"strike a sensible balance between the undoubted and powerful attractions of further growth in opportunities to travel by air…and the need to preserve the quality of the environment from the stratosphere to the…country village."

It is the question of where to strike that balance that we have been debating today. It is clear that considering the plans that have been proposed and given the alternatives, a sensible balance would favour thinking again, as the motion suggests.

Colin Challen: For the record, will the hon. Gentleman confirm that his party is in favour of aviation expansion?

Greg Clark: The hon. Gentleman intervened earlier with a similar question, and I shall make our position very clear. The motion that we are debating is about a third runway at Heathrow, but if he is asking whether the Opposition will say no—for ever, any time, any place or anywhere—to airport expansion, that would clearly be ludicrous. Of course we are not suggesting that.

By my assessment, 26 speeches have been made this afternoon. It is difficult to respond to each argument individually, but I believe that seven clear reasons have emerged as to why we should follow the precautionary principle. The first has to do with climate change, which featured in the speeches of my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) and the hon. Members for Birmingham, Selly Oak (Lynne Jones) and for Lewes (Norman Baker). It was also referred to by the right hon. Member for Oldham, West and Royton (Mr. Meacher) and the hon. Members for Richmond Park (Susan Kramer), for Sunderland, South (Mr. Mullin), for City of York (Hugh Bayley), for Nottingham, South (Alan Simpson) and for Ealing, Acton and Shepherd's Bush (Mr. Slaughter). They and others all emphasised the climate change case.

It was only last October that the House came together to pass the Climate Change Act 2008, which commits us to 80 per cent. cuts in greenhouse gases by 2050. However, passing an Act and setting a target are only the beginning of the process, not the end. If the 2008 Act is to mean anything, surely there needs to be a plan about how that target can be achieved. Decisions need to be taken that will advance us towards that target, rather than take us further away from it. As the hon. Member for Reading, West (Martin Salter) said, we have to walk the talk.

It is extraordinary that, so soon after the Act was passed, almost the first decision of the Government is to approve a plan that would result in Heathrow becoming our biggest single source of CO_2 emissions. By 2050, Heathrow—one single airport—would consume one fifth of the UK's entire carbon budget. In fact, the right hon. Member for Oldham, West and Royton said that the figure could be as high as 30 per cent. As the hon. Member for Morley and Rothwell (Colin Challen) said, that cannot make sense, not least because emissions from aviation, as a result of the phenomenon of radiative forcing, are widely thought to do two to three times the damage that ground-based emissions do.

I turn now to the question of concessions. Ministers claim to have done a great deal to remove the third runway's negative consequences for carbon emissions with some eleventh-hour concessions, but sadly they do not stand up to scrutiny. Many hon. Members, such as the hon. Member for Hayes and Harlington (John McDonnell) and the right hon. Member for Greenwich and Woolwich (Mr. Raynsford), pointed that out.

The first idea was that there would be an initial restriction ensuring that the runway used only half its capacity. Of course, we are not told just how "initial" that would be. It is simply absurd to imagine that private investors will pay for capacity and accept that they cannot use it.

As many hon. Members have mentioned, BAA wrote a "dear neighbour" letter in 1999 to everyone around Heathrow. It said:

"We have since repeated often that we do not want, nor shall we seek, an additional runway."

The letter went on to say that, subject to permission being given for terminal 5,

"an additional Heathrow runway should be ruled out forever."

[Greg Clark]

There is therefore form for these assurances being overturned.

So unconvinced are the Government of their own commitment that they have already devised a scheme to allocate the additional capacity—the so-called "green slot" principle, which is their second mock concession. Once again, the Department for Transport can say only that the detail on green slots will be worked up in the future, but the idea is that only low-emissions aircraft would be allowed to use the new runway.

Yet that simply means that the new aircraft will use the new runway, while all the most polluting planes are left to feel free to use the current runways. As my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) pointed out, that would mean noise for people who currently do not even have it.

The third mock concession is the announcement that aviation should reduce its carbon emissions below 2005 levels by 2050. When will Ministers understand that a target is meaningless without a plan to attain it? Have they taken into account the consequences for other industries? If 30 per cent. of the carbon budget is taken up by aviation, where does that leave the rest of our industry? It is almost like the old game of Pacman, with the contribution from other industries being gobbled up by the single monster that is Heathrow.

We know that the more environmentally friendly Cabinet members did their best to extract genuine concessions. However, they failed, and we should not delude ourselves that the third runway proposal would be anything other than catastrophic for our commitment to reduce emissions.

I turn briefly to the question of air quality, a matter raised by my hon. Friend the hon. Member for Putney (Justine Greening) and by the hon. Members for Reading, West and for Hayes and Harlington. Nitrogen dioxide is already at levels that are likely to breach the EU air quality directive, which becomes mandatory next year. Many hon. Members pointed out that the Environment Agency, whose chairman is Lord Smith, a former member of the Government, has warned that a third runway would cause increased morbidity and mortality—in other words, that people would die needlessly.

One of the contributors to poor air quality and CO_2 emissions in dense residential areas is emissions from motor vehicles taking people to and from the airport. Hundreds of thousands more flights a year will mean millions more journeys by car through congested areas of London. Do we really want to turn London into the Mexico City of Europe—notorious for crawling traffic, blighting the lives of residents and travellers alike?

Noise levels were mentioned by the hon. Members for Hayes and Harlington and for Sunderland, South and by my hon. Friend the Member for Hammersmith and Fulham. Two million people from Windsor to Brixton are already affected by the noise from London Heathrow. A third runway would make that worse. When the Government commissioned a study of noise, saying that it underlined their commitment to underpin policy with substantial research, they set aside the very research that they commissioned. The study was published and showed that the problem would be deepened, but its results were trashed. As my hon. Friend the Member for Hammersmith and Fulham said, new areas such as north Westminster will be exposed for the first time.

Many hon. Members urged the Government, in the words of the motion, to explore more fully the provision of high-speed rail to other major cities. My right hon. Friend the Member for Suffolk, Coastal, my hon. Friends the Members for North Thanet (Mr. Gale) and for Henley (John Howell) and the hon. Members for City of York and for Selby all mentioned high-speed rail. While other European countries have invested in high-speed rail networks, Britain has been left behind, with the channel tunnel rail as our only high-speed rail line.

In France, before the TGV linked Paris and Marseille—a distance of 660 km—22 per cent. of passengers travelled between the two cities by rail; now 69 per cent. of them do so. Yet in Britain, 32 flights a day link London to Manchester, despite it being only 260 km away. A high-speed rail network linking London, including Heathrow, with the cities of the midlands and the north, and we hope Scotland in due course, could save thousands of flights, not only at London Heathrow, of course, but at other UK airports, including Gatwick, Stansted and regional airports, thus unleashing significant spare capacity.

The economic case was questioned by several hon. Members, including my hon. Friend the Member for Ruislip-Northwood (Mr. Hurd), the right hon. Member for Oldham, West and Royton and the hon. Members for Selby, for Richmond Park, for Hayes and Harlington, for Sunderland, South and for City of York.

A report by the international consultancy CE Delft has suggested that the number of extra visitors to Britain was overestimated by a factor of 12 and their contribution to the economy by a factor of four in the paper on Heathrow expansion. There are flaws in the Government's case. For example, the net present value of the Government's proposal assumes that airport passenger duty counts as a positive value, when, of course, it is merely a transfer from the private sector to the public sector. As many hon. Members have mentioned, the idea that Heathrow, which is currently Europe's largest hub airport, will somehow wither away is not credible.

The seventh theme that emerged from hon. Members' contributions was that of democracy. I respect the record of the hon. Member for Glasgow, South (Mr. Harris) as a former Transport Minister, but he said that there was something strange about voting on an early-day motion that was signed by so many colleagues. I do not think that people outside the Chamber will understand the logic that hon. Members can sign to say that they agree with a motion and then vote against when it is debated. The idea that there is some sort of unwritten convention that that should not happen will strike people who listen to the debate as precisely the kind of murky practice that brings Parliament into disrepute. If we sign a motion, we ought to stand by that if it comes to a vote, especially when it is a balanced motion.

Martin Salter: Does the hon. Gentleman agree that some of us find it slightly bizarre that some Labour Members will go through the Lobby with members of the Democratic Unionist party who deny the existence of climate change? The argument cuts both ways, does it not?

Greg Clark: I noticed the contribution, and I hope that the Secretary of State for Energy and Climate Change is content with the company that he will keep in the Lobby.

By my reckoning, 21 of the 26 speeches that we have heard supported the motion, which asks the Government to think again before committing irrevocably to a third runway at Heathrow. Almost all the speeches have been constructive. It would be wrong to say that the House had reached a consensus, but I hope that the Secretary of State will reflect on the repeated guidance that has emerged.

Listening to the debate, it seemed to me that three broad principles could be discerned for a policy on aviation that reflects the mood of the House. First, plans for runway capacity in Britain should be predicated on what is needed following the building of a high-speed rail network, rather than in the absence of one. Secondly, given that we are committed so stringently to reducing CO_2 emissions, runway capacity should be built only if it can demonstrably reduce the total volume of CO_2 emissions from the UK, not if we just hope vaguely that it will do so in future. Thirdly, any new runway capacity should be allowed only if it improves the quality of life of the people who have to live with it, including in relation to air quality, noise pollution and local transport connections.

That, I sense, is what the House would like to see, and with the right will, it may be possible to achieve those objectives, but not at Heathrow, not now, and not with the plans that are proposed. The Government's proposals for the third runway fail on each of those counts—on rail, on climate change, and on quality of life. In the words of the hon. Member for Selby and 166 colleagues from across the House, the Government should think again.

6.45 pm

The Secretary of State for Energy and Climate Change (Edward Miliband): I, too, pay tribute to right hon. and hon. Members who spoke in the debate, and I want to pick out two contributions in particular. One was by my hon. Friend the Member for Hayes and Harlington (John McDonnell), who spoke with passion about his constituents, and the other was by the hon. Member for Uxbridge (Mr. Randall); he began his contribution by saying that he was not going to make an eloquent speech, but he then did so. In a way, he summed up how difficult the decision is.

My argument tonight is that we can reconcile the economic and social case for aviation expansion, including at Heathrow, and our duty to the environment. That is the nature of government—finding a way through difficult dilemmas, and not ducking them. That is an important lesson for Opposition Members. What is the way through the dilemma? The answer lies not in unlimited aviation, which would not be environmentally credible, but in limited aviation expansion—limited by conditions on carbon dioxide emissions, on air quality, and on noise. That is the proposition before the House.

Let me turn to the carbon argument, which a number of right hon. and hon. Members brought up, including the right hon. Member for Suffolk, Coastal (Mr. Gummer), who has a long record on such issues, the hon. Member for Ruislip-Northwood (Mr. Hurd), my hon. Friends the Members for Sunderland, South (Mr. Mullin), for Eltham (Clive Efford), and for Reading, West (Martin Salter), my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher), and my hon. Friends the Members for Islington, South and Finsbury (Emily Thornberry), for Nottingham, South (Alan Simpson), for Selby (Mr. Grogan), for Wolverhampton, South-West (Rob Marris), and for Birmingham, Selly Oak (Lynne Jones).

On the carbon argument and the 80 per cent. target for 2050, the heart of the question is this: in trying to achieve an 80 per cent. target, do we think that the cuts should be across the board—that is, should there be a cut of 80 per cent. in every sector, including aviation? This is what the Committee on Climate Change said on the subject in its report in December:

"aviation is likely to grow as a percent of all emissions. This is not in itself undesirable: in a carbon-constrained world fossil fuels should be used in those applications where alternatives are least available"

that is, in aviation. Is that the right position? That is the question for the House today. I believe that it is, because an 80 per cent. cut in aviation would mean going back to 1974 levels of flying. We must all accept the principle that aviation will not bear as big a burden as other sectors in the economy.

Norman Baker: Will the Secretary of State give way?

Edward Miliband: I will in a moment. The question then is, what burden should aviation bear? At times it has been hard to tell what the Opposition Front Benchers' position on the issue really is, but some people in this House have implied that perhaps we should have a freeze in aviation. *[Interruption.]* They say no. The truth, revealed by this debate, is that we are seeing opportunism from the Conservative party—the worst sort of opportunism, environmental opportunism.

Mr. Gummer: Does the right hon. Gentleman not agree that it is not opportunism to suggest that as a result of the extra emissions that would result from the proposal, aviation would have not just a special place, but so large a place that the effect on the rest of industry would be devastating? That is not opportunism; it is sensible management.

Edward Miliband: I have great respect for the right hon. Gentleman, but I disagree with him on this point. I do not believe that 2.7 million tonnes of carbon from the half third runway proposal that has been allowed is devastating to our climate change commitments. I believe something even more important. When we think about aviation expansion and about people watching the debate in the House, they are asking a simple question: is tackling climate change consistent with economic growth and the way the world is moving? Our position is that it is, and I shall explain why.

Norman Baker: This is an important matter. The Government's target is to keep aviation emissions in 2050 at the same level as they were in 2005. Does the Secretary of State accept that if that target is realised, the rest of industry will have to make cuts of 89 per cent. in order to meet the Government's overall 80 per cent. target?

Edward Miliband: The rest of industry would have to bear a bigger burden. That is true, but I have explained to the hon. Gentleman why the Committee on Climate Change thinks that is right.

We are the only party in the House that has a clear position—an internationally leading position on aviation emissions. We say that by 2050, aviation emissions must be back to current levels. That is a target consistent with the 80 per cent. target. Why is that significant? Because for the first time we are saying that aviation expansion is conditional on improvements and reductions in carbon emissions. That is a significant commitment. The right hon. Member for Suffolk, Coastal thinks that we will have trouble at the international negotiations on the matter, but we will be in a world-leading position in the international negotiations when we enunciate our policy. I will have trouble though persuading other countries to sign up to the target, because it is such an ambitious target.

Colin Challen: The debate has been about aviation expansion per se, not just about one runway. Regional runways and every possible form of expansion need to be discussed. Will that be the case when we consider the national planning strategy? Will the House have a substantive vote on the issue when we come to consider the NPS?

Edward Miliband: My hon. Friend knows that the procedure is that when the national policy statement is set out in 2011, it will go to the Select Committee, which can recommend that the House debates a motion on these matters.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): How seriously can my right hon. Friend take the Opposition's position on carbon emissions and climate change in the aviation debate when the most senior elected Conservative politician in the country is planning a major expansion of airports in east London? Does that not destroy the central plank of their argument?

Edward Miliband: My hon. Friend is right. The best mate of the leader of the Conservative party wants a whole new estuary airport.

In the debate the shadow Transport Secretary, sadly, had to disown her own words from only 15 months ago on the case for Heathrow expansion. In politics, when someone has to disown words that they said only 15 months ago, they know they are in trouble. If they cannot agree with themselves, that does not speak well for their position.

John McDonnell: Further to the reply that the Secretary of State gave to my hon. Friend the Member for Morley and Rothwell (Colin Challen), can we be clear? What the Government have said in the context of the new planning legislation is that a national policy statement will be produced as a result of consultation, there will be a Committee examination of that, and there will be a debate in the House on the motion. But no guarantee is given by Government that that resolution will determine the national policy statement. It could be a debate on the Adjournment of the House, not to determine the policy. May we have an assurance that it will determine the national policy statement?

Edward Miliband: I am not going to change our position on the national policy statement. The position is as it was in the legislation.

We are setting a stretching target for aviation emissions. In the debate a number of hon. Members raised the issue of BAA's broken promises. I know that they feel passionately about that. We need to make clear the important decision that we made. For the first time, air quality will be monitored and enforced by the Environment Agency. Noise will be monitored and enforced by the Civil Aviation Authority. Climate change will be enforced by the Committee on Climate Change. So to those who ask, "Given the promises made in the past, how can we trust that this will be the case in the future?", I reply that we are putting in place enforceable mechanisms that will be independently monitored to make sure that that happens in the future.

Greg Clark: Given that the Secretary of State has ignored the advice of the Environment Agency, why should we think that in future he will follow its advice and that of the Committee on Climate Change?

Edward Miliband: We are not ignoring the advice of the Environment Agency. We are very clear about this. We are going to come within the air quality limits that have been set out, and no expansion can go ahead until that happens. Our position is extremely clear, and there should be no doubt about it.

Susan Kramer: Does the Secretary of State recognise that, at 480,000, the current cap on flights at Heathrow is enforceable? It is just being set aside. That is the fear with every constraint that he has described.

Edward Miliband: No, we are very clear about this. We will have to live within the air quality limits that have been set out. No expansion will happen and no slots will be granted until those limits have been met. Any slots that are granted will have to live within those limits.

We have set out tough conditions on carbon, noise and air quality. Then we come to the question of the economic argument, and here the Conservative party has a fundamental problem. It is why it has to look both ways and why the hon. Member for Chipping Barnet has to disown her previous remarks and to say, "Well, I see the case for expansion in the south-east." She knows that the economic case is there.

Adam Afriyie *indicated dissent.*

Edward Miliband: The hon. Member for Windsor (Adam Afriyie) is speaking from a sedentary position, but in this debate he asked whether the forecasts took account of the recession and the current economic situation. I shall tell him: yes, they do. The forecasts show that passenger movements are due to rise from 210 million to 430 million. The question that we face is whether we should just try to turn off or wish away that increase in passenger numbers, with all the implications that that would have for Britain's economy and society.

Adam Afriyie: The Secretary of State is clearly on a sticky wicket. The question is about why the decision has to be made now. Flight numbers are going down;

they went down by 8 per cent. in December. During the Labour downturn and the Labour recession, the Government have the opportunity to make a decision two, three or four years from now if they are still around. They do not have to make it now.

Edward Miliband: If ever we saw a sign that the Conservative party is not ready for government, it is in the motion that it put before us tonight. What does it offer? Delay, indecision and more consideration. Just remember—the Conservatives used to accuse us of being obsessed with reviews. What do we have from them now? We have, "Let's have a review, let's put off the difficult decision."

British business and the trade union movement are listening to this debate tonight, and they are asking this fundamental question: can we reconcile the needs of our economy and of people who want to travel with the environment? Putting the issue in the box marked "Too difficult to make a decision" will not wash.

Mr. Stewart Jackson: Perhaps the Secretary of State will answer the question that I put to the right hon. Member for Bolton, West (Ruth Kelly). Surely his position is irreconcilable. He is committed to a third runway and reducing CO_2 emissions, but that will stymie development of regional airports throughout the country and have a massive impact on regeneration and employment for his constituents and those of his hon. Friends across the country.

Edward Miliband: The Conservative party has adopted a number of different positions today. The hon. Gentleman accuses us of being too tough on aviation emissions with the new target that we are setting tonight. The truth is that the Conservatives have been exposed in this debate. They have been exposed for their political opportunism—they saw an opportunity and decided to abandon a position in favour of expansion because they thought that they could get away with it. They cannot; people will see through it and business will see through it.

Mr. Patrick McLoughlin (West Derbyshire) (Con) *claimed to move the closure (Standing Order No. 36†).*

Question put forthwith. That the Question be now put.

Question agreed to.

Question put accordingly, (Standing Order No. 31(2)). That the original words stand part of the Question.

The House proceeded to a Division.

Paddy Tipping (Sherwood) (Lab): On a point of order, Mr. Speaker. It has been drawn to my attention that the Carriage Gates have been closed. Right hon. and hon. Members may therefore have difficulty in accessing the premises. Given that, will you consider extending the length of the Division?

Mr. Speaker: Order. The first piece of information that I got regarding the Carriage Gates was that only the exits were closed, not the entrance. I have now been reliably informed by an hon. Member that the gates are clear. However, to avoid any problem I will allow a few minutes more for this Division to provide enough time.

The House having divided: Ayes 278, Noes 297.

Division No. 26] **[6.59 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cohen, Harry
Corbyn, Jeremy
Cormack, Sir Patrick
Cousins, Jim
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dobson, rh Frank
Dorrell, rh Mr. Stephen
Dornes, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Field, Mr. Mark
Flynn, Paul
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gibson, Dr. Ian
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Grogan, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick

Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Marshall-Andrews, Mr. Robert
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Meacher, rh Mr. Michael
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Raynsford, rh Mr. Nick
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Salter, Martin
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Sharma, Mr. Virendra
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Simon Burns and Dan Rogerson

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian

Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Paisley, rh Rev. Ian
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Chris Mole and
Helen Jones

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).

That the proposed words be there added.

Question agreed to.

The Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House notes the Government's commitment in the 2003 Aviation White Paper to limit noise impacts and to be confident both that statutory air quality limits will be met and that public transport will be improved before expansion is permitted at Heathrow; welcomes the Government's new enforceable target to reduce UK aviation carbon dioxide emissions below 2005 levels by 2050, and the commitment that increases in capacity at Heathrow, beyond the additional 125,000 movements a year already agreed, will only be approved after a review in 2020 by the Committee on Climate Change of whether the UK is on track to meet this independently monitored target; notes that development at Heathrow will be conditional both on requirements that the size of the 57 decibel noise contour will not increase compared with 2002 and on adherence to the requirements of the European Air Quality Directive; notes the decision not to proceed with mixed mode, thereby ensuring that neighbouring residents will have predictable respite from aircraft noise; welcomes the proposal that new slots at Heathrow should be 'green slots' using the most efficient planes; recognises the economic and social importance of Heathrow; and welcomes proposals on ultra-low carbon vehicles and new rail links to the west of Heathrow and new high-speed services from London to the Midlands, the North and Scotland linked to Heathrow, to the benefit of the UK as a whole.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

Credit Rating Agencies

That this House takes note of European Union Document No. 15661/08, draft Regulation on Credit Rating Agencies, and endorses the Government's approach.—*(Claire Ward.)*

Question agreed to.

Trading Standards (Tooth Whitening)

Motion made, and Question proposed, That this House do now adjourn.—*(Claire Ward.)*

7.18 pm

Sir Paul Beresford (Mole Valley) (Con): I thank the Minister for coming. The one advantage of being the last man standing is that the gates might be open when he leaves.

Let me first declare a simple interest and then add to it because of the specifics of the debate. I am a qualified and practising—admittedly very part-time practising—dentist. In addition, I am a member of the British Dental Association, the British Academy of Cosmetic Dentistry, the British Endodontic Society and the British Dental Bleaching Society. That explains why I become a target of considerable pressure on dental issues, so I hope the Minister will bear with me.

I am trying to persuade the Minister to help us sort out a situation that has been confusing dentists and trading standards officers throughout the UK for a considerable number of years. If the Minister will bear with me, I will endeavour to explain a little of the process of dental bleaching and why the present situation is producing a dilemma for dentists.

Bleaching by dentists has been around for a very long time. I first used dental bleaching about 30 years ago. My tutor was my now retired dental partner who qualified during the second world war, and his tutor was his father who qualified shortly after the first world war. It has been used for nigh on 100 years. In the early days, we used a 30 per cent. solution of hydrogen peroxide—better known as Superoxol. It was destructive to soft tissues, which needed to be protected; in those early days, that was done via a mechanism called a rubber dam. This is a small sheet of latex rubber with holes placed in it so that the teeth can go through; a tight seal then comes round the neck of the tooth so that the gingival and other oral soft tissues, including the lips, can be protected.

The aim of bleaching is to remove discolorations from the teeth without harming the teeth themselves. The discolorations can come from a number of sources: from tobacco, hard water, tea, coffee and so on. Teeth may also be iatrogenically discoloured, the most famous example being tetracycline discoloration. In the early days of antibiotics, children were given an antibiotic called tetracycline, which was one of the early broad-spectrum bacteriostatic antibiotics and was widely used. While it dealt with the targeted infection, if taken by children it discoloured the developing teeth, sometimes to a grotesque degree.

Second or adult teeth that may have received a blow can often darken quite quickly, particularly if the individual is young. The teeth most frequently hurt in this way are the upper incisors, particularly the upper central incisors. Endodontically treated teeth often darken, particularly if the operator has been unable to remove or has not removed all the pulpal tissue from the internal dentine.

Increasingly nowadays, dental restorations are of a more cosmetically acceptable material. If someone is to have a filling, it is good to do it in a cosmetically acceptable way. It is becoming increasingly accepted as standard practice that when such restorations as porcelain crowns, porcelain veneers and porcelain inlays are used for restorations, it is sensible to bleach the teeth first. That achieves a benchmark colour to which the new restoration is colour-matched. As the patient's teeth become more discoloured over subsequent years, it is possible to use the same process to bring the teeth back to that benchmark level. Otherwise, we will end up with white teeth sticking out among the brown, which I have seen particularly in some areas of London.

Dental bleaching is not available on the national heath, but I believe that in some cases it should be because it is the less destructive treatment. To provide a simple example, if a national health patient has badly tetracycline-stained teeth, the only option on the NHS to restore normal appearance is by extensive crowns or veneers. These are destructive to the teeth and much more costly, and in time they will need replacing. The cheaper approach is dental bleaching, which leaves the teeth intact and of an acceptable colour.

Techniques of dental bleaching have improved. First, the dentist must check that the patient's teeth are in good order. Then there are essentially two different bleaching techniques available. The first is the so-called home technique, where the dentist constructs close-fitting clear trays that the patient wears for a period of time at home. The bleach trays are designed to hold the gel against the teeth but away from the soft tissues.

The second method is so-called power bleaching, which is done in the surgery and generally uses much stronger hydrogen peroxide concentrations. The soft tissues are protected either with the aforementioned rubber dam or nowadays a foam that is set by an ultraviolet light. Some techniques advocate the use of light or heat source, although I personally believe that this does more for the image of the procedure to the patient than it actually benefits the bleaching process.

Hydrogen peroxide is generally delivered in varying strengths of carbamide peroxide nowadays. These strengths vary between 10 per cent. and 38 per cent. carbamide peroxide. The hydrogen peroxide concentration delivered is lower. For example, 10 per cent. carbamide peroxide delivers approximately a 6 per cent. concentration of hydrogen peroxide. As logic will tell the Minister, the higher the concentration the faster the bleaching, but the more likely it is to produce sensitive teeth.

I hope that the Minister understands from this that this material should be in the hands of a trained dental professional, as misuse can cause harm. Recent decisions of the General Dental Council state that dental bleaching by trained dental professionals is part of professional dental treatment. That has been accepted by the Secretary of State for Health for England, and I have written asking for the position of the Ministers of Health for Northern Ireland, Scotland and Wales on this issue. To date, the Minister of Health for Wales has replied and agrees with the position taken by the Secretary of State. I await the post from Scotland and Northern Ireland.

The reason for this preamble is to explain to the Minister that the dangers of the material when misused are understood, and that organisations such as the British Dental Bleaching Society run certifying training courses to ensure that the dental professional teams undertaking this treatment are properly trained. Unfortunately, there are a number of non-dental professionals, in beautician salons in particular, who are illegally bleaching teeth. Sadly, some of these individuals are using a material called chlorine dioxide, which, although it produces an initial appearance of bleaching teeth, actually damages them.

As the Minister will be aware, the fly in the ointment is the European cosmetics directive, which restricts the sale of tooth-bleaching materials containing more than 0.1 per cent. hydrogen peroxide. Clearly, this makes eminent sense when applied to over-the-counter medicines, but from a dental treatment point of view 0.1 per cent. hydrogen peroxide is absolutely useless.

Enforcement of the cosmetics directive is in the hands of local government trading standards officers on behalf of the Minister's Department. Most trading standards officers and departments are too busy to bother dentists. Also, most of those who do look at the issue recognise that higher concentrations of hydrogen peroxide delivered as part of dental treatment are quite different from over-the-counter sales. Indeed, some trading standards officers have visited dental surgeries that I know of and have accepted the use of such products as part of dental procedures, but not for over-the-counter sales. Unfortunately, there are a few trading standards officers who continue to threaten to prosecute dentists using more than the 0.1 per cent. concentration. I was approached in the last few weeks after dentists in Northern Ireland and, of all places, Redcar received quite aggressive letters threatening prosecution. Incidentally, if the Minister ever contacts the Redcar trading standards department, he might like to point out that his Department is no longer called the Department of Trade and Industry.

In 2005, the European Commission Scientific Committee on Consumer Products recommended that, although tooth-whitening products containing 0.1 to 6 per cent. hydrogen peroxide are not safe to be sold over the counter and should not be used freely, they are safe to be used after the approval of, and under the supervision of, a dentist. In December 2007, the SCCP reinforced this, and in November 2008 the Council of European Dentists unanimously stated that it

"Recognizes the need for regulation of availability of tooth whitening products at EU level on the basis of the December 2007 SCCP opinion; Feels that the aim of such regulation should be to protect consumers from potential harmful effects of excessive exposure to tooth whitening products and to enable distribution of the full range of tooth whitening products, under the responsibility of a dentist, as justified by scientific evidence; Expresses concern about continued delay in implementing the SCCP opinion and calls on all actors involved to ensure that a solution is found as soon as possible in the interest of patient safety; Supports the intention of the European Commission to amend the Cosmetics Directive in line with the final SCCP opinion and Encourages the European Commission to schedule a vote to amend the Cosmetics Directive at the earliest opportunity and urges Member States to contribute to a positive outcome."

That leaves me with two simple requests for action to sort out this nonsense. First, I urge the Minister to press the Commission to change the directive speedily. The nonsense to which I refer has continued for many years, in the face of the evidence of many decades of successful and safe bleaching in the hands of dental professionals. Such techniques are commonly used in the rest of the world; it is the EU that has got itself bureaucratically out of step.

I realise—and, indeed, remember from my days as a Minister—that it will probably take some time to get the change through the EU bureaucracy, no matter how much the Minister pushes for it. It would therefore be helpful for him to suggest to trading standards departments that a more enlightened approach should be adopted to dentists using these materials in the way intended. However, I back their approach to such products when they are used as over-the-counter medicines. It would be more logical for trading standards officers to concentrate on other public sources of bleaching gels that are being sold over the counter by the likes of beauticians who are not legally qualified to undertake any dental treatment.

At present, dentists and others in north America laugh at our smiles. We must stop that, and the way to do that is to allow the full range of dentistry, including bleaching.

7.31 pm

The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas): Let me begin in the usual way, by congratulating the hon. Member for Mole Valley (Sir Paul Beresford) on securing a debate on an interesting and important subject. As a result of my research for this purpose, I am substantially better informed about tooth whitening than I was a short time ago. While I nevertheless cannot begin to compete with the hon. Gentleman in terms of knowledge and expertise, I hope that I can set out some of the context of the way in which the Government have handled the issue of reform of the cosmetics directive so far. I undertake to try to keep the hon. Gentleman informed as the reform process gets under way. Of course, if he wishes to bring constituents or colleagues in the dental profession to see me to discuss the matter further, I shall be happy to receive them.

Let me now set out what the Government seek to do. I suspect that the hon. Gentleman will perceive a good deal of agreement in our respective positions, although I recognise the frustration felt by his profession at the current position. As he said, the use of hydrogen peroxide is controlled under the cosmetics directive. He will acknowledge – and, I am sure, the House will welcome the fact—that my Department takes its responsibilities under the directive, and under the United Kingdom's implementing regulations, extremely seriously. The need to ensure that only safe cosmetic products are available to consumers, and that consumers are equipped to make informed choices about which products to use and the content of those products, is an important part of the Department's role.

Hydrogen peroxide has been used in tooth whitening for many years, but, as the hon. Gentleman knows, only in the last 10 to 15 years has the desire to have much whiter teeth really taken off with consumers in the UK. I know how long some of the products described by the hon. Gentleman have been used, but I hope he will accept that the trend—stimulated in part by widespread use by consumers in the United States—has been noteworthy in the last 15 to 20 years in particular. However, there has been some confusion, as well as concern, about the regulation and enforcement of tooth whiteners under the EU cosmetics directive, so I welcome this opportunity to put the record straight and to explain what we are doing to deal with that confusion.

Let me give some of the context. I shall not go into all the lengthy detail of previous court cases in the late 1990s, but in 2001 the House of Lords ruled that tooth-whitening products should be regulated under the directive, on the basis that the whitening of teeth was a cosmetic process and discoloured teeth were not regarded as a handicap under the medical devices legislation. The directive is implemented in the UK by the

[Mr. Gareth Thomas]

Cosmetic Products (Safety) Regulations 2008, which—as the hon. Gentleman said—are enforced on my Department's behalf by local authority trading standards departments.

Annexe 2 of the cosmetics directive is a list of substances that cosmetics products must not contain except subject to certain restrictions and conditions. Entry number 12 in that annexe is the listing for hydrogen peroxide, which is the most widely used substance to whiten teeth. The directive states that in oral hygiene products—a definition that includes tooth whiteners—the maximum permitted percentage of hydrogen peroxide present or released is 0.1 per cent. The scientific dental and medical consensus is that this is not sufficiently strong actually to whiten teeth. It is important to note that the directive applies to all products—those sold over the counter and those provided by dental practitioners. Since 2001, the UK has been leading the way in seeking an amendment to the cosmetics directive to allow a greater percentage of hydrogen peroxide so that the bleaching effect will actually work and teeth will be whitened. The process has proved to be far from easy to conclude, and has so far not resulted in an amending directive that has received a positive vote from the member states.

A large element of the debate on reform of the directive in relation to use of hydrogen peroxide in tooth whiteners has been around the issue of safety versus efficacy. In other words, we need a level of hydrogen peroxide in products that will actually whiten teeth, but that level must not cause harm to the health of consumers. That is one part of the reason why it has taken so long to get to the stage that we are at today.

Let me explain what has happened. First, scientific papers were submitted to the European Commission's scientific committee on consumer products showing that allowing a greater percentage of hydrogen peroxide in tooth whiteners would not be detrimental to the health of consumers. The scientific committee's view was that a greater percentage could be allowed, but it indicated that products with a higher percentage should not be used by habitual smokers and regular alcohol drinkers. That led to a discussion of what habitual meant in these circumstances. This was the start of several years of back-and-forth questions from the member states and the Commission to the scientific committee seeking clarification on that issue. There were also a number of other questions relating to use by children and pregnant women and consumer exposure to hydrogen peroxide as a whole. Without going into the protracted detail of all this scientific questioning, I can tell the hon. Gentleman that we are now at the position where we have had six opinions from the scientific committee and two draft directives from the Commission proposing changes. I should also say that we have had excellent advice from the office of the chief dental officer and his staff.

In October 2008 the Commission presented an amending directive to the experts committee on cosmetics products. It is the result of the protracted discussion I have outlined. It would allow tooth-whitening products containing a maximum of 0.1 per cent. hydrogen peroxide to be freely available to consumers, as they are today. Tooth-whitening products containing up to 6 per cent. hydrogen peroxide would be available to consumers after assessment and first application by a dental practitioner. The remainder of the kit could then be taken home and used by the consumer as directed by the dental practitioner. For kits containing 6 per cent. hydrogen peroxide, this procedure would need to be repeated every time a consumer wanted a tooth-whitening course. Products containing more than 6 per cent. hydrogen peroxide would not be available to the consumer at all. They would only be for use by dental practitioners and should not be used on children under the age of 18.

The draft directive also describes a number of labelling requirements that must appear on tooth-whitening products. Unfortunately, as a number of member states still had questions and concerns on the draft directive, the Commission did not put the text forward for a vote in October. It is hoped that the text will be re-presented at the next cosmetics expert working group in February. As the hon. Gentleman made clear, until there is a change to the directive, the maximum hydrogen peroxide level remains at 0.1 per cent. My officials and the chief dental officer's office at the Department of Health will continue to apply pressure on the Commission to bring the situation to a speedy conclusion. Any assistance that the hon. Gentleman's colleagues in the dental profession could bring, through their own contacts in other member states, would be extremely welcome.

The hon. Gentleman also alluded to the fact that trading standards departments have also been faced with the uncertainty of when and if the cosmetics directive will be amended. That has been exacerbated by manufacturers of tooth-whitening products, beauty salons and, indeed, some dental practitioners who have anticipated changes to the directive and offer products and treatments that contain more than 0.1 per cent. hydrogen peroxide. He will recognise that trading standards departments are required to consider action if they become aware of products being supplied, whether by dental practitioners or over the counter, that contain more than 0.1 per cent. hydrogen peroxide.

I recognise that the hon. Gentleman's colleagues in the dental profession face uncertainty and considerable frustration, but he will recognise the difficult position that trading standards officers are in as a result of their need to implement the directive, as required by UK law. This will not offer him complete reassurance, but to the knowledge of the Local Authorities Coordinators of Regulatory Services—LACORS—no dentists have yet been prosecuted in the UK in this regard. That does not mean that none have been visited by their local trading standards departments, and I recognise and accept the veracity of what he said about the experience in Redcar and the experience of the other dental professionals whom he said have been visited. I am aware that a number of trading standards departments have sought to take action against those selling home kits containing about 10 per cent. hydrogen peroxide. I am sure that he will continue to recognise that that is clearly a situation, regardless of reform, that we would want to see continued.

I also join the hon. Gentleman in his concern about the use of other treatments such as the use of chorine dioxide. It is worrying that spas and, possibly, dentists are using alternatives that do not work or, worse still, are detrimental to health. I should take this opportunity to urge the dental industry and others to use only treatments that are proven to be effective and safe. In the meantime, any instances of bad practices by spas

and others clearly should be brought to the attention of trading standards, so that action can be taken.

Finally, may I return to the key point of the hon. Gentleman's purpose in securing this debate? We want reform of the directive and we are seeking to achieve that, as we have been doing for some time. I hope that we will get a positive outcome shortly, but he and his colleagues in the dental profession can be assured of my officials', and now my attention, for this issue. I would be happy to keep him informed outside the Chamber and, if it is useful, to meet some of his colleagues in the dental profession to discuss this further. I hope that that will not be necessary, and that we will achieve reform shortly, but I leave that offer on the table.

Question put and agreed to.

7.44 pm

House adjourned.

Deferred Division

SECTION 5 OF THE EUROPEAN COMMUNITIES (AMENDMENT) ACT 1993

That this House takes note with approval of the Government's assessment as set out in the Pre-Budget Report 2008 for the purposes of Section 5 of the European Communities (Amendment) Act 1993.

The House divided: Ayes 261, Noes 214.

Division No. 25]

AYES

Ainger, Nick	Denham, rh Mr. John
Anderson, Mr. David	Devine, Mr. Jim
Anderson, Janet	Dhanda, Mr. Parmjit
Atkins, Charlotte	Dismore, Mr. Andrew
Austin, Mr. Ian	Dobbin, Jim
Bailey, Mr. Adrian	Donohoe, Mr. Brian H.
Baird, Vera	Doran, Mr. Frank
Balls, rh Ed	Durkan, Mark
Banks, Gordon	Eagle, Angela
Barron, rh Mr. Kevin	Eagle, Maria
Battle, rh John	Efford, Clive
Bayley, Hugh	Ellman, Mrs. Louise
Begg, Miss Anne	Engel, Natascha
Bell, Sir Stuart	Ennis, Jeff
Benn, rh Hilary	Fitzpatrick, Jim
Berry, Roger	Flello, Mr. Robert
Betts, Mr. Clive	Follett, Barbara
Blackman, Liz	Foster, Mr. Michael *(Worcester)*
Blackman-Woods, Dr. Roberta	Foster, Michael Jabez *(Hastings and Rye)*
Blears, rh Hazel	Francis, Dr. Hywel
Blizzard, Mr. Bob	Gapes, Mike
Borrow, Mr. David S.	George, rh Mr. Bruce
Bradshaw, Mr. Ben	Gerrard, Mr. Neil
Brennan, Kevin	Gibson, Dr. Ian
Brown, Lyn	Gilroy, Linda
Brown, rh Mr. Nicholas	Godsiff, Mr. Roger
Browne, rh Des	Goggins, Paul
Bryant, Chris	Goodman, Helen
Burden, Richard	Griffith, Nia
Burgon, Colin	Griffiths, Nigel
Burnham, rh Andy	Gwynne, Andrew
Butler, Ms Dawn	Hain, rh Mr. Peter
Byers, rh Mr. Stephen	Hall, Mr. Mike
Cairns, David	Hamilton, Mr. David
Campbell, Mr. Alan	Hamilton, Mr. Fabian
Campbell, Mr. Ronnie	Hanson, rh Mr. David
Caton, Mr. Martin	Harman, rh Ms Harriet
Cawsey, Mr. Ian	Harris, Mr. Tom
Challen, Colin	Havard, Mr. Dai
Chapman, Ben	Healey, rh John
Chaytor, Mr. David	Heppell, Mr. Stephen
Clapham, Mr. Michael	Hesford, Stephen
Clark, Ms Katy	Hill, rh Keith
Clarke, rh Mr. Charles	Hillier, Meg
Coffey, Ann	Hodgson, Mrs. Sharon
Cohen, Harry	Hoon, rh Mr. Geoffrey
Cooper, Rosie	Hope, Phil
Cooper, rh Yvette	Hopkins, Kelvin
Cousins, Jim	Howarth, rh Mr. George
Creagh, Mary	Howells, Dr. Kim
Cruddas, Jon	Hoyle, Mr. Lindsay
Cryer, Mrs. Ann	Hughes, rh Beverley
Cummings, John	Humble, Mrs. Joan
Cunningham, Mr. Jim	Iddon, Dr. Brian
Cunningham, Tony	Illsley, Mr. Eric
David, Mr. Wayne	Ingram, rh Mr. Adam
Davidson, Mr. Ian	
Dean, Mrs. Janet	

Jessica Davies, How
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Keri
Purnell, rh James
Rammell, Bill
Reed, Mr. Andy
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Ms Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Ms Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Trussell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Cash, Mr. William
Chapman, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Lewis, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Mason, John
Moore, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William

McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Munson, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ozsk, Lembit
Osborne, Mr. George
Otteway, Richard
Pace, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Remise, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Question accordingly agreed to.

House of Commons

Thursday 29 January 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

MANCHESTER CITY COUNCIL BILL [*Lords*] and BOURNEMOUTH BOROUGH COUNCIL BILL [*Lords*]

Motion made, and Question (15 January) again proposed,

That the promoters of the Manchester City Council Bill [*Lords*] and Bournemouth Borough Council Bill [*Lords*], which were originally introduced in the House of Lords in Session 2006-07 on 21 January 2007, may have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills). (*The First Deputy Chairman of Ways and Means*).

Hon. Members: Object.

The debate stood adjourned; to be resumed on Thursday 5 February.

CANTERBURY CITY COUNCIL BILL, LEEDS CITY COUNCIL BILL, NOTTINGHAM CITY COUNCIL BILL AND READING BOROUGH COUNCIL BILL

Motion made, and Question (15 January) again proposed,

That the promoters of the Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill, which were originally introduced in this House in Session 2007-08 on 22 January 2008, may have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills). (*The First Deputy Chairman of Ways and Means*).

Hon. Members: Object.

The debate stood adjourned; to be resumed on Thursday 5 February.

Oral Answers to Questions

INNOVATION, UNIVERSITIES AND SKILLS

The Secretary of State was asked—

Student Finance

1. **Mr. Lindsay Hoyle** (Chorley) (Lab): How many people defaulted on student loan repayments in each of the last two years. [252514]

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): Figures for England show that about 90,000 student loan borrowers defaulted on student loan repayments for a month or longer in each of the last two years. In 1998, we introduced income-contingent repayment loans. It is generally not possible to default on those loans.

Mr. Hoyle: Obviously, the shock is the fact that 90,000 people defaulted; I am sure that the Minister is very worried about that, too. What extra support can we provide to assist students during the current economic crisis? The reach of credit crunch does not stop; it affects everyone, and, obviously, students are facing that pressure. What extra help can we give students, so as to ensure that people still feel they can go to university and are not frightened off from doing so? That is key for the future; what can the Minister say to us about that?

Mr. Lammy: I am grateful to my hon. Friend for championing this issue; he has done so not only in relation to his constituency of Chorley, but by bringing it constantly to the attention of Ministers. Under the old-style loans introduced by the Conservatives in the 1990s, there can, effectively, be a default after just a month of debt, and, as my hon. Friend will understand, students often move accommodation and move in and out of jobs, so that 90,000 figure makes the problem of serious default—default for longer than six months and up to a year—appear a lot larger than it actually is. In terms of new graduates coming out of university in the autumn, my right hon. Friend the Secretary of State met student recruiters and those responsible for careers in our higher education system just before Christmas, and I will meet them again this week. We are looking at an internship scheme, and at encouraging employers in the private, public and third sectors to over-recruit into it. We have also increased career development loans—

Mr. Speaker: Order. May I say that perhaps the Minister can write to the hon. Gentleman on this issue?

Mr. Tim Boswell (Daventry) (Con): While absolutely not wanting to discourage any overseas student from coming to this country, can I have the Minister's assurance that he will pay particular attention to the position of overseas-domiciled students who can now avail themselves of student loans, because if there is any suggestion that this country is a soft touch and that those students can come here and then will not have to repay their loans, that will run the risk of discrediting the whole show?

Mr. Lammy: I know the hon. Gentleman has taken up this issue and asked questions about it, and I want to reassure him that European legislation will ensure that we are able to engage closely with the tax agencies in European countries. That will enable us to collect the right details to ensure that students coming here from Europe repay the loans they have taken out to pursue their education in this country.

Miss Anne Begg (Aberdeen, South) (Lab): While defaulting on their loan is always difficult for any student, may I advise my right hon. Friend not to go down the same route as in Scotland, where one political party promised that it would write off all student debt? It got elected and discovered that it could not do that, and that there is no such quick fix. [HON. MEMBERS: "Which party?] It was the Scottish National party. Students voted believing it was going to deliver on that

promise, but it turned out to be a mirage. Can I get the assurance that this Government will not give such false hope to students?

Mr. Lammy: That was a shameless act of politicking because, in the end, it was taxpayers' money that was involved. It was a foolish thing to do, and I can assure my hon. Friend that we will not be doing that on this side of the border.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): While I accept that the income-contingent loans are better than what went before, does the Minister accept that the level of graduate debt is much higher now than it was 10 years ago, and will he further accept that it tends to hit women graduates harder because they stay in debt longer for reasons we understand?

Mr. Lammy: The hon. Gentleman will be aware that the repayments of the loans kick in once income reaches a sufficient level, that there are repayment holidays for people if they fall on hard times, and that there are exceptions, such as for those with disabilities or mental illness. It is true that this is a loan system, but the terms of those loans are the best available in the country.

Mr. David Willetts (Havant) (Con): The Minister referred to his national internship scheme. Will he confirm that after I spent a Saturday afternoon chasing him round the TV studios, it became clear that there is no Government-funded national internship scheme and that the companies that he has identified as providing internships made it clear that no extra internships were intended on top of the ones already announced? Will he also confirm that the Government made a clear commitment to review the student loan regime, that the review will take place this year and that the review of student finance will look forward to ideas for the future and not simply be historical?

Mr. Lammy: The first thing to say is that we are doing all we can to work with employers, careers services in universities, the National Union of Students and students themselves to ensure that students have the best choice and the best portfolio of things they can do when they graduate in the autumn. That compares very well with what was effectively the youth training scheme—YTS—when the Conservatives were in power; nothing was offered then. *[Interruption.]* The internship scheme was begun in a conversation that the Secretary of State had before Christmas with Microsoft, Barclays and others. I have continued those conversations—indeed, I was talking to Barnado's just yesterday. So, there will be an increase in internships later in the year, and that will happen alongside the career development loans and all the other things that will be on offer at the end of the year. As the president of the NUS has said, this is not a time for panic; it is a time for proper information. I would ask the hon. Gentleman to bear that in mind when he is making public statements.

Stephen Williams (Bristol, West) (LD): Students who graduate in about five months' time will probably face an uncertain future, and many of them will never have experienced a recession before. Even those who get a job will still face a pernicious repayment regime for their student loans—a 9 per cent. flat-rate tax and a relatively unfair rate of interest. The rate of interest is meant to be subsidised by the Government, but it is at 3 per cent., and that is above the bank lending rate and above the probable expected rate of inflation, which is zero. Is it not time that we had more flexible arrangements for setting that rate of interest, to ensure that graduates are not being penalised at this uncertain economic time?

Mr. Lammy: The hon. Gentleman calls for flexibility. Is that the Lib Dem approach to fees—saying one thing at the election and something else afterwards? Could he cite one bank in the country where someone could get a loan at a rate as low as the current retail prices index? He could not, but that, in effect, is what is available to students.

Motor Industry

2. **Mr. David Drew** (Stroud) (Lab/Co-op): If he will bring forward proposals to improve training opportunities for those employed in the motor industry. [252515]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Earlier this week, my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform announced a £2 billion package to support the automotive industry for the future, and skills support is an integral part of that. Train to Gain has already been developed to meet the specific needs of the automotive sector. We announced on Tuesday our willingness to boost Government investment in skills for the sector through Train to Gain from £65 million to £100 million. My officials are now working with range of companies on training packages that will help work forces be ready for the upturn.

Mr. Drew: I thank my right hon. Friend for that answer, and I very much welcome the statement made earlier in the week. Will he just say how wide his definition of the motor industry is, because we are not just talking about the car industry, and we must ensure that there are opportunities for component suppliers and the heavy goods side of the industry? Does he understand the problem for people on short-time working, which is that although they welcome the opportunity to train and upskill themselves, they have to buy their time for training? They should not be losing out twofold: by being on short-time working and having to pay the time for their own training. Does my right hon. Friend agree that the Government should examine that problem and provide help?

Mr. Denham: I welcome what my hon. Friend has said. He will be aware that none of what I have been talking about would be possible if the Conservative policy to abolish Train to Gain had been implemented. *[Interruption.]* I think that a cut of £1 billion was the suggestion.

We have already taken up arrangements with Nissan and JCB—that gives a sense of the breadth of the approach—to provide training on down days when there is short-time working. Ensuring that we can do that is a key, flexible use of our training money, but it would be cut by the Conservative party.

Miss Julie Kirkbride (Bromsgrove) (Con): Can the Secretary of State clarify what new money will be available for the motor industry in a broader context

and for training, given that when the Under-Secretary of State for Business, Enterprise and Regulatory Reform, the hon. Member for Dudley, South (Ian Pearson), announced the package to the House earlier this week, he said that it was entirely consistent with the pre-Budget report that was announced in November?

Mr. Denham: That is absolutely right, but what we have been doing is changing the way in which the Train to Gain system operates to meet the needs of businesses in the downturn. So in addition to the money that we are making available to the automotive industry that is perhaps intended for some of the larger companies, we have also said that up to £350 million of Train to Gain money would be available in small packages for small and medium enterprises. We are keen that that should also be used by component suppliers and others in the automotive industry. The critical point is that while we are building investment in Train to Gain to £1 billion a year, following the pre-Budget report, the hon. Lady's party has said that it would do away with that funding. That is the wrong thing to do.

Lynda Waltho (Stourbridge) (Lab): I agree with my right hon. Friend that to abolish Train to Gain at this point would be absolute madness, and the principal of Stourbridge college—I was speaking to him this morning—agrees. My right hon. Friend has been to Stourbridge and seen the fantastically successful Train to Gain programme there. People are pleased that the programme has been relaxed to include redundant workers. However, especially in light of recent redundancies in the midlands, we need to remove the limit on redundant workers entirely, so that the programme can be responsive to particular local needs and help people train to gain and get back into work.

Mr. Denham: I very much enjoyed my visit with my hon. Friend to her local college in Stourbridge earlier this year and I was very impressed by the work it has done in leading the Train to Gain consortium that would be abolished by the policies of the Conservative party. The truth is that we are making the system more flexible. We are saying to colleges that they will have the option, especially with pre-level 2 skills, of being rewarded for success in getting people into work through training and not just for helping them to achieve an accredited qualification. We are always making the system look more flexible.

We also announced additional money at the beginning of the month of up to £83 million to create an extra pool of money for further education colleges to respond to the needs of those who have lost their job and been out of work for some time. That will be a flexible package of funding that colleges can tailor to the needs of the individual.

Mr. David Evennett (Bexleyheath and Crayford) (Con): Does not the Secretary of State appreciate that the deadweight cost of Train to Gain and its failure to engage with SMEs is undermining attempts to provide meaningful training? Will he keep the Train to Gain money, but redirect it to apprenticeships and further education colleges that are better placed to respond to local needs?

Mr. Denham: May I welcome the hon. Gentleman to the Opposition Front Bench and congratulate him on his appointment? We look forward to continuing the debate with him.

At the beginning of the month, the deputy director of the CBI addressed a large audience of employers on the subject of the downturn, and he said that Train to Gain is just what business needs. If that is the view of Britain's largest employer organisation, the Conservatives' policies and approach, with their proposals for cuts at exactly the wrong time—£610 million of cuts in my Department to start on 1 April, although they have not explained where those cuts would be made—are wrong, and they need to change.

Andrew Miller (Ellesmere Port and Neston) (Lab): Will my right hon. Friend agree to take a flexible approach to bids that come before him—pursuant to the observations made by my hon. Friend the Member for Stroud (Mr. Drew)—to ensure that both the supply chain and manufacturers obtain benefits from this scheme? Will he also, in the context of my constituency, ensure that there are no delays in developing the West Cheshire college, which will be an integral part of delivering the needs of the vehicle industry in my area?

Mr. Denham: It is not just a matter of being flexible, because we have indicated our willingness to do that. The compact that we have with the sector skills council for the manufacturing sector makes the use of the money much more flexible. Our ideal, actually, is to create a situation where within an area such as my hon. Friend's we can comprehensively address the whole sector—that is, the major lead manufacturer as well as the supply chain. Maintaining the supply chain is every bit as important at the moment as maintaining the main plant. That is what we are aiming to achieve.

As for west Cheshire—I know that my hon. Friend is ambitious for his college—we have been looking to ensure that the training capacity is already in place to enable us to gear up training for the car industry in the way that he describes.

Higher Education

3. **Mr. Brooks Newmark** (Braintree) (Con): What progress has been made on widening participation in higher education. [252516]

10. **Mr. Andrew Robathan** (Blaby) (Con): What recent progress has been made on widening participation in higher education. [252523]

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): We continue to make encouraging progress with widening participation in higher education. The latest UCAS figures show that acceptances from England for 2008 are up by 7.4 per cent. on the same point last year, and this year's figures are the highest ever. That means that there are more students in higher education than a year ago, including a higher proportion from poorer backgrounds.

Mr. Newmark: I have a constituent who has been accepted as homeless and is on the homeless register. At 34 weeks pregnant, she has had to drop out of university after being told that until she has the baby, she is

ineligible for housing benefit. Is the Minister aware that young people are being forced out of education for that reason and will he take action to ensure that those who fall pregnant while they are in higher education are not penalised?

Mr. Lammy: I am happy to look at the hon. Gentleman's constituent's problem, but I would say that such assistance is dependent on Government finance and the proposals to take £610 million out of my Department will not help.

Mr. Robathan: When I went to Oxford university some 39 years ago in 1970—*[Interruption.]*

Mr. Newmark: He was a bright young thing.

Mr. Robathan: A very young thing. In 1970, the proportion of undergraduates at Oxford and Cambridge who were educated in state schools was higher than it is now. Given that all students at university today have had the majority of their education under this blessed Labour Government, to what does the Minister attribute that almost incredible, somewhat depressing and somewhat shameful statistic?

Mr. Lammy: I do not recognise the statistic. This year there has been a 7.4 per cent. rise in the number of students from poorer backgrounds attending our universities. That must be a good thing. I think that increase is the result of the Aimhigher programme and the Aimhigher associates programme, which brings students back into schools and into their local communities to encourage other students to go into education. It is also the result of the work that the universities are doing through summer schools and classes with parents and students, all of which are designed to ensure that we get better equity across the system in this country. I hope that the hon. Gentleman is not suggesting that the system is perfect or that it was perfect when he went to university. There is much that we can do and it ought to be a cross-party issue.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Would my right hon. Friend agree that many universities are performing very well in widening participation? Cambridge has done very well, as opposed to Oxford, by having the same application process as all the other universities. That helps. Will he be more aggressive with the universities? Let us change the culture in many of the leading research universities; let us make them work harder and make them more understandable for working class kids. Working class kids respond to hard work and our universities do not work hard enough at the moment.

Mr. Lammy: I know that my hon. Friend is something of an expert on that issue. I hope that he would agree that we are seeing a cultural shift, particularly among our most selective universities, and that he will welcome the group of 11 initiatives. Eleven of our most selective universities—the number is increasing—are coming together to pool and share the systems by which they widen participation, to learn from each other and to ensure that a student from a poorer background in the south of England who has benefited from one of the summer schools or classes can go to a university in the north of England. All that work will be going on over the next few months.

Mr. Virendra Sharma (Ealing, Southall) (Lab): Youngsters in my constituency do not always have role models who have been to university. What is my right hon. Friend doing to increase mentoring in schools and colleges?

Mr. Lammy: I am truly grateful for the interest that my hon. Friend continues to take in his constituency, which is very similar to mine. I know that he will welcome the work that Aimhigher associates are doing; these are young people who have been to university, who come back to school to work with young people in their home communities. I hope he will also recognise that good work is going on, led by my right hon. Friend the Secretary of State for Communities and Local Government, through the reach programme, which is about encouraging young people, often from ethnic minority backgrounds, to aspire to go to university.

Sir Patrick Cormack (South Staffordshire) (Con): I have always believed that the re-designation by the Conservative Government of polytechnics as universities blurred the distinction between vocational and academic education and was a profound mistake. Could the right hon. Gentleman assure me and the House that in these straitened times everything possible will be done to stress that vocational is not second best, and that there are many people in this country whose potential can be challenged not by pseudo-academic courses but by rigorous vocational training?

Mr. Lammy: I hope that the hon. Gentleman knows that I would absolutely agree with him on that. He is absolutely right that there has been an artificial divide in Britain, for all of the 20th century and into this one, between what we have perceived to be vocational and academic. I would encourage him to look at this year's research assessment exercise results, which show that there is excellence to be found in our newer unversities, just as in our old ones.

Clive Efford (Eltham) (Lab): Does my right hon. Friend agree that the figures that he just read out, welcome though they are, have been achieved in spite of some of the approaches taken by some of the top universities? Does he agree that they could do more to encourage young people from disadvantaged backgrounds, especially early in their education, perhaps as early as primary school or middle school age, to raise their aspirations so that they might be better qualified to apply to those universities when they reach school-leaving age?

Mr. Lammy: We could all do more. The universities recognise that there is more to do, which is why the group of 11 universities have come together to launch initiatives to ensure fair access to the most selective universities. The work of the National Council for Educational Excellence has made it clear, however, that schools could do more. My hon. Friend will also recognise that there are schools in our constituencies where the teachers themselves need to aspire to the very best for those young people and connect up to those universities, and where educational advice and guidance needs to be better.

Mr. John Hayes (South Holland and The Deepings) (Con): Broadening access to higher education is critical to promoting the social justice that Conservatives crave, but social mobility has stalled since 1997. Although

£2 million a year is spent on widening access, the participation rate of working-class children has risen by just 1 per cent. The report that the Secretary of State commissioned from Christine King, which he dismissed as provocative, says that flexible funding and learning is central to improving access. Surely we must build on the work of the Open university, Birkbeck and others who provide flexible learning; so will the Minister say whether the Government will back Professor King's recommendations? One does not have to be Mastermind to recognise that flexible learning is the key to improving access.

Mr. Lammy: But equally, one does not have to be Mastermind to know that a £610 million cut to our Department's budget—

Mr. Speaker: Order. I think that a few hundred words have been said about the Conservative party policy, and that must cease. It is for the Conservatives to let the world know about their policies, not Ministers.

Green-collar Jobs

4. **Kerry McCarthy** (Bristol, East) (Lab): What steps he is taking to encourage more people to develop the skills required for green-collar jobs through studying science, engineering and technology subjects at universities. [252517]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): The Government believe that we should take a strategic approach to future skills needs. The demands of the low-carbon economy and our future economic challenges tell us that we need more high-level skills in STEM—science, technology, engineering and mathematics—subjects. We have already invested £29 million in additional university student numbers for STEM. We have also invested £76 million for capacity building in strategically important subjects, including STEM. Last week's grant letter to the Higher Education Funding Council set out the need for further investment in STEM and for universities to meet the needs of employers.

Kerry McCarthy: I thank the Minister for that response. Last Friday I visited the university of the West of England, which is keen to play its role in equipping people for green-collar jobs. However, there is a problem that many students who study humanities or arts subjects develop a real interest in environmental issues, but do not have the qualifications to go on to take postgraduate applied science courses. How can the Minister help such students to make the transition into green-collar jobs?

Mr. Simon: I am not surprised to learn that my hon. Friend was recently at her local university because she is a tireless champion of every sector of her constituency. I think that I know the answer to her question. As I understood it, she was asking how we get people who study humanities subjects into the STEM-related, green-collar jobs in which they have become interested. I have to say that the answer is that they need to do STEM-related degrees at university if they want to get STEM-related jobs. We are getting more people into STEM-related jobs, and we will need more, but the message has to go out that if people want modern, innovative, interesting green-sector jobs, they need to do STEM-related subjects at GCSE, A-level and university.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): That was a most helpful comment for someone who has just done an arts degree at university, especially as equivalent level qualification funding has been totally taken away.

There is support on both sides of the House for the idea of growing the number of STEM undergraduates, because that is exactly what our economy needs. I acknowledge that, since 2004, there has been a slight reverse of the disastrous trend that occurred between 1997 and 2004. However, does the Minister agree that we need to influence what happens in schools, although he has no control over that, and that we need to influence what universities offer, although he has no control over that either? Furthermore, the Secretary of State has just issued a moratorium on additional places in our universities. How will we grow the number of STEM graduates if we stop people going to university?

Mr. Simon: I am grateful to the hon. Gentleman for his question, but I have to tell him that good things happen in government over which we have no control, including what goes on in the Department for Children, Schools and Families, which last year succeeded in increasing the number of applications for STEM A-levels, just as we got the number of STEM university applications up last year. Across the board, we have a commitment to getting young people to do STEM subjects through A-level and on to university.

The hon. Gentleman said that it was no use telling people who have just done an arts subject to study a STEM degree if they want a STEM-related job. However, I must tell him the hard truth that if people want a STEM-related job, they need to do a STEM-related degree.

Alison Seabeck (Plymouth, Devonport) (Lab): What more can my hon. Friend do to encourage schools to work with universities, such as those in Plymouth that have international reputations in marine and environmental science, to encourage people to look to science for a career? Science is vital for green-sector development.

Mr. Simon: My hon. Friend is a tireless advocate of her constituency's educational institutions. Earlier, the Minister of State talked about Aimhigher, which builds exactly such links, and the academies programme is building similar links. Outstanding work is being done in not just her constituency but all over the country.

Tuition Fees

5. **Mr. Adrian Sanders** (Torbay) (LD): What assessment he has made of the effects of the level of tuition fees on numbers of university applications by those from low-income families. [252518]

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): All the evidence shows that variable tuition fees have not deterred young people from lower-income backgrounds from applying to university. University acceptances for people aged 18 and under from lower socio-economic groups rose by more than 8 per cent. this year alone, demonstrating that we are changing the attitudes and aspirations of young people.

Mr. Sanders: That sounds very encouraging, but it does not match the anecdotal evidence that I hear from young people in my constituency, who cite tuition fees and debt as reasons why they do not aspire to do a higher education course.

Mr. Lammy: When we had the tuition fees debate in the House, I think that there was only one Member of Parliament who had substantial loans and fees to pay, and that was me. Of course young people assess these issues, but at this time, in our economy, they are aware that being a graduate will benefit them in the long term, and over their working life, for 45 years after graduation. I am pleased to see that this year's figures show a rise.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): A recent report by Universities UK confirms the statement that my right hon. Friend just made—that tuition fees have not put students off. It also shows that the number of people going to university from different socio-economic groups was stable until 2007. I welcome the improvement in 2008, which was largely a result of the Government's Aimhigher project and the introduction of new grants. Sadly, I still meet students in schools and colleges who are unaware of the new support for them. Will he work, through schools and colleges, to ensure that those 16 and 17 year olds know of the additional financial support available to them?

Mr. Lammy: I am very grateful to my hon. Friend for her championing of those issues in Blackpool; I know that there is still much to do in that city to ensure that young people from poorer backgrounds know about the opportunities that universities can offer them. I hope that she will welcome the advertising campaign that began very recently, which is to run across the country. It reminds young people of the opportunities offered by universities, reminds those from poorer backgrounds that grants are available, and points out that people whose parents have a household income of up to £50,000 can still get a partial grant to get to university.

Science

8. **Angela Watkinson** (Upminster) (Con): What steps his Department is taking to support evidence-based policy in scientific matters. [252521]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): This is an important issue, and at my request, the Council for Science and Technology recently published a report with recommendations on how to improve links between the academic community and Government. The research councils provide advice to my Department; we used their expertise in developing our "Innovation Nation" White Paper. Across Government, the chief scientific adviser, Professor John Beddington, has created a group of departmental chief scientific advisers to give a sharper focus to the contribution that scientific evidence can make on major cross-cutting issues such as climate change.

Angela Watkinson: I thank the Secretary of State for his reply, but in the report to which he referred—the Department for Innovation, Universities and Skills report published in December 2008—his chief scientific adviser appears to want not to promote evidence-based science in Government, but rather to defend Government policy, or explain the absence of clear Government policy. How does the Secretary of State intend to develop evidence-based science within Government if his own chief scientific adviser seems unable to do so?

Mr. Denham: There are two important points to make. First, the whole point of having a Government chief scientific adviser—he is based in my Department because he has to be based somewhere—is that he is independent of Ministers. It would be quite wrong of me to suggest at the Dispatch Box that he is accountable to me for the advice that he gives. I appreciate enormously the work that he is doing to ensure that there is a chief scientific adviser in every Government Department where it matters, and to raise the status of that scientific advice. I have said this on record many times—I said it to the Select Committee recently—but I will say it again: the Government have got much better at using scientific advice, but they are not yet as good at doing that as they could be. I see it as one of my jobs to champion the matter among Ministers.

Adam Afriyie (Windsor) (Con): The DIUS Committee has severely criticised the Secretary of State's Department for its presentation of data, and partly for a lack of evidence-based policy making, so we were surprised to read this week in *The Times* that Lord Drayson wants to decide where Government research spending is allocated. That would be in direct contravention of the established Haldane principle. Does the Secretary of State agree with his Science Ministers changing Government policy?

Mr. Denham: I made what I hoped was a reasonably important speech about the Haldane principle earlier this year. I made it clear that we respect the Haldane principle and that it is the research councils that decide who gets research grants. I also made the point, however, that Ministers and Government have a legitimate interest in the broad shape of research; for example, Ministers have encouraged the multidisciplinary programme across the research councils on living with environmental change, because we believe that that is one of the major challenges facing our society. That is quite different from Ministers deciding which research groups on which research issues should get funding. That is how I believe the Haldane principle should be interpreted in the 21st century, and I think there is a consensus on that among most, if not all, of the scientific community.

Research and Development

9. **John Robertson** (Glasgow, North-West) (Lab): What steps he plans to take to maintain levels of spending on science, research and development initiatives in higher education institutions during the economic downturn. [252522]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Government investment in research is rising to a record level of £6 billion by 2010-11. Yesterday, the Higher Education Funding Council for England set out to the sector how it will distribute research funding to universities, reflecting the approach in my grant letter to the council. I believe that in the

current economic climate, it is vital to continue to invest in science and research. We will resist calls from others to reduce the amount of money that we spend in our Department.

John Robertson: My right hon. Friend has practically answered my next question. In the new economy, we are dealing with issues such as "Digital Britain", renewables and nuclear. The universities in Scotland are underfunded. We are not getting the same funding as universities down south, yet we supply some of the best research and development in the whole world. Will he look into that issue and find some way to help those universities, which in the end will help the economy and this country?

Mr. Denham: My hon. Friend raises an important point. It is actually the case that the excellence of research in Scottish universities at present means that Scotland gets a disproportionately large share of the UK science budget. The problem is that for a year or two now, there has been a systematic approach to underfunding those universities. The real concern that people in Scotland should have about the universities and all of us in the UK should have about world class research is that that approach cannot go on for ever without undermining the very excellence that we will rely on for the nuclear industry, renewable energy and low-carbon manufacturing in the future. I hope my hon. Friend will continue his campaign to change those policies, which are threatening those universities.

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): On that last point about the Scottish universities, I want to follow on from the question of the hon. Member for Glasgow, North-West (John Robertson), having declared my interest as rector of Glasgow university. May I draw to the Secretary of State's attention the comment reported in *The Herald* today from the principal of Strathclyde university? I am being very inclusive. The comment is a reflection on the debate—I put it no more strongly than that—within the Russell group and further afield in Scotland in particular about the perceived efforts of the Executive to shift research and its funding into their assessment of the needs of the Scottish economic situation and jobs market? Does the right hon. Gentleman agree that the flexibility and the independence of the universities to concentrate on their perceived research needs must remain absolutely to the fore?

Mr. Denham: I refer the right hon. Gentleman to the answer that I gave earlier about the Haldane principle, which I hope achieves the right balance between ensuring that the research councils can determine who gets which research grants and what gets funded, and that there is space for the fundamental blue-skies research that might appear today to have no future use at all, but will turn out to be the key to economic developments in 20 years' time, within a sensible discussion about ensuring that we have sufficient capacity across disciplines in areas of great importance to us, as we are doing with the Living with Environmental Change programme. I believe that that balance is the right one. I do not believe that a directive approach from Ministers, thinking that they can second-guess the entire scientific community, would ever be the right way forward.

Julie Morgan (Cardiff, North) (Lab): May I draw my right hon. Friend's attention to the funding of Welsh universities? I am sure that he is aware of the massive improvement in the level of world class research in Welsh universities revealed in the last research assessment exercise. It has gone up from 70 per cent. of the English level to 93 per cent. since 2001, but Wales receives disproportionately less money per head of population. Is there anything he can do to nudge the research councils into giving more money to Wales?

Mr. Denham: I understand my hon. Friend's concerns. I have discussed higher education policy with my opposite number at the Assembly; we are keen to work collaboratively, particularly on co-operation between English and Welsh universities. As far as research councils are concerned, we have to defend the principle that the money will go where the excellence is. The research councils will not distribute money on a geographical, regional, national or sub-national basis; it has to go where the excellence is. It is, perhaps, for the Assembly to work with the universities in Wales on how money is distributed, to make sure that the places where excellence can best develop are supported. The money will follow.

Student Finance

11. **Jeremy Wright** (Rugby and Kenilworth) (Con): Whether he plans to amend the rules determining eligibility for funding for students undertaking an equivalent or lower qualification. [252525]

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): At our request, the Higher Education Funding Council for England is reviewing the impact of the equivalent or lower qualification policy. We will consider the council's advice when we receive it later in the year.

Jeremy Wright: I am grateful to the Minister for that answer, and I hope that those who will be affected will find it encouraging. We are starting to appreciate the scale of the economic recession and he has just indicated that the Government are speaking to HEFCE about offering more help to people who become unemployed, particularly in respect of disciplines different from those in which they previously worked. I hope that he will accept that what the Government have previously said about financial support for ELQ students risks giving a very mixed message to those whom the qualification is trying to help.

Mr. Lammy: I hope that the hon. Gentleman acknowledges our announcement on increasing the amount of career development loans available to people who want to do postgraduate study. I hope that he will recognise the £148 million that HEFCE has put into employer co-funded schemes and programmes for people in work and attached to an employer who want to engage in further study. I hope he will also recognise the investment fund that HEFCE has announced for economic challenges. That fund, effectively of £50 million, is to ensure that people across the country are getting the skills to take up employment, reskill, retrain and upskill in these difficult times.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): The decision to remove funding for ELQ students was a knee-jerk reaction and a mistake. As unemployment rises in the United Kingdom and people are desperate

to retrain, the Government are beginning to look stupid on this issue. Can the Minister simply explain why the decision was taken, and will he at least begin to review it? People are desperate to retrain, and they cannot under this system.

Mr. Lammy: Let us not get into an interpretation of "stupid". We have explained the issue a number of times to the hon. Gentleman. Let me say this to him for probably the fifth or sixth time: in respect of people who do not have a first degree, it must be an imperative for the Government to redistribute funds—£100 million—to benefit them in these difficult times. If he chose to leave and do a second degree, it could not be right for the Government to reward him over someone who had not done a first degree.

Topical Questions

T1. [252539] **Tom Brake** (Carshalton and Wallington) (LD): If he will make a statement on his departmental responsibilities.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): We know that now is the time to invest in skills and training to prepare people for the upturn. This would be the very worst time to cut public spending, as some are proposing. Since my Department's last oral questions, we have boosted the number of apprenticeships, which will rise by a further 35,000 next year, and have allocated almost £250 million extra to provide additional training opportunities to those facing or experiencing redundancy. We are working with major employers and the third sector to encourage internships and volunteering, and we are helping people to retrain by trebling the number of professional and career development loans and supporting the Higher Education Funding Council's new £50 million programme to help firms and individuals meet the economic challenges that they face. We have learned the lessons of the past. We will neither abandon people nor push them into incapacity benefit. We are taking action now and providing real help for families and businesses in the downturn.

Tom Brake: I thank the Secretary of State for his reply; I heard what he said in relation to apprenticeships. However, the principal of my local college, Carshalton college, which is very much in the front line as regards apprenticeships and wants to expand, says that there is a shortage of apprenticeships available. What more can the Secretary of State do to stimulate demand for apprenticeships in the public and private sectors, and what can he do to ensure that apprentices who lose their placements as a result of the company that they are working for going bust are able to complete their final qualifications?

Mr. Denham: One of the real challenges for the coming year is to ensure that the public sector plays as big a role as possible in providing apprenticeships. If all the public sector, say in local government, provided as many apprenticeships as the best local authorities, we would make a massive increase in the number of apprenticeships.

Secondly, we are working with major apprenticeship suppliers such as Rolls-Royce, which is agreeing to train additional apprentices over and above its needs for its own company to provide people for the local work force. As for redundancies, we have ensured that some of the rules and procedures that have prevented people from returning to college to finish the technical qualification part of their apprenticeship have been changed, and we are working with a clearing house to place as many people as possible who lose their jobs with a new employer to fully complete their apprenticeship.

T4. [252543] **Mr. Andy Slaughter** (Ealing, Acton and Shepherd's Bush) (Lab): Ten years of Government funding and commitment mean that apprenticeships such as those delivered by the excellent Ealing, Hammersmith and West London college are a popular mainstream option for my constituents. Does the Minister agree that the plans to cut apprenticeships, from whatever source, would be hugely damaging to businesses and to people?

Mr. Denham: I absolutely agree with my hon. Friend. I would not wish to try your patience, Mr. Speaker, by referring to the policies of the Conservative party; but from wherever a proposal came to cut the apprenticeship programme, for example to stop all apprenticeships for those over 19 this year, it would be a real disaster. We have rescued apprenticeships, and we must not go back to where we were 10 years ago.

Mr. David Willetts (Havant) (Con): The Prime Minister recently promised to bring forward our capital spending programmes, but Members in all parts of the House will have been contacted by further education colleges that are very worried that the opposite is happening, having found that their building programmes are being halted mid-stream. Will the Secretary of State tell the House how many projects have been delayed, what is the value of the projects affected, and why his Department has been so slow to act when it was first informed of this problem last autumn? If he will not take the Prime Minister's requirements for more capital spending seriously, why should the rest of the House?

Mr. Denham: I am grateful for the opportunity to make the position on capital spending absolutely clear. It is thanks to this Government's investment that we will spend £2.3 billion over this spending period. There is no freeze in that spending programme. There is no question but that the £110 million brought forward for this year and the £100 million brought forward for next year will be spent. The issue is that the Learning and Skills Council decided in December to defer a number of proposals awaiting approval, and there are others in the pipeline. It did so so that it could assess the likely impact of the downturn on the viability of future proposals. It does not in any way affect the more than 250 projects that are already under way. However, of course there are concerns for colleges that are in the pipeline and looking for approval. That is why the LSC is appointing Sir Andrew Foster, at my request, to undertake an independent review of how the current situation for future projects came about. I hope that by March there will be a clear way forward for colleges currently facing some uncertainty. However, I must stress that there is no question of the money that has been allocated for this spending review not being spent; indeed, the spending profile has been brought forward.

T6. [252545] **Mr. Graham Allen** (Nottingham, North) (Lab): Those are reassuring words from the Secretary of State, particularly for colleges such as my local college, Basford Hall in Nottingham, which has submitted its plans to the LSC and agreed a way forward, but is caught in the moratorium, which I understand is essentially caused by land deal considerations because the price of land has fallen in the downturn—something that does not affect my local college, however. Will the Secretary of State make it very clear that we will clear through all those pending applications with extreme urgency so that we are ready to take advantage of an upturn when it comes?

Mr. Denham: All hon. Members champion their local colleges, but I do not think that anybody has championed theirs as enthusiastically as my hon. Friend. Land is one of the issues that the LSC is looking at, because a number of both current and future schemes depend on land sales. Should that be affected by the downturn, we will need to see where we stand. It is important for the LSC to take a comprehensive approach to the programme rather than single out individual items. I am afraid that my hon. Friend will need to wait until we have worked through the current process with the LSC.

T2. [252541] **Sir Nicholas Winterton** (Macclesfield) (Con): The Federation of Master Builders has stated that some 50 per cent. of its companies will declare redundancies in the next three months. The Construction Products Association has likewise stated that the industry is shedding jobs at an unprecedented rate. Although the Government have announced that they will make more apprenticeships available and that they will bring forward major infrastructure projects, which I warmly welcome, what are they doing to prevent existing apprentices who are currently in post from losing their jobs?

Mr. Denham: The hon. Gentleman raises a very important point. It reinforces the point that I made earlier about why we are anxious to ensure that when possible, the public sector construction projects that are proceeding include a training agreement for the provision of apprenticeships and other workplace-based learning. Our college programme has already created about 500 apprenticeships through that approach.

In case people lose their jobs, we are working with the construction industry training board and have established a clearing house so that whenever possible, we can relocate apprentices in another job or enable them to continue their training in college. We are continuing to develop that process and will extend it to other areas of apprenticeships.

T7. [252546] **Ms Sally Keeble** (Northampton, North) (Lab): On research funds, does my right hon. Friend recognise the outstanding work undertaken by the newer universities, particularly Northampton, both in levering in private sector funds to support their research funding and in undertaking research that is directly related to the local jobs situation? That research might be in science, technology, engineering and mathematics-related subjects, but it is also in other subjects, particularly the creative industries and public service development.

Mr. Denham: I recognise the wide range of very useful and sometimes excellent research carried out in universities such as Northampton, which I believe the Minister of State, my right hon. Friend the Member for Tottenham (Mr. Lammy), will be visiting in the near future.

There has been pressure in the past for us to apply an arithmetical approach to distributing research funding, perhaps particularly to the newer universities. Actually, the research assessment exercise that was published recently showed that those universities can win four-star grades for international-quality research purely on the merits of their research, without taking an artificial approach to distributing funding. We have asked the Higher Education Funding Council to recognise that when it comes to distribute research funding in March.

T3. [252542] **Simon Hughes** (North Southwark and Bermondsey) (LD): On apprenticeships, and given that nearly 50 per cent. of those being laid off are under 25, will the Government consider giving each area's local authority, local college and local chamber of commerce regular information about what opportunities there are, so that it is available for everybody in an agreed place? Will they consider having in each local council area one private sector and one public sector champion of apprenticeships who, by their records, are well placed to take on that role?

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): The hon. Gentleman makes a good point. The London apprenticeship taskforce, which met again this week, is discussing that very issue. Rob Whiteman, the chief executive of the London borough of Barking and Dagenham, is co-ordinating that activity across London councils with the LSC, to ensure that we can increase the number of apprenticeships in constituencies such as the hon. Gentleman's. They will ensure that local authorities and the NHS can do more, along with the many companies in London that, notwithstanding the economic downturn, want to recruit young Londoners to ensure that they benefit from the apprenticeship scheme.

T9. [252548] **Anne Snelgrove** (South Swindon) (Lab): Swindon needs a university now more than ever to help regeneration and recovery from recession, but if we are successful in our bid, will my right hon. Friend help us work with the university of the West of England to establish a university in the town centre instead of using the Coate Water site, which most people oppose?

Mr. Denham: My hon. Friend has been a considerable champion of Swindon's case for a university. I have visited the town and I know that my right hon. Friend the Minister of State is going there.

It is not for Ministers in London to intervene in complex planning issues. However, I stress to my hon. Friend and all hon. Members who support new university developments that getting together an agreed local priority is critical to the process. I know that she will do everything she can with the local authority and others to bring people together and get a consensus about the way forward, because that is essential.

T5. [252544] **Mr. Philip Hollobone** (Kettering) (Con): An agreed local bid has been put forward for a new university in north Northamptonshire and I am pleased that it has made the shortlist of 27. It has huge

potential for job creation and boosting the local economy. What weight will the Higher Education Funding Council give the redevelopment potential of new university applications?

Mr. Denham: As the hon. Gentleman knows from my meeting with him and my hon. Friend the Member for Corby (Phil Hope), who supports the same proposal, it is for the Higher Education Funding Council to determine the successful areas. We hope that it takes into account fundamentally the need locally for higher education but also, when possible, the ability to maximise economic development and regeneration and to bring in partners such as local businesses and the regional development agency. We suspect that those places will receive priority.

Mr. Eric Illsley (Barnsley, Central) (Lab): I listened to what the Secretary of State said about the capital funding programme for colleges. It affects my own college—so much so that demolition work has already started on it and the funding has been withdrawn. Although the Secretary of State says that there is a review of funding, that the funding is in place and that decisions have been deferred, representatives of Barnsley college went to a meeting with the Learning and Skills Council on 9 January, and they were told that the LSC was reviewing its priorities for all capital programmes, and that no assurance could be given that any individual project would be funded or, if funding was agreed, on when it might be released. It looks as though the LSC is saying one thing and the Secretary of State is saying another. Will he look again at the project? Barnsley college has been left in a difficult position.

Mr. Denham: I need to make it clear that no funding has been withdrawn from any college that has been given final approval to go ahead. *[Interruption.]* Yes, the final decision. Until a college has been told that it has approval to proceed, it does not have that approval. It is critical to emphasise that there is no question of our not spending all the money that we said we would spend on the FE capital programme. However, colleges in the pipeline that have not yet had approval in detail are affected, and the LSC is addressing that. As I said earlier, I understand the position of colleges that anticipated approval at a specific time and now must wait till March to see what the situation is. That is why I have said to the LSC that I want it to appoint Sir Andrew Foster to undertake an independent review of how the situation has been allowed to develop, but that must not cloud the fact that we will spend the money that we have been given and introduce the capital programme, as promised.

T8. [252547] **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): Staff at Yorkshire Coast college in Scarborough have noticed an increase in recently unemployed people coming for training to get back into work as quickly as possible. However, some have had to be turned away because the available funding is for in-work training, such as Train to Gain. Is there a need to rebalance the budgets in the FE sector to take account of the change in the economy?

Mr. Denham: We are deliberately increasing the Train to Gain budget, but the greater part of our resources do not go through that scheme, but go through colleges' adult responsive budget at level 2, level 3 and pre-level 2. We are introducing greater flexibility in those colleges to meet the needs of newly unemployed people and we have recently announced additional money from our resources and the European social fund to provide that flexibility. I therefore hope that we will make a significant move towards tackling the problem that the hon. Gentleman identified.

Business of the House

11.34 am

Alan Duncan (Rutland and Melton) (Con): May I ask the right hon. and learned Lady to give us the future business of the House?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows:

MONDAY 2 FEBRUARY—Opposition Day [3rd allotted day]. There will be a debate entitled "Building out of Recession", followed by a debate entitled "Legal, Decent, Honest and Truthful: The Case for Urgent Reform of Parliament". Both debates will arise on a Liberal Democrat motion.

TUESDAY 3 FEBRUARY—Opposition Day [4th allotted day]. There will be a debate entitled "Skills and Further Education in a Recession", followed by a debate entitled "Child Protection". Both debates will arise on an Opposition motion.

WEDNESDAY 4 FEBRUARY—Motions relating to the police grant and local government finance reports.

THURSDAY 5 FEBRUARY—Topical debate, subject to be announced, followed by a general debate on Afghanistan and Pakistan.

The provisional business for the week commencing 9 February will include:

MONDAY 9 FEBRUARY—Remaining stages of the Political Parties and Elections Bill—day one.

TUESDAY 10 FEBRUARY—Motion to approve a money resolution on the Banking Bill, followed by consideration of Lords amendments to the Banking Bill.

WEDNESDAY 11 FEBRUARY—Opposition Day [5th allotted day]. There will be a debate on an Opposition motion, subject to be announced, followed if necessary by consideration of Lords Amendments.

THURSDAY 12 FEBRUARY—Motions relating to the draft Social Security Benefits Uprating Order 2009 and the draft Guaranteed Minimum Pensions Increase Order 2009.

Alan Duncan: I thank the Leader of the House for giving us the future business. I thank her, too, for her observant personal comments last week, which, she will be interested to know, prompted a letter from a lady in Reading who said that she would put these encounters into her weekly diary as "He-man meets Harman". I can think of better.

There has been a sudden delay in the Political Parties and Elections Bill. Will the right hon. and learned Lady tell the House why that has happened? Given her close personal links with the aristocracy, is she not doubly ashamed by the apparent conduct of her four Labour colleagues in the Lords? May we also have a debate on cash for influence in this House? Does not the House of Lords pale into insignificance, given that, because more than 90 per cent. of the Labour party's battleground funding comes from the trade unions, the party remains a wholly owned subsidiary of an interest group with its own policy agenda?

In looking further at the reputation of Parliament, does the Leader of the House not agree that the permanent encampment in Parliament square has become a national embarrassment? It is a total abuse of the legitimate right to protest. Will she make a statement telling us what plans she has to bang heads together in the various Committees of the House to rid ourselves of this grotty eyesore and restore some dignity to the appearance of this iconic seat of democracy?

May I salute those Members who attended the Westminster Hall debate on Equitable Life this week? Members of the Opposition parties outnumbered Labour Members by about five to one, which measures the contempt in which the Labour party appears to hold the thousands of responsible, cautious people who saved with Equitable Life—

Andrew Miller (Ellesmere Port and Neston) (Lab): Rubbish!

Alan Duncan: We hear shouts of "Rubbish" from the other side.

Is it not a disgraceful breach of trust that those people have waited so long and received so little? What hope is there for justice and redress through Parliament if the ombudsman's report is so callously ignored? Does the right hon. and learned Lady have enough sense of justice to make her speak up in Cabinet and to allow a full debate on this matter? Will she commit to doing so now?

The Government's announcement on mixed-sex wards yesterday was long overdue but totally inadequate. After all, with which member of the Cabinet would the right hon. and learned Lady be willing to share a mixed-sex ward? As a champion of equality, will she now give us a debate on the need to end these wards, so that we can give the House an opportunity to adopt our proposals for getting rid of them and for doubling the number of single rooms in the NHS?

The latest forecast from the International Monetary Fund suggests that, contrary to the Government's mantra that the United Kingdom is well prepared to deal with the downturn, the UK is actually facing the worst recession in the world. Can we therefore at last have a debate in Government time to allow the House to express its lack of confidence in the Government's handling of the economy, or is the Leader of the House worried that this is yet another issue that would leave the Prime Minister, as reported yesterday, "tearful and dewy-eyed"?

It would appear that the Prime Minister has lost confidence in his own Cabinet and, it would seem, even in himself. He has complained that his Cabinet members are ducking interviews and leaving him to look like the Minister for the recession, yet today, curiously, we have learned that Labour MPs have been instructed by the Whips not to talk about the economy at all. So who is going to win the parliamentary BAFTAs—the "Glumdog in Despair" in Downing street or the Basil Fawltys on the Back Benches shouting, "Don't mention the recession"? Put simply, when is this country going to get honesty from the Prime Minister about the severity of our plight?

Ms Harman: The shadow Leader of the House mentioned the investigation into the conduct of a number of Members of the House of Lords and I understand that the Leader of the House of Lords is making a further statement there this morning. As hon. Members

[Ms Harman]

will have heard yesterday, the Prime Minister is concerned, as I know we all are, to ensure the highest standards in the House of Lords. Its members should have the privilege of serving there in the public interest, not in their own financial interests. We all need to be satisfied, as the public want to be satisfied, that there are clear and proper rules, that they are properly enforced and that there are adequate sanctions. Baroness Royall, the Leader of the House of Lords, is taking that forward.

The hon. Gentleman raised the question of Equitable Life. We have been in no doubt about the seriousness of the concern about the effects of these events on people resulting from the mismanagement by Equitable Life management and the failures of regulation, which actually began before this Government took office. We have to recognise, however, that where there have been failures of regulation, there must be an apology and there must be compensation. The Chief Secretary to the Treasury gave an oral statement to the House, setting out how she was planning to take this forward and to ensure that the compensation process could get under way. Today, the financial services ombudsperson—[Hon. Members: "You can't say that!"] Oh, yes I can; sorry, Mr. Speaker, it just slipped out. The ombudsman is giving evidence to the Select Committee today. It is important that we seriously address these matters.

The shadow Leader of the House also raised the question of mixed-sex wards. A great deal of progress has been made on ensuring that those taken into hospital do not have to go into mixed-sex wards and can go into single-sex wards. Much progress has been made particularly in respect of those having treatment on planned admissions, but problems have remained with intensive care and accident and emergency. My right hon. Friend the Secretary of State for Health has made available £100 million to support further work and is keeping a close eye on the situation. He is determined to make further progress.

The hon. Gentleman mentioned the economy. I take the opportunity to reassure him that I keep a very careful eye on ensuring that the House has sufficient opportunities to debate the priority No. 1 concern for every person and every household in this country. They would expect Parliament to scrutinise Government action and debate what is happening with the economy. We will have opportunities to debate it on the Banking Bill; earlier this week we heard an oral statement on the car industry; and the week before that we heard an oral statement on the banking industry. I undertake that, as far as we possibly can, we will make sure that there is an opportunity for the House to hear statements and to scrutinise and debate important economic issues every week. Next week, there will be a debate in Opposition time on education and skills, which is important and relates to the recession, and there will be a further Opposition day debate the following week. We can all play our part in ensuring that the House has an opportunity to debate these important issues.

Before I deal with the hon. Gentleman's second point, let me say that I think that he and all hon. Members should focus on how we can help constituents, who may face the dreadful prospect of their homes being repossessed, to obtain the assistance that is being provided, and how, when businesses in our constituencies are struggling, we—as their Members of Parliament—can secure the information that will help them, too, to obtain the extra assistance that is available. Information on the Government's website provides help for people and for businesses. I urge all hon. Members to download it, to take it to their advice surgeries, and to send it to their local chambers of commerce and citizens advice bureaux. Although there have been a number of focused initiatives, we must ensure that we serve as agents to obtain help for people who need it.

I have always believed that if people are in trouble and if people are struggling, it is the job of Government to step up and help them. That is why we have taken the action that we have taken. We expect people to respond and, if they think there are other things that we can do, to make suggestions, as did representatives of Southwark chamber of commerce when I met them last Friday. We expect people to contribute, to present proposals and suggestions, and to say if they think that we are not doing things right.

As for the hon. Gentleman, I know that just as in my heart of hearts I believe that the Government should help people if they are struggling, in his heart of hearts he does not believe that. He believes that there is no role for Government in this respect. His fundamental critique is that the Government are taking action when he thinks that they should not take action. In his book "Saturn's Children", he said that there should be cuts in housing subsidies, cuts in employment and training, and cuts in police services. He also said that the state should withdraw from education altogether.

The reality is that whereas we believe that the Government have responsibilities to people when they are struggling, the hon. Gentleman's ideology is to do nothing—and, after all, he is a pivot of the Conservative party.

Joan Ryan (Enfield, North) (Lab): My right hon. and learned Friend may well be aware that the train operating company First Capital Connect, which made more than £48 million in profits in the first half of last year, has said that it will cut ticket office opening hours by 800 hours. That will affect 28 constituencies across the south-east. It will reduce customer services, passengers will feel less safe, and it will cost jobs. I ask my right hon. and learned Friend to make representations to the Secretary of State for Transport and his Ministers and to give us time for a debate on the Floor of the House, because the proposal affects so many Members of Parliament and their constituents. It represents very poor value for money from First Capital Connect, and is, in my view, completely unacceptable.

Ms Harman: My hon. Friend is right to raise this matter. Even if First Capital Connect is a private company, it is operating within a public service framework, and transport is an important public service. This is a matter for the regulators as well as for Ministers, but I shall ensure that it is brought to the attention of the Secretary of State for Transport.

Mr. David Heath (Somerton and Frome) (LD): Another week is to pass without a debate on the economy in Government time. It is no good the Leader of the House asking the Liberal Democrats and the Conservatives

to use their Opposition days for a debate that ought to be held in Government time.

We have called a debate on public spending because there seems to be a complete separation between the Prime Minister's mindset and reality. He keeps telling us that he is providing public money to fight the recession, but, as we heard earlier in Question Time, the reality is that all around the country colleges are being told that their anticipated capital spend simply will not happen. Will the Leader of the House encourage the Prime Minister actually to attend next Monday's debate in order actually to hear what is really happening? He seems to believe that he is the Mikado, and that because he has ordered something to be done, it has been done. It has not.

While we are talking about the economy, can we deal with some of those who can least afford the difficulties at the moment: people who live in council homes? They are being saddled with enormous rent increases in many boroughs and council areas this year, simply because the Treasury has withdrawn £200 million from the council rent account, which means that rents are going up by anything up to £2,000 a year. Is that fair to some of the poorest people in this country?

Can we have a debate, or at least a statement, on the worsening situation in Sri Lanka?

Next week, finally—if it is not delayed again—we will have the Political Parties and Elections Bill. Has there been any progress in establishing the one-stop shop for the registration of Members' interests to avoid the confusion that there is at the moment? The House asked for that to be done. What is happening about it?

Lastly, last Tuesday we had a statement from the Department for Business, Enterprise and Regulatory Reform. It was eagerly anticipated because the right hon. and learned Member for Rushcliffe (Mr. Clarke) was speaking from the Conservative Front Bench. He spoke; he roared; he did not ask any questions. But had he asked any questions, there would not have been a Secretary of State on the Treasury Bench to respond. We had a report from the Business and Enterprise Committee, dated 25 November, that made a recommendation in that respect. The Government have not responded within the two-month period. Why not? When will they do so? When will the issue be moved to the Procedure Committee for a new Standing Order to deal with what is clearly a constitutional anomaly and what some would say is a constitutional enormity?

Ms Harman: The hon. Gentleman started by saying that I had simply asked for the Opposition to bring forward debates on the economy. That is to misconstrue what I said. I want to make sure that, every week, there are debates and opportunities to scrutinise the Government's work. There is a rapid pace of change in the economy and, as it has been ever since Dick Whittington's day, the City of London is an important financial services centre. Therefore, a global financial services crisis inevitably affects the City. We are an outward-facing, trading nation and a global recession affects our economy in particular. We want to make sure that the House is able to focus on the rapid change that is happening internationally and how it is affecting our economy and can call the Government to account for the actions we are taking.

The mindset of the Government and of the Prime Minister is to make absolutely sure that we are looking at what is happening and ahead to what will happen and taking the necessary action. The hon. Gentleman will understand that these measures take time to work through. We can work out the detail and announce them, but it takes time for them to work through and for their effect to be seen on the economy. That is why we can all help in our constituencies by making sure that businesses and families get the help they need.

The hon. Gentleman talked about council rents. There will be an opportunity to debate that next Wednesday 4 February during debates on the local government finance reports. Last week, he asked for those to be separate debates and to be voted on separately. I can tell him that that will be the case.

The hon. Gentleman asked about Sri Lanka, an issue of real and growing concern. I have spoken to Foreign Office Ministers, as I know the House will want an opportunity as soon as possible either to have an oral statement or a debate. The issue has been raised at Prime Minister's Question Time, but hon. Members want to take it further and I will certainly look for an opportunity so to do, possibly in a topical debate.

The hon. Gentleman asked about the registration of Members' interests and the question of dual reporting. The Deputy Leader of the House of Commons has done a great of work on this. He tells me that the Select Committee is due to report on Monday and that there will be an opportunity to sort out dual reporting and have a single system of reporting, which will be brought on a motion on business on Monday 9 February.

Mr. Dennis Skinner (Bolsover) (Lab): Does my right hon. and learned Friend recall that, not long after the deputy leadership election, when she assumed her role, I asked her, and the Prime Minister at a later date, for a statement about getting rid of Members of Parliament's outside interests where they serve more than one master—directorships, consultancies and the rest? She said that she was looking at the matter and had prepared some material on the subject. Is she aware that since that time, members of the shadow Cabinet—not content with £4 million of Short money—have also been making money on the side? More than half the shadow Cabinet have directorships and consultancies and it is time that we put a stop to it. Members of Parliament cannot serve more than one master. Can we start this clean-up now?

Ms Harman: My hon. Friend raises a very serious point. If Members are acting as barristers and in court in addition to their work in the House, their constituents sometimes ask, "How do you have time to do it all?" But there is a different point when income is being received by Members that is not related to their duties on behalf of their constituents. The difficulty is that the public say, "If you are receiving money, what are you selling? What is happening? Why are you taking money? What is the person buying your services getting for those services?" We must make sure that there is public confidence in this House, that the public know that we are in here to do our job for our constituents and that we do that in the public interest, and not to line our own pockets. My hon. Friend has raised an important issue and we will have to return to it.

Mr. Nicholas Soames (Mid-Sussex) (Con): Will the Leader of the House-person—*[Laughter]*—grant a debate in Government time to allow Ministers to ponder, during this Government-created debt bust and pause in house building, and to give further consideration to their frequent assertions that large housing developments will not take place unless there is a suitable social infrastructure in place to support them, quite outside the normal section 106 agreements? Will the Leader of the House ask her colleagues to look further at this because it results in necessary housing going ahead without the proper infrastructure to support it, to the great disadvantage of all our constituents?

Ms Harman: There will be an opportunity for the hon. Gentleman to raise the issue in next Wednesday's debate on local government finance. I am sure that he will be able to make further points there. We must make sure that wherever there are housing developments, there is suitable infrastructure—whether roads, schools or health services—and that the planning system takes that into account. We are very much in favour of more housing being built as there is a need in this country, but it must be accompanied by the proper infrastructure. We certainly want to support the construction industry by bringing forward capital projects. Quite the opposite effect would occur if, at a time when the housing market is struggling, public sector capital infrastructure projects were delayed, so we will attempt to bring those forward.

The hon. Gentleman referred to a "Government-created" recession. He will know that there is a slowing of growth in China. Was that caused by this Government? He knows that there is a recession in America, France, Germany, Canada and Spain. If he simply talks about a Government-created recession, he will reinforce in everyone's mind one of two things: either that the Opposition do not really know what is going on, or that they do know what is going on, but are more determined to make party-political points than to contribute to working together to help the country through this very difficult time.

Fiona Mactaggart (Slough) (Lab): Has my right hon. and learned Friend had a chance to see the report issued at 11 o'clock today on the conduct of the hon. Member for Old Bexley and Sidcup (Derek Conway)? Does she agree that his conduct since almost the beginning of this century has brought this House into disrepute, and will we have an opportunity to debate his conduct next week?

Ms Harman: The report has been published this morning by the Standards and Privileges Committee, and it is entitled: "Mr. Derek Conway MP: Third Report of Session 2008-09". I have not had a chance to study it in detail, but the Committee had already found that this Member had wrongly taken £13,000 out of public funds, and this report concludes that a further sum of £4,000 appears also to have been taken. The House must have a chance to consider this: we should all have time to read the report, and then the House will probably swiftly need an opportunity to debate it. The question the public will ask themselves is: quite how much money can somebody wrongly take out of the public purse while still continuing to hold their job as a Member of Parliament?

Julia Goldsworthy (Falmouth and Camborne) (LD): The Leader of the House has spoken of the responsibility of MPs to ensure that their constituents are made aware of the Government's announcements on the actions they are taking to combat the economic downturn. My constituents continue to be bewildered by the announcements that are made, and by the lack of relation they bear to their experiences on the ground. In particular, businesses are telling me that they are still struggling to get the banks to lend to them, and councils that are participating in the mortgage rescue pilot, such as Brent, are telling me that they still do not have details of the scheme they are supposed to be piloting. May we have a debate in Government time about not only the measures the Government are taking, but about the impact those measures are having on the ground, because I think there is a very big gap?

Ms Harman: I will look for an opportunity to do that. As I have said, it takes time for people to understand the help that is available to them. On behalf of the hon. Lady's constituents—businesses big and small, and families who might seek her help—I ask her to go on to the Government website and print off "Real help now: for people and businesses", which explains where to find help with homes, jobs and finances. That will be kept up to date. I acknowledge that there have been a number of initiatives; that is because we have needed to take focused measures, rather than just spread public money at large. That has meant that there is a level of complexity in the measures, but it is important that they are made clear and simple—and I commend the civil servants who have worked on the document to which I referred. I agree that we need to look for an opportunity for a debate but, in the meantime, the hon. Lady, like all hon. Members, can help her constituents.

Gordon Banks (Ochil and South Perthshire) (Lab): To follow on from some earlier questions, is my right hon. and learned Friend aware that in 2007 first-time home buyers generated in excess of £2 billion in high street and service-sector sales, but that the sum now being generated is a fraction of that? Being mindful that the business announced for next week focuses on building and public spending, will she agree to have a debate in Government time specifically on the perilous state of the house building market?

Ms Harman: There will be an opportunity to consider these issues when the Banking Bill returns to the Commons. My hon. Friend makes the important point about ensuring that money flows back into the housing market very well.

Mr. Greg Knight (East Yorkshire) (Con): Can the Leader of the House tell us when she expects to convene the next meeting of the Modernisation Committee? [HON. MEMBERS: "Never."] If, as I suspect, that is not imminent, may we have a debate about the desirability of merging the Modernisation Committee with the Procedure Committee? That would enable one Select Committee of the House to look at modernisation and procedure in a co-ordinated way. If we cannot have a debate, can we have some action on this?

Ms Harman: A lot of the work to modernise the House of Commons has come not only from the Modernisation Committee, but from the Procedure

Committee that the right hon. Gentleman so ably chairs. I say to any right hon. and hon. Members who might be worried that the process of reform and improvement of the House of Commons has ground to halt that it absolutely has not, because the right hon. Gentleman is taking that forward through his Committee. The Modernisation Committee membership needs to be changed following the elevation of my former Parliamentary Private Secretary, my hon. Friend the Member for Rhondda (Chris Bryant), to his current position as my excellent deputy, but I assure Members that the work of modernisation is proceeding.

Keith Vaz (Leicester, East) (Lab): May I first declare my interest by stating that I suffer from type 2 diabetes? The Leader of the House will know that on Tuesday the Government's health profile for England was published, which showed commendable progress in a number of areas, but an alarming rise in diabetes. The rate among adult males is now 5.6 per cent. and for adult females it stands at 4.2 per cent. She also knows that we spend £1 million an hour on treating diabetes-related illnesses and that it is the fifth biggest cause of deaths globally. What steps are the Government taking to ensure that we deal with this alarming rise by providing members of the public with the opportunity of being tested? Will she arrange for a statement to be made on this matter as soon as possible?

Ms Harman: I suggest to my right hon. Friend that he raise this matter in oral questions to Health Ministers on 10 February. Perhaps I can also take this opportunity to congratulate him on the work he does, not only in raising the issue of diabetes in the House, but in his charitable work to make sure there is public awareness of it. This is a public health issue; better public health can lead to postponing, or preventing, the onset of diabetes. It is important that people get screening for early diagnosis and effective treatment. It is my understanding that my right hon. Friend discovered that he had diabetes when he was helping to promote screening in his own constituency and offered to take a blood test. I congratulate him on his work, and I say to him that the Government will back it up.

Philip Davies (Shipley) (Con): May we have a debate on the unelected and unaccountable role of regional government in this country? Bradford council has been told that, on top of the 50,000 homes it is expected to have built in the next few years, which is already against its wishes and the wishes of local residents, it might be hit with a further increase in the number of houses it is expected to have built. My constituents are sick to the back teeth of every scrap of green space being built on, which has been imposed on them by regional government, which is both unelected and unaccountable. May we have a debate about this, as it is of great concern to many constituents?

Ms Harman: I am sure that in the hon. Gentleman's region there is a recognition that there need to be more homes and that there is a need for housing development, but that it must be in the right place and in the right areas with proper infrastructure. It is precisely for the reasons he mentioned that we are setting up regional committees so there can be regional scrutiny of the regional development agencies and the work of the Homes and Communities Agency at a regional level. I hope that soon—once the Committee of Selection has done its work—we will be able to proceed with those regional committees.

Ms Dari Taylor (Stockton, South) (Lab): Wind farms are becoming increasingly central to the delivery of renewable energy. However, there is no factual knowledge that we can count on that defines the efficiency of the source of energy and there are no guidelines about the location of these wind farms. At present, Stockton and Sedgefield are facing planning requests for more than 90 turbines. This is, of course, a problem that the local authority is attempting to handle. If it turns down these requests, it will then have to face costly appeals. That is not fair and it should not be the responsibility of local authorities to handle this. Will my right hon. and learned Friend make representations on behalf of the many of us who live in areas that are facing planning blight from turbines, which are springing up everywhere in our rural areas?

Ms Harman: My hon. Friend makes an important point, and that is why we introduced the Planning Act 2008, which will involve bringing forward a national policy statement on energy. That will include the framework within which renewable energy projects can take place, under which once proposals are made they can be swiftly consulted on and either taken forward or dropped.

Sir Patrick Cormack (South Staffordshire) (Con): May I ask the Leader of the House to provide an opportunity to debate freedom of speech and political demonstration? She did not answer the point on Parliament square raised by the shadow Leader of the House. Although it is important that people should be free to demonstrate outside Parliament peacefully and to lobby Parliament, it is quite wrong that a squalid encampment should permanently disfigure the centre of our great capital city. Can we please deal with this expeditiously?

Ms Harman: This is a matter of concern. Obviously, as the hon. Gentleman says, it is a question of the balance between freedom of speech and the right to demonstrate. This matter involves the City of Westminster police, the Mayor of London and the House authorities, and it is being considered under the general heading of constitutional renewal by the Secretary of State for Justice. I shall draw his attention to the comments made by the hon. Gentleman and the shadow Leader of the House.

Mr. Lindsay Hoyle (Chorley) (Lab): During this worldwide economic downturn, none are suffering more than people who have savings. Can we have a debate to see how we can protect, and ensure there is a guaranteed minimum income for, pensioners and people who save? That would be a way forward and it would give them hope.

Ms Harman: There is a great deal of concern about this, not least among savers. Many savers are retired, and that is why we have sought to ensure that additional financial support is provided to savers. There will be an opportunity to return to these issues during the remaining stages of the Banking Bill.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): May I, too, push the Government for a debate on the economy in these times of recession and credit crunch? It should focus particularly on those who are stopping money reaching the real economy, such as irresponsible bankers, and on the crass and arrogant actions of Labour in Scotland, who, helped by the feeble Lib Dems, yesterday blocked £1.8 billion of new money. This would have been new money for councils, for health, for the vulnerable and for the disabled, and it would have provided support for 5,000 construction jobs. Reckless Labour is now—

Mr. Speaker: Order. The hon. Gentleman should not get up and read out a speech. He should ask a question about the business for next week—it should be about the business of this House, not the devolved Parliament of Scotland. Perhaps the Leader of the House should try to answer, and then we can move on.

Ms Harman: I know that many Members of the Scottish Parliament were concerned about the lack of investment in apprenticeships and training, and that many Labour MSPs voted against the budget on that basis. However, this is, as you say, Mr. Speaker, not a matter for this House.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): Members of all parties met the director-general of the BBC earlier this week and expressed considerable anger over its stance on the refusal to broadcast the Disasters Emergency Committee appeal on Gaza. That anger is shared by my constituents, many of whom are BBC employees, yet senior management seem determined to ride it out. So can we have a debate on the Floor of the House on this issue, which is wrecking the BBC's reputation at home and abroad?

Ms Harman: No one can be in any doubt about the intensely high level of concern in this House about the humanitarian plight of people in Gaza—that came out in the debate that we had in the past fortnight. Everyone wants to see not only an increase in the levels of Government humanitarian aid, which the Secretary of State for International Development has raised, but a recognition that the voluntary contribution is essential for humanitarian exercises, in addition to Government international pressure on the Israelis to make sure that that humanitarian aid gets through. Obviously, there has been nationwide dismay about this situation but, as the Prime Minister said yesterday, we need to step back—we should not step over the line—from telling the BBC, which is independent, how it should make its editorial decisions. I see from the papers that it is reviewing the complaints that it has received about this issue, a Westminster Hall debate has taken place on which. A statement will be made just after business questions by the Secretary of State for Culture, Media and Sport, so provided "digital" is in the question, there might be an opportunity to ask him for an answer too.

Alistair Burt (North-East Bedfordshire) (Con): I listened to the earlier exchanges about the decision of the ill-fated Learning and Skills Council to suspend its capital funding programme. May I add my voice to concerns about this matter, not least on behalf of Sharnbrook upper school and community college, which found that many months of negotiations with the Department for Children, Schools and Families, its local authority and the LSC had been undermined by that decision and that there was a consequent negative impact on its pupils? Was the Leader of the House disappointed that information on the matter came not from a statement from a Minister but through contact with Members of Parliament? Is she very disappointed that, again, this matter is not being debated by the Government in their time, but has to be brought up by the Opposition in order to pin the Government down about such an important capital freeze?

Ms Harman: I do not think we need any lessons from the official Opposition on capital spending. We have said that we are determined to bring forward capital spending on our infrastructure across the board, so that, as well as providing real help for people now, we provide real hope for the future. The hon. Gentleman's party has suggested cutting capital spending, so I suggest he address his questions to his own Front-Bench team, rather than to me.

Clive Efford (Eltham) (Lab): May I add my appeal to that of my hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter), because there is widespread concern, including among my constituents, about the BBC's decision not to show the Disasters Emergency Committee appeal on Gaza? People up and down the country are licence fee payers and, although I appreciate that the Government cannot tell the BBC what it should be doing, Back-Bench Members across this House want to express their views and would welcome an opportunity to do so on the Floor of the House.

Ms Harman: I take the point that hon. Members are saying that even if the Government cannot take a position, they feel free, on behalf of their constituents, to do so and therefore I should look to provide an opportunity to discuss the issue, possibly through a topical debate.

Sir Nicholas Winterton (Macclesfield) (Con): Is the Leader of the House aware that there is a Procedure Committee report, which was accepted by the Government, that would enable them to take action immediately on the eyesore and noise nuisance that desecrates Parliament square?

Will the Leader of the House find Government time for a debate on Zimbabwe? I press this point week after week; my commitment to that country is 100 per cent. Horrors as great, if not greater, than those occurring in Gaza are taking place there daily—starvation and cholera are killing thousands of people. May we have a debate in this Chamber to reflect our horror and to urge action?

Ms Harman: The hon. Gentleman has raised this matter previously. Since it was raised by him and other hon. Members, I have spoken to my colleagues in the Foreign Office and I will seek an opportunity to debate Africa, in particular the Democratic Republic of the Congo, Darfur and Zimbabwe; I know that these are really important issues and I will look for an early opportunity.

Julie Morgan (Cardiff, North) (Lab): May I, too, echo the concerns about the BBC's decision on Gaza?

Is my right hon. and learned Friend aware that the Legal Services Commission is planning to move the processing of legal aid from its office in Wales, at a time when Welsh law is diverging from English law because of the developments resulting from the Government of Wales Acts, with the loss of 40 jobs? Can she suggest any parliamentary opportunities for me to raise this very important issue further?

Ms Harman: I suggest that my hon. Friend, who is a champion for jobs in her constituency, should look for an opportunity to raise this matter in Justice questions next Tuesday. I understand that she could also seek a meeting with Lord Bach, who is the Minister responsible for legal services. I think everybody appreciates that these are important jobs for her constituency.

Mr. Paul Burstow (Sutton and Cheam) (LD): The latest figures show that in the year to come council tenants in the London borough of Sutton will be paying £10.5 million of their rent to the Treasury, which, in effect, means that council tenants in Sutton, Cheam and Worcester Park will be paying their April to August rents to the Treasury. May we have a debate in Government time with the title "Treasury profiteering from hard-pressed tenants"?

Ms Harman: The hon. Gentleman's party has already chosen two topics for the Opposition day next Monday, but he will find an opportunity to raise these issues next Wednesday in the local government debate.

Mary Creagh (Wakefield) (Lab): The Leader of the House will recall that she and I debated the need to change the law on cohabiting couples in Westminster Hall about two or three years ago. On 13 March, in the other place, Lord Lester will introduce a private Member's Bill to reform the law for cohabiting couples. Following a two-year study by the Law Commission that reported in 2007 and the fact that the law has been changed in Scotland, do we not now need an urgent debate on the Floor of this House to see how we can change the law to protect the 2 million couples who are living together, and the 1.25 million children who are living with these parents and who are completely unprotected in the event of a breakdown of a relationship?

Ms Harman: My hon. Friend makes an important point. We have just seen research that shows that after marriage breakdown the woman is likely to be around 25 per cent. worse off, and she usually looks after the children, so that has a bad impact on them. Men are likely to be some 25 per cent. better off, and that is why I strongly commend the proposals in the Welfare Reform Bill to ensure that fathers do not stop paying for their children when a relationship breaks down. My hon. Friend has been a champion, reminding everybody that although it is often unfair on children and women after marriage break-up, it is often even more unfair when cohabiting couples break up. This issue is under consideration by the Secretary of State for Justice and I suggest that she reminds him to make progress on that in Justice questions on Tuesday.

Mr. Michael Jack (Fylde) (Con): In better economic times, the Government set considerable store by praying in aid support by the International Monetary Fund for their economic policies. Yesterday, the same body issued a damning report on the state of the British economy. May I ask the Leader of the House for a statement by a Treasury Minister about the IMF's findings, as many companies rely on such forecasts to enable them to organise their business affairs? As she said earlier, the provision of timely and accurate information to business is essential in these difficult times.

Ms Harman: In that case, the right hon. Gentleman can respond to my request to give timely and accurate information to his constituents.

Mr. Andrew Mackay (Bracknell) (Con): Will the Secretary of State for Northern Ireland make a statement next week on the proposal to compensate the families of terrorists? That is causing great distress in Northern Ireland and affecting the peace process. The sooner that the Secretary of State comes to the Dispatch Box and knocks that crazy idea on the head, the better for all concerned.

Ms Harman: We all hope and expect Northern Ireland to have a successful future, and we also have to honour the memories of those who have suffered, including the 4,000 who lost their lives during the 40 years of the troubles. We have to learn the lesson that Northern Ireland cannot prosper in the future if it continues to live in the grip of that painful past. I thank Lord Eames and Mr. Bradley for their report. In 200 pages, they made 30 proposals, one of which is especially controversial and the Prime Minister spoke about it to the House yesterday. We have to find a way towards reconciliation without endless repeats of massive inquiries such as the Saville inquiry, useful though that may turn out to be when it finally concludes its work.

Mr. Oliver Letwin (West Dorset) (Con): Will the Leader of the House prevail on the Home Secretary for a debate on the management of the UK Border Agency? I wrote to the Home Office recently about my constituent Mr. Gary Allen, and the reply said that the agency could confirm that his application for indefinite leave to remain was still awaiting consideration. It went on to say that it was not able to give a precise date for that consideration. Mr. Allen began his application in 2002, so he has been waiting for six years. Does that indicate that something may be going wrong in that agency?

Ms Harman: I think I have more immigration cases than any other Member, and I know that some cases—if they are complicated or involve different items of information that have to be obtained from other countries—can take a very long time to be sorted out. However, the agency is much quicker than it was and I commend its work. I suggest that, instead of raising the issue in business questions, the right hon. Gentleman seek a meeting with the Minister responsible to try to get Mr. Allen's case sorted out.

Mr. Bernard Jenkin (North Essex) (Con): On the matter of the demonstrations in Parliament square, I make the plea that we treat the individual demonstrators with respect and that we respect their views, which are sincerely held.

[Mr. Bernard Jenkin]

Will the Leader of the House have a word with her Cabinet colleagues about how they answer written questions? I have been attempting to obtain data about the performance of the ambulance service in the two districts in my constituency. That information used to be given in parliamentary answers, but since the regionalisation of the ambulance service it has been denied to us. The *Colchester Gazette* has been told that it can obtain the information through a request under the freedom of information legislation. Given that the Secretary of State for Health is constitutionally responsible for the conduct of the health service, should he not provide the information in parliamentary answers that a local newspaper could obtain on request?

Ms Harman: The hon. Gentleman is right. We cannot have a situation in which freedom of information requests are answered but Members elected to hold Ministers to account do not get answers to their questions. That is the wrong way round. I know that every Minister wants questions to be dealt with properly, and if things are going wrong they need to be brought sharply to their attention. The Deputy Leader of the House is the clearing house for such concerns and I suggest that the hon. Gentleman meet him to talk about it.

John Bercow (Buckingham) (Con): May we please have a debate in Government time and on the Floor of the House about violence against women? The Equality and Human Rights Commission and the End Violence against Women Coalition will tomorrow publish a seminal report highlighting the fact that 3 million women suffer this terrible scourge every year in England and Wales, at an estimated cost to the country of £40,000 million, so is it not high time that this House debated its approach to some of the most vulnerable people in our society to whom we owe a particular duty of care?

Ms Harman: I thank the hon. Gentleman for raising that issue. The British crime survey showed a fall in the number of women reporting that they had suffered domestic violence, and that is a welcome trend, but it remains a massive problem. He mentions the report by the Equality and Human Rights Commission—I have had a chance to see it already. It shows that although statutory agencies are making progress with the support they provide—such as health authorities providing sexual assault referral centres—the map of gaps last year showed that one in three local authorities were providing no support services to women under threat of domestic violence. That has now fallen to one in four, so progress has been made, but it is still too few. Local authorities need to recognise that they must play their part in the battle against domestic violence. We should not wring our hands and say that nothing can be done, because action can be taken. There will be a debate on international women's day, so the hon. Gentleman will be able to raise the issue then.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): I add my voice to those on both sides of the House who are calling for a debate on Sri Lanka. While events there have been overshadowed in recent weeks by events in Gaza, the death toll continues to rise every day with many thousands of civilians caught between the warring factions. I urge the Leader of the House to do all she can to encourage the Government to bring that war to an end.

Ms Harman: I agree with the hon. Gentleman's sentiments and I will bring them to the attention of the Foreign Secretary. He is already acting on this issue, but he will be grateful for the support and encouragement of hon. Members. I will also look for a chance to debate the situation.

Digital Britain

12.28 pm

The Secretary of State for Culture, Media and Sport (Andy Burnham): With permission, Mr. Speaker, I wish to make a statement on the publication today of the interim "Digital Britain" report. Last October, together with the Secretary of State for Business, Enterprise and Regulatory Reform, I announced that Lord Carter of Barnes would undertake a comprehensive review of Britain's digital, communication and creative sectors and make recommendations to place the country in a position to prosper in the digital age.

Today, the Government are publishing Lord Carter's interim findings. His report starts from the recognition that those sectors are not only important in their own right—they are worth more than £52 billion a year, with 2 million to 3 million people directly employed by them—but fundamental to the way all businesses operate and how we all live our lives.

Capable communications systems can help British businesses to become more efficient and productive, offering the potential to reduce travel. High-quality information and entertainment enhance our democracy and our quality of life and define our culture. In short, building a digital Britain is about securing a competitive, low-carbon, productive and creative economy in the next five to 10 years.

It is worth reminding the House of Britain's traditional strength in these industries. The worldwide web was invented by British ingenuity. It was here that GSM was created and established as the global standard for first generation digital mobile communications. However, that strength is not just in distribution and systems. Our television, music, film, games, advertising and software industries are world-leading. The OECD estimates that the United Kingdom cultural and creative sector, at just under 6 per cent. of gross domestic product, is relatively more important than its equivalent in the United States, Canada, France and Australia. UNESCO considers the UK to be the world's biggest exporter of cultural goods, surpassing even the US.

We cannot be complacent. The online age is rewriting the rules, changing the way that consumers access content and the old business models that have underpinned Britain's creative industries. The challenge now is how to build the networks and infrastructure that help businesses and consumers to get the most from the digital age and how to fund the quality content that has always been our hallmark.

The Government's thinking has been shaped by a series of important reviews, including the Caio review on next generation broadband access; the work of the digital radio working group; the Byron review on children and new technology, which led to the establishment of the UK Council for Child Internet Safety; the Convergence Think Tank; the digital inclusion action plan; and the Creative Britain strategy.

"Digital Britain" brings those strands of work together into a clear and comprehensive framework with five public policy ambitions at its heart: first, to upgrade and modernise our digital networks—wired, wireless and broadcast; secondly, to secure a dynamic investment climate for British digital content, applications and services; thirdly, to secure a wide range of high-quality, UK-made public service content for UK citizens and consumers, underpinning a healthy democracy; fourthly, to ensure fair access for all and the ability for everyone to take part in the communications revolution; and fifthly, to develop the infrastructure, skills and take-up to enable widespread online delivery of public services.

The interim report makes 22 recommendations to achieve those objectives and I will set out some of them for the House today. Britain must always be ready to benefit from the latest advances in technology, so we will establish a strategy group to assess measures to underpin existing market-led investment plans for next generation access networks. An umbrella body will also be set up to provide technical advice and support to local and community networks. To facilitate the move to next generation mobile services, we are specifying a wireless radio spectrum modernisation programme. In addition, the Government are committing to enabling digital audio broadcasting to be a primary distribution network for radio in the UK and will create a digital migration plan for radio. We will also consider how the digital TV switchover help scheme can contribute towards wider inclusion in digital services.

We will only maintain our creative strength if we find new ways of paying for and sustaining creative content in the online age. We will therefore explore the potential for a new rights agency to be established and, following a consultation on how to tackle unlawful file sharing, we propose to legislate to require internet service providers to notify alleged significant infringers that their conduct is unlawful.

Our third objective—high-quality, UK-made public service content—will be achieved by sustaining public service broadcasting provision from the BBC and beyond. The report identifies news—at local, regional and national level—and children's programming as among the key priorities. The BBC as an enabling force is central to that objective. Strong and secure in its own future, it will work in partnership with others to deliver those objectives. We will also explore how we can establish a sustainable public service organisation that offers scale and reach alongside the BBC, building on the strength of Channel 4. We will consider options to ensure plurality of provision of news in the regions and the nations, and we are asking the Office of Fair Trading, together with Ofcom, to look at the local and regional media sector in the context of the media merger regime. We will consider the evolving relationship between independent producers and commissioners to ensure we have the appropriate rights holding arrangements for a multi-platform future.

Our fourth objective of fairness and access is, of course, crucial to delivering the Government's policy of an inclusive society where new opportunities are available to all and nobody is left behind, so we are developing plans to move towards an historic universal service commitment for broadband and digital services to include options up to 2 megabits per second, building on the approach to postal services and telephones in centuries past. We will also ensure that public services online are designed for ease of use by the widest range of citizens.

Lastly, to help people navigate this vast and changing world, the report makes recommendations to improve media literacy and, in particular, to give parents the information and tools necessary to protect children from harmful or inappropriate content.

[Andy Burnham]

The Government have today set out an ambitious vision to ensure that Britain reaps the full economic and social benefits of the digital age. An intensive period of discussions with industry partners and others must now begin to turn the emerging conclusions into firm solutions. A final report will be presented to Parliament by the summer and I wish to thank Lord Carter for his work to date. In publishing the interim report today and making this statement to the House, we seek to invite members from both sides of the House to engage in the debate on the fundamental questions that will shape our country's economy and society in this century. I commend the statement to the House.

Mr. Jeremy Hunt (South-West Surrey) (Con): I thank the Secretary of State for 15 minutes' notice of his statement and a much more generous notice of the report, which we received in good time this morning. However, we were disappointed that yet again the contents were broadcast on the "Today" programme this morning, that they are in *The Daily Telegraph* and *The Times*, and that there was even a briefing at No. 10 at 8 o'clock this morning to which the industry, including broadcasters, was invited. I respectfully suggest to the Secretary of State that if he is serious about cross-party collaboration on these issues, he should respect the role of Parliament in this matter as in every other.

We welcome the interest that the Government have shown in our digital economy. All parties in the House are united in the desire to maximise the competitive strengths of our creative economy and the Government have obviously committed considerable resources to putting together the report. However, most people will be disappointed with it. The digital economy is vital for Britain because of our natural strengths in creating digital content, but, when it comes to the delivery of that content, we are lagging badly. We come 21st out of 30 for broadband speed, while 40 per cent. of our households do not have broadband at all and connections fell last year. On next generation broadband, the report itself concedes that we are lagging behind France, Germany, the US and Japan.

The statement and the report were a chance to put things right, but instead the Government—who have been the best customer for the management consultancy industry in the history of Britain—have promised no new action but a total of eight new reports. This week, a woman in California gave birth to eight babies. Perhaps in homage to her, the Government have announced eight new reports. Although the world was surprised and delighted with the arrival of the octuplets, we have all become wearily familiar with the Government's continual substitution of reports for action.

The report does mention action. The most critical question of all, namely how to stimulate investment in next generation broadband access, is dealt with under action 1. What is action 1? It is to

"establish a Government-led strategy group".

So the most important action is not an action at all but the establishment of a strategy group. A Conservative Government will make it a major objective to ensure that more than half the population has access to next generation networks within five years. Do the Government accept that as an objective? Will they deliver it?

The report says that the Government will

"work with...operators...to remove barriers to the development of a...wholesale market in access to ducts".

If BT, which owns the ducts, does not co-operate, will the Government force BT to open them to other suppliers, as the Conservatives have pledged?

Can the Secretary of State tell us who is in overall charge—Lord Carter, the Business Secretary or the Secretary of State for Culture, Media and Sport? Without clear leadership, the chance of delivering on such huge commitments is minuscule. So may we have a categoric assurance that there is no turf war going on between the Department for Culture, Media and Sport, the Department for Business, Enterprise and Regulatory Reform and Ofcom that prevents the Government from showing the leadership that is so desperately needed?

On universal service obligation for broadband, we welcome the long-delayed commitment to ensure that everyone has access. But who will pay for that? Expressing a sentiment is fine, but without a road map for delivery it is surely a totally empty promise. The Government say that the universal commitment should be for 2 megabits per second access. Given that the national average access speed is 3.6, is not the scale of the Government's ambitions pitifully low, in simply saying that they want to ensure that the whole population has access to half the current average speed by 2012? Is there not a real risk that these changes will be superseded by technological changes before they are implemented?

On digital radio, the report says:

"We are making a clear statement"

that DAB should be

"a primary distribution network".

So how will that be funded? How will the Government ensure that DAB becomes available in people's cars? How will they ensure that the signal is strengthened in rural areas? Without those details, this report amounts to no more than an empty gesture.

On copyright protection—an incredibly important issue—instead of a solution there is a proposal to set up a new quango, with a new tax on internet users. Why do we need another agency when Ofcom is already equipped and able to do that job? And why should legitimate internet users have to pay for the copyright infringement of transgressors?

The Minister of State, the right hon. Member for Tottenham (Mr. Lammy), recently enraged the music industry by comparing illegal downloading to stealing bars of soap from hotels. Can the Secretary of State reassure the House that for the Government theft is theft, whether online or offline?

On peer-to-peer file sharing, the report talks about consulting on legislation. So can the Secretary of State tell the House how internet service providers are supposed to identify illegally shared files, given what happened in France, where many users simply reacted by encrypting their files when the French Government introduced similar measures?

On the review of the terms of trade, can the Secretary of State give clarity on timings, given that while a review is taking place investment in independent production will be very hard to sustain?

Finally, on internet content, I notice that the Secretary of State's idea for cinema-style ratings for websites is not in the report. Has it been sidelined, perhaps by voices in Government more realistic about the ability of Government to control the internet?

In October the Secretary of State said:

"Now is the time to move from...think tank phase to...delivery phase."

So where is the delivery on next generation access? Another consultation. Where is the delivery on copyright protection? Another quango. Where is the delivery on peer-to-peer file sharing? Another consultation. Where is the delivery on the crisis facing local newspapers? Another review. Where is the delivery on community radio? Another consultation. Where is the delivery on terms of trade? Just another report. No concrete action, only eight woolly reviews.

A Conservative Government made telecoms deregulation happen. They made the satellite and cable revolution happen. Now it looks as though the country will have to wait for another Conservative Government to end the curse of endless reviews, reports and consultations and lay the foundations for a truly competitive digital Britain.

Andy Burnham: I listened closely to what the hon. Gentleman said, but I think he has fundamentally misunderstood the importance of the report published today, and of the action that the Government need to take, in partnership with others, to reach firm conclusions. He seems to think that the Government can simply impose a view and say, "It must be like this; now everyone can get on and do it as we say." It has to be right to develop a strong public-private partnership in these complex areas, so that we get these decisions right and so that industry has confidence in them.

The hon. Gentleman made a statement in the middle of his contribution, which was something like this: "A Conservative Government will take action to ensure that more than half of the country has next generation access within five years." That is a major spending commitment. I hope he has permission for such a commitment from the shadow Chancellor. That is a major, open-ended, blank-cheque commitment, and he should think very carefully before he makes commitments of that kind.

The hon. Gentleman asked about the process and why there was comment in the newspapers. No Ministers appeared on the "Today" programme today. It is, by definition, an inclusive process and we have drawn a wide range of voices into this debate. For that reason, it would be impossible for the Government to control all comment made about the emerging conclusions, but I can assure him that this House is hearing the detail of the report for the first time.

The hon. Gentleman says that most people will be disappointed with the report. I reject that entirely. If he were to ask the music industry or the film industry, he would discover that they see here a process that started with the "Creative Britain" document last year, whereby the Government are addressing directly the very serious concerns that they have raised, and are trying to come up with solutions that will work in the future, not simply saying that what is unlawful should be unlawful.

We have to recognise that young people throughout the country are exploring and using music differently from how they did in the past. It is unrealistic to think that the clock can be turned back, which is what the hon. Gentleman seemed to be suggesting. We have to create sensible solutions that will have some chance of enduring in the online age. That will be done by ensuring that we capture the benefits of the internet and the freedoms with which people can explore new content, while finding ways of paying for it in the future. On that, my right hon. Friend the Minister of State and I are absolutely clear: we agree that legislating to cut people off is unlikely to win public confidence in and support for this important agenda. It is a more sophisticated approach, which the hon. Gentleman has today shown himself completely incapable of understanding.

The hon. Gentleman asked who is in charge. Lord Carter is conducting a review, as a Minister in both Departments—a converged Minister, looking at these issues of convergence, as the hon. Gentleman puts it. He is reporting to two Secretaries of State and ultimately the Government. I think this has been a process whereby different parts of the Government are working very closely together and producing a report that for the first time brings together infrastructure and content. That is a major step forward.

The hon. Gentleman asks who will pay for broadband; that illustrates precisely why it is not as easy as sitting there and dictating. We will now enter a process with the operators of fixed and mobile networks to see how we can build out broadband services so that we work towards a universal service commitment. That will be the next phase of Lord Carter's work. I said he would report before the summer; that seems to me a pretty firm timetable and it is not the woolly, open-ended process that the hon. Gentleman seemed to claim we were operating.

The hon. Gentleman asked about copyright, and why a new agency. I would simply say to him that these are complex issues and it is right to bring rights holders and ISPs together to work out solutions that will work for both.

On the terms of trade, we need to be absolutely clear that the independent sector in this country has flourished in recent times. He said it was all down to a Conservative Government. Well actually, no. It was the Communications Act 2003 which put in place the conditions for a flourishing independent production sector in recent times. As with everything, all options need to be considered as part of this review, but we will not do anything that damages the strength of that sector, which now has some companies that really are global operators, delivering huge economic benefits for this country.

Lastly, the hon. Gentleman raised the question of internet content. I said over the Christmas period that we needed to help parents to get better information about the content to which their children will be exposed when they use websites. The Chairman of the Culture, Media and Sport Committee reported on this matter last summer, and I say openly to the House that I am not sure how many parents know, for example, that YouTube's recommended minimum age is 13, meaning that people under 13 should not use it unsupervised. I do not believe that it is irresponsible to raise such issues. Parents clearly do not know—they might be surprised—that there is a recommended minimum age for using such sites with lots of user-generated content, and the fact that the hon. Gentleman simply brushes the notion

[Andy Burnham]

aside demonstrates his complete misunderstanding of the fundamental importance of some of the issues raised in "Digital Britain".

We heard a disappointing and churlish response to a significant piece of work, and I would have expected better from the hon. Gentleman.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I, too, wish to be as inclusive as possible, so I hope that hon. Members' contributions will be one supplementary question, and that there will be a succinct reply.

Mr. Don Foster (Bath) (LD): I, too, thank the Secretary of State for advance copies of his statement and the interim "Digital Britain" report from his apparently converged Minister. As the hon. Member for South-West Surrey (Mr. Hunt) said, the report makes interesting but disappointing reading.

The Secretary of State will be aware that the UK has slipped in the global league table of digital adoption, skills and use. Other countries make the development of a digital knowledge economy the centrepiece of their economic development, and we should be doing that, but we are not. This morning, the Prime Minister said that the report set out the scale of his ambition, but he should have added that it offers few, if any, decisions. Where are those decisions?

Our public service broadcasters, from the peerless BBC to the multi-award winning Channel 4, are the envy of the world, but they face significant problems. They need help and advice, and they need decisions to be made now. Last September, the Secretary of State said that we would have those decisions today. He stated that:

"early in the New Year, Ofcom can conclude its review and Government can announce decisions and the process to implement those decisions."

What decisions has he made? He welcomes talks between the BBC and ITV, and between the BBC and Channel 4, and talks about the possible involvement of Channel 4 in BBC Worldwide, but he offers no decisions. Apparently, we must wait until the summer—so much for urgency.

Does the Secretary of State agree, at least, that there is now a window of opportunity for exciting thinking about using Worldwide? Does he agree that any links between Worldwide and other broadcasters, including Channel 4, must lead to added value for the BBC, as opposed to using Worldwide as a cash cow for others? Why has he not been able—as he should have been—to rule out the top-slicing of money from the BBC? Why can we now not get on with making a return path part of the core requirement for digiboxes?

As the hon. Member for South-West Surrey said, perhaps the biggest disappointment relates to the plans for rolling out universal high-speed broadband. The Government promised that they would bring forward capital investment to help us out of the recession. This is one of the key areas in which that could be done. If done properly, 600,000 new jobs could be created in this country, but what have we got? We have some vague commitment to a universal 2 megabits per second provision. As the hon. Gentleman said, average speeds are already 3.6 megabits per second, so why is there such little ambition and such a low target?

Over the past few years, we have spent millions of pounds on the work of Ofcom, the Convergence Group, the Byron report, the Broadband Stakeholder Group, the Creative Britain group, the Caio review and much more. In return for all that work, we have today the announcement of a strategy group, an umbrella body, a delivery group, a rights agency, an exploratory review, a digital champion and an expert taskforce. Is this not further evidence of classic new Labour—high on vision and spin, but short on substance?

Andy Burnham: I am disappointed that the hon. Gentleman takes that approach. Let me deal with his central charge that this is disappointing, which echoes what the hon. Member for South-West Surrey (Mr. Hunt) said. What is disappointing about making a fairly historic commitment on universal broadband services? The hon. Member for Bath (Mr. Foster) might have just banked it, but that is a fairly major statement on the path towards a fully digital society. I wish he would not brush that away as though it were insignificant. It is significant that we say we want to move towards broadband for everyone, and it is a moment such as the development of telephone and postal services.

Both hon. Gentlemen made international comparisons and suggested that we were being unduly cautious. Let me put on record something that contradicts what they said: France wants 512 kilobits per second and Finland wants 1 megabit per second. We are looking at options up to 2 megabits per second, so I hope they recognise that that represents greater ambition.

The hon. Member for Bath said that decisions were promised on public service broadcasting. Let me tell him the decisions that the report makes clear. There will be public service broadcasting beyond the BBC. Have the Liberal Democrats or the Conservatives made such a commitment? [HON. MEMBERS: "Yes!"] Well, I would be happy to hear it again today.

We also make clear the specific elements of public service provision beyond the BBC that are important, which is an important decision. We say that local, regional and national news are important. We say that we need quality programming for children, especially the over-10s. We say that we need production in all parts of the country. We are setting this down, and the hon. Gentleman is leaping towards institutional solutions, but that is the next phase, which will be dealt with in the final report. He seems to misread the process. We are publishing the interim report precisely so that there can be a debate about the solutions before they are finalised.

The hon. Gentleman acknowledged that there was rich potential in using BBC Worldwide both to enhance our position in the global market and to generate resources that can go back into British programming that can then be sold throughout the world. Of course, this is about solutions that work for everyone, which is why there is complexity and we are taking our time to get things right.

The hon. Gentleman asked why we did not rule out top-slicing, but because we are committed to plural provision beyond the BBC, until solutions are found that would certainly deliver such provision, top-slicing

must remain in the mix as a possible option. Although the option remains on the table, it is not, as I have said many times, the solution for which I would instinctively reach first. I have said today that a strong and secure BBC is one that can form a partnership and play an enabling role, and that is my preferred route.

Lord Carter signals a significant change of policy on the return path for digital boxes by saying that that should be an option under the help scheme. We will explore that in more detail over the coming weeks.

The hon. Gentleman asked about capital investment in broadband, but that is a matter of public-private partnership, not simply the Government funding it all, which is what he seemed to be suggesting. We need to work intelligently with the communications sector and encourage the industry to work together to increase access to mobile and fixed networks. The Government will play a part in the debate in maximising the use of spectrum and ensuring that we have the right incentives for investment in this country. That is the intelligent approach, and I am sorry that the hon. Members for South-West Surrey and for Bath seem to misunderstand it.

Mr. David Blunkett (Sheffield, Brightside) (Lab): I thank my right hon. Friend for the statement and the interim report. He and I share a long-standing concern about the digital divide, in terms of availability, connectivity and internet literacy, which he has mentioned. Will he comment on how we might, through the report, strengthen our hand when it comes to the other divide—the divide that means that there are people who are not aware that there are dangers, as well as opportunities, and not aware of the protection that is needed, to which they can contribute? Will he today suggest that it is possible to strengthen the moderation role of providers and organisers of sites, because content appears on sites that would be totally unacceptable in print or traditional broadcast media?

Andy Burnham: I am grateful to my right hon. Friend for his considered intervention. I point him towards research that says that one of the things that stops people from becoming bigger users of online services is a fear of what is online. We need to think about that. That is precisely why the issue of improving literacy and labelling of content is very important. Sometimes, when such issues are raised, there are immediate claims of an attack on free speech, or of censorship. Nothing could be further from the truth. What is true—my right hon. Friend pointed to this—is that the old media world had standards that guided people, so that they knew how best to use services. He is right to point to the need for similar standards in the online age, so that we do not take away the benefits or the huge, rich sources of information available to people, but empower people—parents—to make the right decisions about the content that they access.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I welcome the Government's intention to move ahead with promoting investment in next-generation access broadband, but does the Secretary of State recognise that faster download speeds will make it even easier for online piracy and illegal file-sharing to take place, and will pose an even greater threat to our music, games, television and film industries? He will be aware that so far, talks between the internet service providers and the creative industries have been remarkably unsuccessful. Will he confirm that one of the few commitments that he has announced today is that the Government will legislate on the issue, and will he say when that legislation will be introduced?

Andy Burnham: I thank the Chairman of the Culture, Media and Sport Committee. He has raised an incredibly important point, of which I am very much aware. When I came to this role just over a year ago, I said that it was a priority for me to ensure that we no longer simply stood by when the music industry faced serious damage. We have changed our tone in the past 12 months, as I hope that he recognises. We have given considerable urgency to the consideration of those questions, not least as a result of the promptings of his Committee and others. It is because of the connection between the ability to download and the content that is being downloaded that the report brings those two questions together into the same consideration. Music has faced the challenge sooner because, obviously, it is easier to download music over less capable networks, but as capability increases, the threat to the film and TV industries grows greater. That is why we are urgently considering the matter.

Today, we have proposed a commitment to legislate to ensure co-operation between the ISPs and the music industry. Obviously, I cannot prejudge the parliamentary timetable, but I assure the hon. Gentleman that once Lord Carter has finished his work, if the considered view of those whom he consults is that there should be legislation, we will move to legislation as soon as parliamentary time allows.

Anne Snelgrove (South Swindon) (Lab): My right hon. Friend will be aware of Swindon's historical railway village, and the fact that as it is a conservation area, people there cannot have satellite dishes or cable. How will he ensure fair access for my constituents, many of whom are on low incomes or are pensioners, given Virgin's virtual monopoly of supply via phone lines? How will he protect my constituents from high price increases once switchover happens?

Andy Burnham: I am very aware of the problem that my hon. Friend has raised, particularly in relation to Swindon railway village. Some of the measures that I have announced today will provide a long-term solution, because obviously, in the fullness of time, people may be able to access TV services through broadband, but in the short term that will not be possible. One of the issues emerging during the digital switchover programme is how we give people access to TV services where there are local restrictions to do with listing and the use of aerials and dishes. Her constituency has a thorny example of that kind of problem. I understand that the council is considering alternatives to cable for those residents, recognising the inflated prices that some may have to pay as a result of the options that they are given. Obviously, we hope that the council is able to offer those alternatives, and we will help, if we can, to ensure that the residents of Swindon railway village have a fair and affordable choice.

Peter Luff (Mid-Worcestershire) (Con): It is perhaps inevitable that a document that is more of the quality of

[Peter Luff]

a Green Paper than of a White Paper raises more questions than it answers—questions, for example, about the ability of the regulator to cope with the additional work load at a time when he is also being asked to take on the regulation of mail services, and questions about the wisdom of responsibility for the issue being shared between two Departments, which I think gets in the way. The Business and Enterprise Committee, which I chair, is lucky enough to be able to summon Lord Carter—the converged Minister—and question him; the rest of the House will not have that opportunity. Will the Secretary of State today commit to using his best endeavours to secure a full day's debate, in Government time, on the very important questions that the document raises, so that we make sure that the House can thoughtfully make the maximum contribution to the process?

Andy Burnham: Let me deal with this, if I can, once and for all: this is an interim report. If I had come to the House today with Lord Carter's final report, I can quite imagine that the cry from the Opposition Benches would have been, "These are fundamental questions for our society, democracy and economy, yet the Government have come along and imposed solutions straight away." I believe that the process that has been established is the right one. As I said at the end of my statement, our wish now is to engage Members from all parts of the House on these incredibly important considerations. The process follows that of the Darzi review, which I think most people would consider to have been successful in stimulating a debate about the future of the national health service. I am sure that the business managers and the Leader of the House will have heard what the hon. Gentleman said about a full day's debate, but he is absolutely right to say that the questions are crucial for the country and need to be debated by Members in this House. That is why I made the statement today.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): My right hon. Friend is well aware that what I know about modern information communication technology can be written on the back of a postage stamp, but the people I worry about are those who think that they know about what is on the internet. Does he share my concerns about those parents who believe that they know what their children are watching on the internet, and how they are engaging with other people through computers? What sort of information does he anticipate giving those parents, and when does he expect to come back to us with further description of the tools that he believes are necessary to protect children from harmful and inappropriate content?

Andy Burnham: My hon. Friend has raised a really important point; I think that the divide between me and my children on communications issues is bigger than it was between me and my parents. The issue is huge, and I do not believe that all parents fully understand the range of information or content that their children can easily access. To raise that question is not to raise questions about curtailing access or about censorship; it is simply being responsible, and it is right, in a decent society, to say that parents should be empowered to find their way through a complicated, fast-changing world.

Although the watershed could never be used on the internet, it was nevertheless an utterly clear statement to parents about the kind of content that they could expect to find if they were to use services at a particular time. Opposition Front Benchers rubbished the suggestion, but I do not believe that parents know that there are recommended age limits for user-generated websites such as YouTube, or about the age limit of 13 to which I have referred. They should know, and they should judge whether it is safe for their child to use such websites or not. It is absolutely appropriate that the House should debate such issues, given that broadband and online services will be in every home in this country. It is not good enough simply to take the line that such things should not be considered, or that we are talking about gimmicks or grandstanding.

Michael Fabricant (Lichfield) (Con): The Secretary of State presented an interesting Green Paper, but does he understand that people will think that he is trying to run before he can walk? He says that we invented GSM, yet there are large swathes of this country that do not have 3G. He says that we invented the internet, yet large swathes of the country do not have internet at all—broadband, that is. Does he further understand that when people say that 8 megabits can be supplied, quite often because of contention rates it is about 1.8 megabits? What does he intend to do to improve the infrastructure and concentrate on that before this vision thing?

Andy Burnham: I respect the hon. Gentleman's background in the communications and media sectors, but perhaps he needs to be a little more careful in his language. He says that large swathes do not have access to broadband, but 99 per cent. of households can get some level of broadband, and six in 10 take it. He is right to say that although there is pretty wide coverage, the quality of broadband in certain areas may lead some people not to take it up. It may also be the content issues that I mentioned a moment ago that prevent people from taking it up. At 2 megabits per second, availability goes down to 93 per cent.

It is important for us to get the facts on the table, and then to consider a plan with industry to give it the right incentives to build up those networks, so that we progress towards the universal service commitment. It is not right, as the hon. Gentleman will understand, for the Government to say at this time that that must be a matter for public spending. I do not believe the hon. Member for South-West Surrey (Mr. Hunt) was right to say that a Conservative Government would pay for next generation access to 50 per cent of the country. These are more complicated issues that we need to work through with industry. Crucially, incentives to invest have to be made right, and the Government can help to do that through regulation and change to spectrum availability.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): I welcome my right hon. Friend's wide ranging statement and the leadership that has been provided on these issues by Lord Carter. May I encourage them to extend convergence beyond the two Departments right across Government? Does my right hon. Friend agree that given the nature of the internet, it is essential that we make the UK the safest place to do business online, and that that is equally important for companies and for individuals? Does he further agree that the speed and reach of the internet is such that legislation and bureaucracy

are unlikely to keep pace, and that we therefore need a fast and flexible partnership approach involving industry, the Government and the House in cutting internet-related crime and other activity that undermines people's confidence in using the internet in the way that it has such great potential to be used?

Andy Burnham: I agree entirely with my right hon. Friend's remarks. At all times, our approach needs to be characterised by a d sire to capture and preserve the huge benefits of the online world—the ability to explore information and access content—and by working towards agreed rules that are in the public interest. That is not about curtailing freedom or introducing heavy regulation. We need to find our way though to develop agreed systems, with industry and Government working together, as my right hon. Friend has suggested. If those are to stick, a degree of international consensus is needed—such is the nature of the online space. Over the course of this year, the Government intend to build a better dialogue with international partners to see whether we can use some of the emerging approaches to make Britain a safe place to do business, as he says, and see whether those can be applied more generally to set new standards for the new age.

Mr. John Redwood (Wokingham) (Con): Are the Government at all worried about the way in which extreme compression is leading to bad quality of both analogue and digital broadcasts on many radio stations? When, for example, will cricket lovers be able to hear uninterrupted BBC cricket commentary on digital in good quality?

Andy Burnham: They can. *[Interruption.]* BBC 5 Live Sports Extra is broadcasting most international cricket on a fairly uninterrupted basis, although I take the comments of the shadow Minister for Sport, the hon. Member for Faversham and Mid-Kent (Hugh Robertson). If there are particular problems receiving the digital signal in his area, the right hon. Member for Wokingham (Mr. Redwood) may wish to write to me. We are in a period when we are broadcasting on both the analogue signal and digital. When we reach the point of switchover, we will be able to increase the strength of the digital signal, which should lead to better quality signals in all parts of the country. I acknowledge that I am not an expert on extreme compression, but if the right hon. Gentleman wishes to write to me, I will provide a fuller reply.

Helen Southworth (Warrington, South) (Lab): I thank my right hon. Friend for the statement, with the economic benefits that those developments will bring to my constituents in the north-west region, considering our strengths in the creative industries, and the opportunities that will come to us with Media City at Salford. I draw his attention to the universal service commitment. He is aware of Alderman Bolton school in my constituency, a primary school which is running an innovative project with the children that involves giving them laptop computers and teaching them how to access the internet, how to learn using the internet and how to be safe using the internet. The school serves a disadvantaged community, and many of the children do not have access to the internet at home. Because very few of them have access to broadband at home, they cannot share what they are learning with their parents and the rest of their family, and they cannot do their homework using the knowledge that they have gained at school. How will my right hon. Friend make sure that the digital divide does not affect such children, that the statement will help them and that they will have access to broadband?

Andy Burnham: My hon. Friend knows that I know her constituency well, as it neighbours my own. The points that she has raised are incredibly important. I am proud of many things that the Government have done, but perhaps proudest of the way in which our primary schools have undergone a huge change in the past 10 years in their use of technology and all the rich potential that that offers to change the learning experience for young people. If I understand her correctly, she is saying that we need to enhance further what primary schools are able to do, but ensure that children can go home and continue their learning, working with their parents. The vision that we have put forward today is precisely about extending the availability of the highest quality broadband services and driving the take-up of those services, particularly among the most vulnerable people in our society. That is exactly the vision, and we look forward to working with her to make sure that we realise it.

Richard Ottaway (Croydon, South) (Con): May I raise the impact that the Secretary of State's report will have on ITV? He will be aware of Ofcom's analysis showing that as a result of the digital age, regional news on ITV will be unsustainable by 2011, so does he agree that even with the sharing of facilities with the BBC, alternative arrangements will have to be made from 2011 onwards, if there is to be plurality in regional news?

Andy Burnham: I recognise that these are delicate questions. I also recognise the importance of regional news beyond the BBC. I have spoken many times about that since taking on my present job. I proposed last year that we should look at co-operation in the regions, using BBC facilities, to see whether that could help to sustain a regional news service beyond the BBC. I am sure that the hon. Gentleman agrees that such a service at that level is very important for democracy at a local level. We have made good progress, and ITV and BBC have made considerable strides in seeing how the relationship can work and beginning to work out the practical issues that will come from sharing studio space and outside broadcast technology. Those discussions have reached an advanced stage, as the report indicates, and I hope that they will be concluded soon. I hope that the hon. Gentleman will see in that the germ of an idea that can be taken further, so that the BBC can become an enabling force to sustain a healthy media industry beyond the BBC.

Gordon Banks (Ochil and South Perthshire) (Lab): From both the questions and the answers, I am sure that my right hon. Friend agrees that although the digital age provides enormous opportunities, it poses a range of problems. Can he reassure me, as chair of the all-party parliamentary group on publishing, that the publishing industry, which earns billions of pounds a year for the UK economy, is adequately protected in terms of international property rights in the digital age, so that

[Gordon Banks]

the industry can protect the writers of today and tomorrow and continue to be a cash earner for the UK economy?

Andy Burnham: My hon. Friend is absolutely right. Part of the challenge is to ensure that the benefits of content do not accrue only to those who distribute it. The issue is about ensuring that at every stage of the process—distribution and, crucially, creation—there are fair rewards for those who produce the things that people want to read, watch and enjoy around the world. Clearly, we are not in that position today, but we need to work towards it.

I did not mention publishing in my statement, but perhaps I should have done so. Publishing is one of the oldest creative industries in this country, and I would go so far as to say that our strength in literature is unparalleled. We have to work out new funding models to sustain the highest-quality content in the new age, and I am confident that we can do so. There is a willingness to engage in this discussion, both on the internet service providers' side and the rights holders' side, and the rights agency is the body that will bring those sides together to make solutions that work and that can stick. However, we have some way to go.

Lastly, I say to my hon. Friend that the issue is about finding solutions that go with the grain of how people use the internet today. The world has changed since people paid for every single LP or book that they bought, and we need to find new ways of paying for content that are in keeping with the new ways in which people are accessing it.

Philip Davies (Shipley) (Con): I welcome the Secretary of State's commitment to plurality in public service broadcasting. Does he accept that the issue is that the BBC has a never-ending, guaranteed increase in funding year on year, while commercial broadcasters are seeing their income go down year on year? Does he agree that the only sustainable solution to the problem—particularly given that the BBC still seems to think it worth paying Jonathan Ross £6 million a year—is to top-slice the licence fee, take it from the BBC and give it to commercial broadcasters in return for a commitment to public service broadcasting content?

Andy Burnham: The hon. Gentleman has put forward his view. I think that at times people in other countries would be surprised to hear some of the comments made about the BBC. At the end of the day, it is an outstanding and fine institution that provides brilliant broadcasting for this country. One of the best recent illustrations of that was the coverage of the Beijing Olympics and Paralympics, which showed the BBC at its best.

Of course, we have to consider how the BBC should relate to the fast-changing media world; the hon. Gentleman is not wrong to raise that question, because it is important. I start from the premise that we should not only maintain a strong and secure BBC, doing the great things that it does, but look at how it can help to sustain a wider and healthy media infrastructure. It could work to support local media, including local newspapers—we increasingly need to debate that issue, and the important changes that it involves, in the House. The BBC could help to sustain content from the regions and beyond the BBC and high-quality content on the international stage. We need to have that debate, but I urge the hon. Gentleman not to reach straight for punitive solutions that are seen to undermine or attack the BBC. The BBC is a fundamental strength of this country.

Holocaust Memorial Day

Topical debate

1.23 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): I beg to move,

That this House has considered the matter of Holocaust Memorial Day.

I am grateful to my right hon. and learned Friend the Leader of the House for selecting this subject for debate. I note that the Deputy Leader of the House is on the Front Bench for the opening of this debate.

Holocaust memorial day is a theme that unites right hon. and hon. Members on both sides of the House, and I welcome that. Last year's topical debate on this issue was probably the most well attended that we have had. In debates such as today's our clear message is one of shared resolve around the most important issues. I am keen to allow as many contributions as possible, so I will keep my remarks as brief as I can—and briefer than I would have liked. That shared resolve must be about not just learning more about the holocaust, genocides and other atrocities, but learning from them. I am sure that hon. Members will join me in committing afresh to ensure that the lessons at the heart of Holocaust memorial day are remembered and applied.

Mr. Andrew Dismore (Hendon) (Lab): I am grateful to my hon. Friend because he has made an important point, particularly in the wake of the recent troubles in Gaza and southern Israel. There has been a real upsurge in anti-Semitic attacks in my constituency and borough, and more widely. The Community Security Trust recorded more than 150 attacks, the highest number since it started keeping details. That is a very serious matter. Does my hon. Friend think that those responsible for those attacks could learn a lot if they studied what had happened during the holocaust?

Mr. Khan: I am grateful for that intervention; my hon. Friend deserves a huge tribute for the progress made in the past few years in commemorating Holocaust memorial day and learning the lessons of the past. When we speak to holocaust survivors, or the families of those who died in the holocaust, about the criminal damage of synagogues and the desecration of graves in cemeteries, we find that they have a sense of déjà vu. It renders them speechless. Those who research the history of the holocaust see the dehumanisation and hatred that begins at one end of the spectrum and leads ultimately to the killing of 6 million people.

Mr. David Winnick (Walsall, North) (Lab): I totally agree with the Minister and my hon. Friend the Member for Hendon (Mr. Dismore). Holocaust memorial day is for remembering all the victims of mass murder and killings, and we remember those killed in Gaza, including the young children. Does the Minister not deplore the fact that the Vatican has brought back into the fold a British-born bishop who is a holocaust denier and obviously pro-Nazi? Although I accept that the Vatican has totally dissociated itself from his remarks, is it not unfortunate that that bishop is allowed to be so senior in the Catholic clergy, given that he simply denies that the gas chambers existed?

Mr. Khan: I thank my hon. Friend, who has a rich history of fighting anti-Semitism and racism. Let us be clear: those who deny the holocaust are not historians revising history—their views demonstrate anti-Semitism. We must make sure that our children understand, through education, that the holocaust did occur. We cannot pretend that it did not or allow those who say that it did not to have the oxygen of publicity.

John Bercow (Buckingham) (Con): I am extremely grateful to the hon. Gentleman, who has already given way generously in the early stages of his speech.

There are misguided souls who labour under the misapprehension that virulent and violent anti-Semitism is but a shameful historical fact, but not something with which we currently need to trouble ourselves. Will the hon. Gentleman use the authority of his office and the content of his speech to set out, as the hon. Member for Hendon (Mr. Dismore) did, the facts to the contrary?

In the process, will the Minister—a generous fellow—be kind enough to pay tribute to the right hon. Member for Rotherham (Mr. MacShane), who, sadly, is not in his place today? He is the author of a truly outstanding book entitled "Globalising Hatred: The New Anti-Semitism". I had the good fortune to receive it as a Christmas present from my wife, who paid £12.99. The right hon. Gentleman would not like me to say this, but it is available new on Amazon for £9.

Madam Deputy Speaker (Sylvia Heal): Order. That is a step too far.

Mr. Khan: The hon. Gentleman will know that my right hon. Friend the Member for Rotherham (Mr. MacShane) is passionate about these issues and chaired a report on anti-Semitism. Today he is in his constituency, where there have been announcements and cuts are being made, trying to save jobs and to help those who might lose their jobs to retrain.

I pay tribute to the hon. Member for Buckingham (John Bercow), who chairs the all-party group on genocide prevention; we must not forget that contemporary genocide also exists. He and others from both sides of the Chamber are right to ask the Government to make it clear that anti-Semitism is unacceptable in 2009 and that those forms of hate crime that still occur in the UK and around the world need to be stopped as soon as possible.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Has Her Majesty's Government made any representations through its diplomatic envoys at the Holy See—the Vatican—about our disgust at the fact that the bishop who denied the holocaust has been taken back into the fold? If that has not happened, will the Minister give assurances that it could happen? Many people feel that the issue should not go unremarked by the wider world.

Mr. Khan: I thank the hon. Gentleman for his contribution. Keen as I am to empire-build and to take over Departments and the responsibilities of other Ministers—*[Interruption.]* I take the point. I will find out what efforts have been made via open channels and behind the scenes to express our view to the Vatican about the point that the hon. Gentleman has raised, and I will get back to him via correspondence.

Dr. Julian Lewis (New Forest, East) (Con): I am sorry to keep labouring this point, but what the hon. Member for Walsall, North (Mr. Winnick) said, and has just been reiterated, is of critical importance. The Pope has made a decision to take someone who is an unrepentant denier of the holocaust—one of three people who were excommunicated for other reasons—back into his Church, not because that person denies the holocaust but in spite of the fact that he denies it—a denial that has recently been repeated. Can the Minister impress on his colleagues the importance of the Government taking a firm view and expressing it in no uncertain terms? I am sure that British Roman Catholics, British Jews and, indeed, British people of no religion whatsoever will be absolutely horrified about what His Holiness the Pope has done.

Mr. Khan: I pay tribute to the role that the hon. Gentleman has played with regard to David Irving when he went to Oxford. We all know the protestations that the hon. Gentleman made about his disgust at that happening. Let me put it to him this way. Having spoken, as he has, to many survivors of the holocaust and bereaved families, and being aware of the psychological trauma that goes through communities in relation to hate crime, I am caused great concern by the fact that somebody who can deny that the holocaust took place can hold high office or be invited to august institutions to debate the subject. Many Members in this House will share the feelings that the hon. Gentleman has expressed and find the promotion of such a person highly unsavoury. I will turn to the issue of holocaust denial later in my short opening remarks, because it is still, 64 years after the liberation of Auschwitz-Birkenau, raised by so-called academics and opinion-formers.

Mrs. Theresa Villiers (Chipping Barnet) (Con): As the Member for Chipping Barnet, I have the great honour of representing constituents who include survivors of the holocaust. Does the Minister agree that as, sadly, fewer and fewer survivors are left to tell the story directly, it becomes more and more important to educate younger generations about the holocaust so that we can learn lessons, dispel the lies told by holocaust deniers, and try to counter anti-Semitism, the upsurge in which has already been mentioned?

Mr. Khan: The hon. Lady raises an important point, although I think that I am in danger of taking 12 interventions when I am still on the first page of my speech. I will come on to the important role that the Holocaust Educational Trust plays. This week, I had the pleasure of going to the Holocaust centre in Newark.

Let me return, if that is permissible, to my speech. The shared resolve that I mentioned about four minutes ago must be not only to learn more about the holocaust and genocides and other recent atrocities, but to learn from them. I am sure that hon. Members join me in committing afresh to ensuring that the lessons at the heart of Holocaust memorial day are both remembered and applied. It is hard to find words with which to speak meaningfully and sufficiently of the holocaust: tragic; evil; devastating; depraved. But the more we speak of the holocaust, and the more we learn about it, the more we must accept that none of these words by themselves is adequate. Perhaps because we can never understand the horror, we can properly say only that it is incomprehensible.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): I am grateful to the Minister for giving way; he is being very generous with his time. Of course, we commemorate the holocaust through Holocaust memorial day, but does he agree that while the day is being celebrated in schools and town halls throughout the country, it is important that children and other people recognise that genocide and racism are rampant in the world right now; that we must be careful that we do not only talk about the past, but try to learn lessons from, for example, Rwanda and Darfur; and that young people, in particular, must be aware that they are not only commemorating the past but should be learning lessons for the future?

Mr. Khan: The hon. Gentleman is absolutely right. When I was at the Holocaust centre on Monday—the hon. Member for Buckingham will know about the fantastic work that it does through the Aegis Trust and the all-party group on genocide prevention—a phone call was received for Dr. Stephen Smith from colleagues in Darfur, where a village had been surrounded by people who may well have committed further genocide. Let us be clear: the victims there are Muslims, so the idea that the victims of genocide are only Jewish people is not true. There are lessons that we can learn about contemporary genocide where the victims have been Christians, Muslims, Jews, those of other faiths, and those without faith. We need to learn that lesson across society.

It is the sheer enormity of the holocaust and Nazi persecution that is difficult to comprehend. The victims of the holocaust were Jews, Roma and Sinti Gypsies, black people, Slavs, disabled people, gay people, political opponents, Jehovah's Witnesses and trade unionists. However, our inability to comprehend must never become an excuse for reluctance to remember. We must never forget the great horrors that haunted this continent in the last world war and have done so since. Even though the scale of the Shoah was unprecedented, since world war two the same cycle of evil has been played out—if such things can be measured—in Cambodia, Bosnia, Kosovo, Rwanda and Darfur. The list goes on. As I said, the victims of genocide have been Muslims, Christians, Jews, and those of other faiths and none. It is precisely for this reason—because the list does go on, and because evil does recur—that the holocaust should be written in our present, not just consigned to the past.

Let me deal with the issue of holocaust denial. Holocaust denial and obfuscation are anti-Semitism masked under a veil of pseudo-historical revisionism. It is a gross insult to the victims of Nazism and to survivors of the holocaust. The best weapon against holocaust denial is education. The memory of the holocaust needs to be preserved and its contemporary lessons passed on to future generations. I pay tribute to the Holocaust Educational Trust, whose work with schools and communities has had a big role to play in this. Karen Pollock and her team do remarkable work all year round, not just around Holocaust memorial day and week.

John Bercow: Will the Minister give way?

Mr. Khan: With the hon. Gentleman's charm, how can I say no?

John Bercow: I am extremely sorry to interrupt the Minister, who has been incredibly generous. As he will know, holocaust deniers often try to conjure up an

image of themselves as being in some sense a victimised minority. Will he take the opportunity to point out that David Irving had his day in court when he chose to pick a fight with Deborah Lipstadt, the author of "Denying the Holocaust: The Growing Assault on Truth and Memory", and lost because he had lied and distorted the record? He got it wrong, and he was exposed: we should keep reminding ourselves and others of that fact.

Mr. Khan: As someone who has spent my life, in Parliament and before, defending human rights and civil liberties, I find it offensive that someone like David Irving uses freedom of speech as an excuse to propagate such hurtful lies. It causes huge distress, not only psychological but physical, to victims of the holocaust when they hear people such as him saying the things that he does to the audiences that he has been given.

It is essential to hear the voices of survivors, who have shown the resilience of the human spirit, and essential to honour the memory of the victims, whose stories we must not forget. To truly learn history's lessons, it is essential that we ensure that the baton passes from the citizens of today to the citizens of tomorrow: our young people.

It was my privilege to attend the national Holocaust memorial day commemoration in Coventry last Sunday. That started, for me, with a reception for survivors. About 100 survivors were present at St. Mary's Guildhall for the lunch. I was humbled and deeply moved to meet and hear the stories of just a handful of them. I would like to pay tribute to their vitality and dignity. So much hatred was thrown at them, for no reason other than the accident of their birth. The way in which they refused to be robbed of their dignity, and displayed such courage and determination, serves as inspiration to us all. The theme of this year's Holocaust memorial day was "Standing up to hatred". That message, though inspired by state-sponsored atrocities, should resonate with us all in our everyday lives. It was a privilege to attend the event with my right hon. Friends the Secretary of State for Communities and Local Government and the Home Secretary. My hon. Friends the Members for Coventry, South (Mr. Cunningham) and for Liverpool, Riverside (Mrs. Ellman) were also present.

The holocaust teaches us that, tragically, too many people are prepared to stand by or look the other way when they see acts of hatred occurring. At that event we heard the testimony of Regina Franks, a survivor of both Auschwitz and Belsen, a woman whose experience of hatred never conditioned her to hate in return, and whose voice—just one voice out of millions who suffered in the concentration camps or in subsequent genocides—somehow helps us to understand how a single person can make a difference. That is why it was right that we heard contemporary voices say how they would stand up to hatred. Among them were the Chief Rabbi Sir Jonathan Sacks and my right hon. Friend the Secretary of State, but so too was a 15-year-old boy from Coventry, who had been moved to stand up to hatred because of what he had seen on a visit to a concentration camp. We all need to commit ourselves to challenging prejudice, wherever we see it in our society.

In a month when we celebrate the election of the first black president of the United States, it is appropriate that I should quote what Martin Luther King said 40 years ago:

"In the end, we will remember not the words of our enemies, but the silence of our friends."

We all know that, left unchecked, racism and prejudice can have catastrophic consequences, and on Sunday it was good to hear that 15-year-old confirm that he would not allow prejudice to go unchallenged. I was proud to stand with him, and with all the others there, to show our shared resolve.

I pay tribute to the work of the Holocaust Memorial Day Trust and the Holocaust Educational Trust. I shall not talk about the funding that the Government have given them, because that would be crude. This is more about the values that we share with those organisations and about standing with them shoulder to shoulder, standing up against hatred and saying with a shared voice, "Never again."

1.41 pm

Mr. Paul Goodman (Wycombe) (Con): Holocaust memorial day is, of course, 27 January and on that day this year, my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell), the shadow Secretary of State for International Development, laid a wreath at Yad Vashem on behalf of our party.

The debate is necessarily sombre, and as the Minister said, each year it is one in which party politics is irrelevant. Each year, we probe the causes of the horror of the holocaust, its roots planted in the racist ideology of the Nazis and, even deeper, in Europe's terrible history of anti-Semitism. We honour the work of the Holocaust Memorial Day Trust, the Holocaust Educational Trust, the Community Security Trust, the all-party group against anti-Semitism, many of whose Members are in their places, and many other organisations. We condemn holocaust denial, as the Minister rightly did, as we do all racism, xenophobia and Islamophobia.

We wonder how the holocaust could have happened, and how most Germans could have averted their eyes from the attempted extermination of an entire people in Europe. In 1933, Germany could claim to be the most civilised nation in the world. Less than 15 years later, 6 million people were dead. Before we rush to judgment, however, we ask ourselves each year whether we are certain that we would have behaved more honourably. We always join together in this debate to say, "Never again."

As the Minister said, the Jewish people were not the only victims of the holocaust. There were also Poles, disabled people, political prisoners, Jehovah's Witnesses, gay people and many others. Nor, as has been pointed out from the Conservative Benches, was the holocaust the only exercise in mass murder. The Holocaust Memorial Day Trust's website refers to Cambodia, Bosnia, Rwanda and Darfur.

Of itself, anti-Semitism is surely no worse than any other form of that vile thing, racism. However, the location of the extermination camps in Europe and the historical backdrop against which they were set place on us a unique responsibility. As politicians, we must be especially sensitive to eruptions of anti-Semitism, given the speed at which it gathered pace in Germany.

As has been mentioned, since 27 December, there has been what the Holocaust Educational Trust describes as "an unprecedented rise" in the number of anti-Semitic incidents in Britain. Our streets have seen the trashing

[Mr. Paul Goodman]

of Starbucks, Tesco and other shops, assaults on visibly Jewish people, the attempted burning down of a synagogue in north London and graffiti that reads simply, "Kill the Jews". As the House knows, 27 December was the day on which Israel went into Gaza with overpowering force. I understand why passions run high in relation to Gaza among many people from all backgrounds. As the Conservative Member with the largest number of Muslim constituents, I know the rage, the anger, the feeling of impotence and the sense that democracy has failed.

Mr. Lee Scott (Ilford, North) (Con): Does my hon. Friend share my concern that neo-Nazi parties could well use the mist of what has happened in the past few weeks to raise anti-Semitism and try to cause divisions in communities in which there has been harmony in recent years?

Mr. Goodman: My hon. Friend is absolutely right, and I shall come to that point later.

Mr. Dismore: On the appalling situation in Gaza and southern Israel, does the hon. Gentleman agree that people who support the Palestinian cause do themselves no justice by suggesting that what is going on there is another form of holocaust or genocide? It clearly is not and, by suggesting that, they undermine their own case and do not do anything to contribute to the attempt to find a long-term resolution of the conflict in the middle east.

Mr. Goodman: I broadly agree with the hon. Gentleman, and in fact he has anticipated part of the direction in which I intend to take my speech. Although this is not a debate about Gaza, and you would rightly rule out of order any Member who tried to turn it into one, Madam Deputy Speaker, I wish to make the point that we must appreciate how strongly many people feel about the situation. I wish to put on record our position that any alleged war crimes must be investigated.

Mr. Winnick: Does the hon. Gentleman also accept that a number of Jews—possibly a minority, I do not know—feel as strongly as any Muslim against what the Israelis did in Gaza?

Mr. Goodman: In many ways, that is related to a point that has been made from the Conservative Benches, which is that feelings about this issue are not confined to members of any one ethnic or religious group.

It is incontestable that what happens abroad can stir violent extremism at home. However, I wish to make it absolutely clear that violence abroad must not be allowed to spill on to the streets of Britain, from whatever quarter. People must take great care not accidentally to inflame what they rightly decry. We must all take great care when language involving holocaust comparisons is used, as the hon. Member for Hendon (Mr. Dismore) said a moment ago.

It is inevitably asked how people who have experienced suffering can inflict suffering on others. We cannot avoid asking that question in relation to the Palestinians, and some Israelis acknowledge the force of it. However, there is a crucial difference in character between the horrors of war—yes, even of wars in which war crimes are committed—and the holocaust, which was the attempted extermination of an entire people on an industrial scale.

I am sure that the overwhelming majority of those who recently took to the streets to protest peacefully about the carnage in Gaza will have been appalled by the anti-Semitic attacks that the CST has recorded. I hope that all would therefore concede that banners with stars of David alongside swastikas, and placards conflating Israel with Nazi Germany, are not only distasteful but risk inflaming anti-Semitism. I am sure that the House would agree that costumes portraying anti-Semitic stereotypes—for example the demonstrator who, in caricature, wore a mask with a hideously large nose and devoured an imitation bloody child, thereby suggesting the blood libel of Jews eating gentile children—are nothing less than Jew-baiting.

Today, as we say, "never again", we must look forward with hope. Jews, Muslims, Christians and others up and down the country are working together to build mutual understanding, cohesion and peace, as the council for Christian and Muslim relations in my constituency does. Such groups are not silent, so it would not be accurate to call them part of the silent majority, but they are certainly part of the decent majority, and I hope that the whole House recognises what they do.

The recent spike in anti-Semitic incidents can reasonably be expected to ease. None the less, I believe that we have been warned. Sheikh Yusuf al-Qaradawi, the spiritual leader of the Muslim Brotherhood, recently prayed for the destruction of the Jews

"down to the very last one".

Ayatollah Khamenei, Iran's spiritual leader, spoke of the worldwide necessity of martyrdom in relation to Gaza. Mahmoud Zahhar, a Hamas leader, said that the killing of Jewish children is now legitimate "all over the world".

I close with three swift questions to the Under-Secretary, who, as ever, made a good speech today. First, will he give the House a categorical assurance that all police forces will record anti-Semitic crimes by the end of 2008-09, as promised. Secondly, what is the Government's view of reports that the Muslim Council of Britain boycotted Holocaust memorial day this year? If they are true, will the Government's engagement policy in relation to the MCB change? If so, in what way? Thirdly, Ministers rightly met groups concerned about the conflict in Gaza and Israel recently. What steps is the Under-Secretary taking to ensure not only that Ministers meet groups, but that groups from different religious backgrounds and from none can meet each other in such circumstances—obviously, I am referring not only to Gaza and Israel—to help reduce tensions?

I have spoken briefly because many hon. Members wish to participate in the debate. We welcome it and, together, we say, "Never again."

1.51 pm

Anne Snelgrove (South Swindon) (Lab): I add my thanks to the Leader of the House for allowing us to have the debate today. I hope that it will be an annual event, as many Members from all parties support it.

Holocaust memorial week is an opportunity to remember and honour those people who lost their lives in the holocaust. As my hon. Friend the Under-Secretary

said, 6 million Jews, as well as Roma, Sinti, disabled people, Poles, Russians, political opponents, homosexuals and trade unionists were murdered by the Nazi regime. Approximately 1.5 million children were killed in the holocaust. Those children would have been our future, and we should honour their tragically short lives. One of the most affecting parts of the Yad Vashem memorial in Jerusalem is the memorial to children. It is a silent memorial. When one thinks of the noise and movement of children, a silent memorial is very affecting.

I commend the Under-Secretary and the Opposition spokesman for their excellent speeches. Both used the phrase, "Never again", which is used frequently about the holocaust. However, to society's cost, the world has failed more than once to prevent or halt genocide—in Cambodia, Bosnia, Rwanda and now Sudan. In our interconnected world, we have a responsibility to act to prevent any repetition of the mass murder and attempted extermination of a people that was the holocaust. That is only one reason for the holocaust's relevance today.

In the 1930s, Germany was hijacked by the rise of far-right nationalism, which preached intolerance, hate and racism. In recent years, we have witnessed an increase in support for far-right parties here in local elections and abroad in countries such as Austria. That is why this year's theme—stand up to hatred—is so important in a year of European elections. I hope that hon. Members of all parties will work together to combat any racism and religious hatred that threatens to come out of those elections.

Racism, Islamophobia and anti-Semitism plague community cohesion and race relations, and all politicians must unite to work against the reactionary and illogical mantras of the far right. Remembering, and educating people, especially young people, about the holocaust are invaluable tools in confronting racism and bigotry. That is why I am so pleased that, working with Conservative-controlled Swindon borough council, we are together bringing the "Anne Frank and You" exhibition to our town in April. It will help to educate and emphasise the relevance today of the holocaust of yesterday to not only our young people in Swindon but the whole Wiltshire community. It will help us to tackle some of the local problems that we have experienced between different religions and races and different parts of our community in Swindon. It will also help children to understand and reflect on what is happening in the world today and on what happened in the past.

I pay special tribute to Rod Bluh, the leader of Swindon borough council, members of whose family were on the last trains out of Nazi Germany before the second world war, for his leadership and determination that the "Anne Frank and You" exhibition should come to Swindon.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): I am listening carefully to the hon. Lady. I am sure that she agrees that genocide and mass murder do not stem from only one part of the political spectrum—we think of the works of Stalin, and of Mao in the cultural revolution. Like the Under-Secretary, last summer I spent some time with VSO, and I was sent to Cambodia, where an auto-genocide happened. At that time, I was a young boy and blissfully unaware of what was happening there. That happened in an extreme left country, but was stopped by another country from the same part of the political spectrum. Vietnam's interference and invasion thankfully stopped the mass murder of a third of the Cambodian population. Is not the overriding point the one that the Under-Secretary made about others standing by—

Madam Deputy Speaker (Sylvia Heal): Order. Interventions must be brief; the time for the debate is limited.

Anne Snelgrove: The hon. Gentleman makes a good point. I did not mean to suggest that bigotry and hatred came from only one part of the political spectrum. I thank him for making that point.

The fundamental themes of justice, political literacy and identity inspire and motivate young people to recognise their rights and responsibilities as citizens. We hope that that will come out of the "Anne Frank and You" exhibition. By making sense of the past, and realising where unchallenged discrimination can lead, young people are empowered to contribute positively to a future society that we hope will be free from discrimination and hatred.

I pay tribute to the Holocaust Educational Trust, which seeks to educate not only children but all people, including parliamentarians, about the holocaust, not just for its own sake, but so that we might learn the lessons that it holds for us today. I have the privilege of being a member of a cross-party party group that the Holocaust Educational Trust took to Poland last year. We visited several places to witness the continuing effect of the holocaust and the concentration camps on modern Polish society as well as the effect on Poles when it happened.

One visit that will stay with me for ever was to Majdanek concentration camp. We do not hear much about it in this country because almost everybody died; there were few or no survivors to bear witness. I find it difficult to articulate how I felt after that visit. Although we went in July, it was a horrible, drizzly, foggy day, and the area seemed surrounded in gloom—rightly so. As we went into the huts, I was struck by the smell and the visual drabness of the whole area. My imagination still goes into overdrive about what happened at that terrible place. It is right that the Polish nation and the world keep such places available for us to visit.

I pay tribute to the work of the Holocaust Educational Trust in taking sixth formers from my constituency and those of other hon. Members to visit Auschwitz each year. I hope to visit it this year, with children from my constituency. I think that they will find it as affecting an experience as I did, and it is through such experiences that we keep alive what happened during the second world war and ensure that it does not happen again.

Another feature of our visit was an opportunity to meet some of our counterparts in the Polish Parliament, and representatives from its President's and Prime Minister's offices, to discuss ways of identifying and combating anti-Semitism and racism. We told them about the British Government's support for the Holocaust Educational Trust's student visits to Auschwitz-Birkenau. We need to ensure that dialogue and discussion continue between our parliamentarians and Polish parliamentarians, so that, through the European Union, we can encourage Poland to come more into this century as well as to look

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back and deal with the issues arising from the holocaust and the second world war that it has found so difficult to deal with.

Mr. Dismore: I, too, was on that visit, and what struck me when we visited the Warsaw ghetto was that the consequences are still with us today. We saw the tram tracks on what was formerly Warsaw's equivalent of Oxford street, which had been completely devastated. We also visited the villages, the majority of whose populations had been Jewish, where the Jewish people had been entirely wiped out. It showed just how close the Nazis had been to succeeding, and I think that that emphasises the importance of what my hon. Friend is saying today.

Anne Snelgrove: My hon. Friend has eloquently made the point that I was about to make. Even though the liberation of Auschwitz took place 64 years ago, we cannot say that the problems are not still with us today. They are a stain on Europe, particularly where those concentration camps were situated. We need to work closely with the Polish Government and the Polish people to enable them to overcome that stain, to recognise where Jewish people lived in their country, and to celebrate the past as well as recognising the difficulties that the people in that country faced in dealing with—or not dealing with—what was going on among them at the time.

Majdanek was a camp that was situated right on top of a community in a city. It was not hidden from civilisation. That is shocking. I give that example not as a condemnation of the Polish people but as a warning to all of us. If we are not careful, it will happen again among us. That is the true meaning of "Never again."

2.2 pm

Lembit Öpik (Montgomeryshire) (LD): My parents were among those who were provided with refuge in the UK from the turmoil of war and the fracturing of a continent. For that reason, I am extremely proud and grateful that, as a nation, we honour the victims of the holocaust by officially commemorating this day. I would like to pay tribute to Europeans across the continent who provided refuge to those fleeing persecution. I only regret that, once again, the press—with one or two noble exceptions—seem to be too busy to attend this debate in person. I hope that that absence will not be repeated next year.

The philosopher George Santayana said:

"Those who cannot remember the past are condemned to repeat it."

Our aim is to live by that moral and to remember the 6 million victims of the holocaust, as well as the many other victims of genocide who have already been mentioned. Unfortunately, genocide remains a stain on the 20th century, with around 150,000 victims in East Timor, 500,000 in Cambodia, 500,000 in Ethiopia, and more in Tibet, Bosnia and Rwanda. Genocide continues even now in Darfur and towards the Karen people in Burma. It is also worrying that the international community has not been able to draw a line under the Rwandan genocide, with remnants of the tribal tensions spilling over into the present conflict in the Democratic Republic of the Congo.

The situation facing the indigenous people of West Papua is just as bad. One of the worst examples is the displacement and killing of thousands of people to make way for the giant American and British-owned Freeport mine, the largest gold mine in the world, which has reduced a sacred mountain to a crater and poisoned the local river system. We talk about this here, but, collectively, we still allow it to happen elsewhere.

I also pay tribute to the Holocaust Educational Trust, which is so ably led by Karen Pollock, and without which I doubt we would be having this debate. Sadly, however, there are threats to the holocaust's memory. According to the BBC, 94 per cent. of funding for the museum at Auschwitz-Birkenau comes from Poland, with only 6 per cent. coming from elsewhere. I would like to ask the Minister whether our Government would consider making a more formal financial contribution, in order to keep the memory alive. The impact of visiting the museum in Auschwitz is profound, and almost no one who has been there can forget it or deny the holocaust.

Dr. Julian Lewis: Last year, I went to Auschwitz-Birkenau under the aegis of the Holocaust Educational Trust, and it was indeed a profoundly moving experience. I also went to see how the trust prepared the youngsters before they visited the site, and I was hugely impressed by the contribution of a man called Joe Perl, a holocaust survivor. After all he had been through, he was still filled with enough love of humanity to carry his message to those young children. I was also impressed by the fact that when the children came back, they were encouraged to talk about their experiences and to think of ideas to ensure that these things can never happen again.

Lembit Öpik: I fully agree with the hon. Gentleman. The lessons to be learned from Auschwitz are a priceless contribution to education, and I encourage all right hon. and hon. Members to write a letter to their local schools to encourage the take-up of that scheme.

In addition, I would like to cite a film that I saw recently. It was called "Defiance" and it chronicled the outstanding contribution of two heroes in Poland: the Bielski brothers, Tuvia and Zus. They harboured 1,200 citizens in the forests of Poland to give them protection at the height of the holocaust. They personify the heroism of so many in Europe's darkest hour.

Education is our greatest weapon against the recurrence of genocide in Europe. I join others on both sides of the House in honouring the victims of the holocaust, along with those who were brave enough to condemn it in the past, and those who promote its memory in the present so that it can serve as a practical reminder for the future.

We must also commend the work of the Kindertransport, before world war two broke out, in securing the future for more than 9,000 Jewish children. Such examples show the human race at its best, in contrast with the very worst, as illustrated by the holocaust. Let us also remember the fragility of tolerance. People may make a pariah of Germany, but in the Channel Islands, which were occupied, there was a degree of co-operation by people not far from here. That suggests to me that we have to be vigilant, ensure that the underlying causes of intolerance are challenged, and hope that this kind of behaviour never ceases to be characterised as wrong—an opportunity to scapegoat by those who are unwilling to see the bigger picture.

The holocaust of world war two is a salutary lesson in what has happened on our own European doorstep. But, more than that, it is a blood-stained testimony to what happens when an ordinary, decent society is allowed to descend into extraordinary barbarism through the abandonment of basic human rights. It is our duty to end the systematic killing of people and groups across the globe, long after the eye witnesses to the holocaust are gone. The few remaining holocaust survivors will not always be with us, and that is why we need the museum. Standing up to hatred means taking a stand for a future in which we simply do not allow systematic killing to take place anywhere in the world. That will require us to revisit our approach to foreign policy, because we do not always get it right.

I am grateful that the Government have done a great deal to embrace the memory of the holocaust. We are not just standing up against hatred; we are taking a stand for a future in which the honour of those who died in the holocaust will never be abandoned, and in which the errors of the holocaust will never be repeated.

2.9 pm

Gordon Banks (Ochil and South Perthshire) (Lab): I am grateful for the opportunity to contribute to this important debate. We all know the history of the holocaust, and it is a shame that we do not all believe it. The crisis in Europe between 1914 and 1945 is a subject that has interested me all my adult life. Fully understanding the effects of world war one and the treaty of Versailles on the German nation is, I believe, fundamental to understanding—if it is possible to understand—how Hitler rose to power in Germany.

Mr. Dismore: My hon. Friend mentions the period between 1914 and the second world war. We commemorate the holocaust, of course, which relates only to the second world war. Does he agree that it is about time we also acknowledged the Armenian genocide committed at the hands of the Ottoman Turks in 1915, which is unfortunately often forgotten, although it was cited by Hitler as one of the sources of the genocide against the Jews in the holocaust?

Gordon Banks: My hon. Friend is right. I hope that people in history will learn from history—from its good points, anyway.

For people in Hitler's Germany who were not Jews, not gay, not disabled, not a Jehovah's Witness, not a communist or a Roma and who kept their noses clean, life under Hitler, after the failures of the Weimar republic, could be good or even fine. So what does that really say? To me it says that if people are prepared to close their eyes to what is happening to the people they work with, if they are content to turn away from what is going on in their streets, and if they can put out of their minds what is happening to members of their family, things are not so bad.

It is the ability to turn a blind eye to hatred and intolerance that worries me today. We cannot and must not judge people on their sexuality, religion or ethnicity—yet all too often we do. I am also concerned when we all too often allow others to express these views without appropriate challenge. There are people who display these intolerances in our country's politics today—they are sometimes dressed up, but they are there. We are failing the victims of the holocaust and every decent tolerant person in the UK if we fail to face down this challenge, and that is what it is—a real challenge.

The policy of Hitler and Himmler towards the persecution of non-Aryans was often a piecemeal approach—deadly, yes, but piecemeal none the less. It was a policy that grew into action, the stronger the Nazis became. We all know the end results. History shows us what happens when fascists dress up their policies to gather public support. To give the German people the benefit of the doubt, they could not see the extreme nature of what was coming. Today, we can see what happened and we must face up to and resist the opportunity to embark on such policies, both domestically and internationally. It is no defence for us to turn our back on persecution and genocide, wherever they happen. Yes, it might be a long way away, but so, too, in relative terms, was Germany a long way away from the average Briton in the 1930s.

What do we make of those who peddle holocaust denial, those who fuel a propaganda movement that is active in many countries? It is the responsibility of everyone in positions of power and influence to do everything they can to counter such statements—failure to do so is unacceptable as it increases their credibility. We must face down and defeat those who deny that the holocaust took place. Such remarks are offensive beyond words; they are the work of bigots. We must challenge these people, whether they are Heads of State, leaders of political parties, bishops or revolutionary freedom fighters, for want of a better expression. Genocide is not something that died in 1945; it is still here today.

While we are here in the Chamber talking about this subject in a relatively calm and measured way, we must spare a thought for those who are caught up in this horror—people seeing members of their family killed, raped, dismembered and trying to do just enough to get through till tomorrow when—guess what?—they face the torture, rape and killing all over again. I fear that the work of the Holocaust Educational Trust will never end. I call on this Government and other democratically elected Governments to step up their efforts as we try to stamp out genocide and hatred.

I was fortunate to visit Auschwitz-Birkenau and come back—but more than 1 million did not. When I visited Auschwitz-Birkenau, there were pupils from two schools in my constituency—Lornshill academy and Crieff high school—visiting for the first time. I am happy that other schools in Ochil and South Perthshire continue to send their pupils there; I hope that they will continue to take up that opportunity for years to come. The impressions left on pupils after these trips are, as we know, often life changing. With every life we change in this way, we may save thousands. To me, that is a good rate of interest.

Wandering though Auschwitz, one would not really appreciate what went on. Sure, there are areas where the gas chambers and the like still exist, but at first sight this place could be any kind of campus; indeed, it had been a Polish army barracks. Birkenau brought the real horrors home to me: the remaining horse-shed accommodation, not for horses but for humans, and the railway track in, but not out. If anyone needs to see how man's inhumanity to man is best displayed, go to Birkenau.

Every year I urge secondary schools in my constituency to take part in this visit programme and I will continue to do so. Although the lessons are historical, the impact is, sadly, as relevant today as it ever was. To stand up to

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hatred is something we should all be prepared to do. To fail to do so tarnishes the memory of everyone who has been subjected to persecution and increases the likelihood that it will be us next.

2.15 pm

Mr. Andrew Robathan (Blaby) (Con): May I first apologise to the Minister, as I have a long-standing doctor's appointment that will pull me away? I want to say to my hon. Friend the Member for Wycombe (Mr. Goodman) that I thought he made an extremely good and thoughtful speech. Unusually, I would like to compliment the Minister on his excellent and well balanced speech.

I was brought up in the aftermath of world war two, as were many others. I was brought up with "Exodus" by Leon Uris—not only the book, but the film with its haunting theme music. When I was brought up, there was no question but that one saw the issue of the holocaust as an integral part of the experience of world war two.

During 1978, I went to the Bergen-Belsen camp, where it is true that the birds do not sing, which is most extraordinary. I was stationed in Germany, surrounded by old work camps, which again brought the issue home to me. Last February, I was lucky enough to be able to go to Auschwitz with the HET.

As a matter of interest, I was once vice-chairman of the all-party genocide group, which was founded by my friend and former colleague, Oona King, after a visit to Rwanda, where, of course, 2 million were killed. I have also been vice-chairman of the all-party Sudan group, and I note that Bashir may be charged with war crimes over what is alleged to be genocide in Darfur. I would welcome that. I say that not because my CV is terribly interesting, but because as a result of my age, I know a lot about the holocaust. I regret to say that as survivors increasingly die off, fewer people do.

I wish to praise and devote the rest of my speech particularly to the work of the HET, which has rightly been much mentioned. I praise the HET not because it took me to Auschwitz—although I am very grateful for that—but because what it does is valuable and absolutely vital. The trips are very moving, particularly for those who do not know much about the history of the 20th century. The education it provides in schools and elsewhere is again vital.

As people will know, the HET was founded by my former parliamentary neighbour, the noble Lord Janner, and Merlyn Rees in 1998. I welcome the Government money given over the past couple of years—about £1.5 million a year, I believe—to assist the programme. That is valuable, although the visits took place long before the Government money arrived. I would like to say to every Member in the House that if they have not visited Auschwitz, they should do so. It is really valuable, and to take children there is hugely moving.

Lembit Öpik: Does the hon. Gentleman agree that the outstanding contribution to the memory of the holocaust created by Lord Merlyn-Rees and Lord Janner illustrates how every single one of us has the capacity to make a substantial difference to the opportunities for the public of today and the children of tomorrow to learn the lessons of Auschwitz?

Mr. Robathan: I would indeed agree, which is why we need to inculcate tolerance of others in our society.

Let me touch briefly on holocaust denial. To anyone who has looked at the facts, it is of course absolutely ridiculous, but as the HET says, it is best defeated by education and knowledge. David Irving, whom we have heard about already, went to prison in Austria for some of his ridiculous utterances. Although I have no time for the man, I wonder whether sending such an idiotic figure to prison is the best answer.

We also heard earlier about Richard Williamson—a self-appointed bishop, I think, in a sect of the Roman Catholic Church, to which he has recently been readmitted. I watched him on YouTube shortly before I came here and found out that the gas chambers did not exist! He denies their existence. People like him are best defeated by education, knowledge, fact and ridicule. Frankly, I deprecate him completely. I believe that the holocaust denier who is currently in the highest position is President Ahmadinejad of Iran, and I find that much more worrying than the views of some silly man called Richard Williamson.

Education is important. As survivors die off, there will be fewer people to tell others what happened to them and to move us all. That was brought home to me today by the obituary, in *The Daily Telegraph*, of a Pole called Alec Maisner, who became an air vice-marshal in the Royal Air Force. He was not Jewish, but he was at Warsaw university in 1939, when Stalin took over Warsaw, and many of his fellow students were Jewish. He spent two years in Stalin's labour camps in Siberia before coming to Britain and becoming an air vice-marshal.

I mention that not because it represents part of the holocaust that we commemorate—of course, Stalin killed some 25 million people, probably his own people, for almost any reason, but not particularly for racist reasons—but because as people like the air vice-marshal move on, we need to keep the knowledge alive. That is why I say again that I praise the work of the HET and hope that we will indeed learn the lessons of history.

2.21 pm

Ms Dari Taylor (Stockton, South) (Lab): The theme of Holocaust memorial day is "Stand up to hatred". With that in mind, I want to quote from an article about Carl Schmitt. If anyone is an exemplar of hatred, that man is. He was an anti-Semite; he made it very clear that he was a Nazi; and he was a

"leading political thinker of his day".

He

"held that liberalism is too weak to sustain passion and conviction at times of crisis. For him, real politics is about identifying an enemy and a cause you are willing to die for."

That is the sort of pernicious, vicious material that is often peddled today by the British National party. We should be very aware that that is exactly the philosophy that it peddles within our communities.

Some years ago I, like many other Members, was privileged to visit Auchswitz and Birkenau. I say "privileged" because the HET, to which I am very grateful, invited me to take along some young students from Stockton. I echo what others have said today when I tell the House that the visit would have been valuable to me in any event, but in the company of those young students I found it more valuable than I can say.

There was an ugly reality in the human tragedy that those camps represented, and they clearly had a powerful impact on the students. I hoped that the visit would meet a real need and give them a sense that when humans work together, their solidarity ensures that we can cope with any problem with which we are faced. I believe that the visit did that, but it did a great deal more as well.

The students were mortified as they looked at glass cases full of human hair, shoes and glasses, and read the heartbreaking statements of people who had managed to escape and to survive that hideous period. They told their stories of how, during the bitterest of winters, they were made to take off their shoes and were given a pair of shoes both of which were for the left foot or which did not fit them. The humiliation was absolute. That was the absolute force of what the Nazis were about. Those people were starving; they were emaciated; and children were dying around them. There was a hideous sense of fear, which could be felt through what those people were saying. They were so frightened because, while Auschwitz was dreadful, Birkenau was worse. Many knew that they might have to make that journey knowing that it would be the last journey that they would ever make.

The hideousness of those atrocities was overwhelming. I saw it in the students' eyes. These were robust, up-for-it students who had been full of beans at 6 am on arrival at the airport that morning, feeling that this was a good visit. However, as soon as Auschwitz hit them, their heads were down and they did not know where to look. They could not believe that humanity had been so degraded. They could not believe that it had produced the hideous glass cases that they had seen and the stories to which they were listening. There was a powerful, overwhelming, eerie silence.

The move from Auschwitz to Birkenau was horrendous—all of it. I wanted to cuddle the students. I wanted to put my arms around them and say, "Together, we can ensure that this will never happen again." However, that would not have been appropriate. I knew that, like me, they had to face that reality. They had to ask themselves the question, "What would I have done if I had been in Germany or Poland at that time?" I am not a Jewess; they are not Jews. What would we have done? Would we have held the line? Would we have supported those people? Would we have done all that we could to protect them? The question is profound. We all want to believe that we would have supported those people, but I still ask myself this question: would it have been "me and my children first", or would I have been a decent person and said, "Humanity comes first—all people come first"?

I have to tell the House that that was an awesome visit. Eventually, something very positive came out of it. I went to the school assemblies and heard the youngsters talk. They gave their impression of the day; they read poems; they discussed with their groups what they had faced and what had happened. I had a feeling that the visit had strengthened their need and concern for human solidarity always to be in their lives—their principled position. It is possible to learn from the holocaust, and to learn from the hideousness of the 1930s.

Like many other Members, I was a student, and this was a specialist area of my politics degree course. I knew the numbers, and I knew what the Nazis were about, but facing it is a different matter. I tried to explain to the students that it is sometimes necessary to understand that fear can be transformed into indifference, causing people to say, "I do not want to know". The inability to respect differences becomes a way of blocking out the fact that something is happening in one's own street.

It is important for us all to recognise that a visit to Auschwitz-Birkenau is very valuable. It is equally important for us all to understand—as those students clearly understood—that any form of racial superiority is a tool used by some to divide humans. It is not there to produce human respect; it is not there to produce the best in all nations.

Today, we hear the statement to which we all cling and which we must repeat loudly and clearly; we must stand up to hatred. We must say to those who look the other way that if they do not stand up and support decency, there will inevitably be a Rwanda, a Darfur or a Bosnia. One day it might be them and their families who are involved, so standing up is important.

Footballers gave us a tremendous example. Black players were spat at and had things thrown at them while they were playing, but they stood up and said, "Give racism the red card." The fact that ordinary youngsters, often from impoverished backgrounds in my communities, have leaders who will give them a steer and something to believe in is crucial. We can do something; we do not have to turn away.

We must learn the lessons of the 1930s and say to our children and our communities, "Never again." I would

Madam Deputy Speaker: Order. The hon. Lady's time is up.

2.29 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): It has been a truly excellent debate, particularly the emotional and moving speech by the hon. Member for Stockton, South (Ms Taylor). I was a co-sponsor of the early-day motion on Holocaust memorial day, which has attracted 176 signatures from Members of all parties. On Tuesday, Holocaust memorial day, I was delighted to welcome the Chief Rabbi Sir Jonathan Sacks to Lady Margaret school in my constituency for morning assembly. The school, always ranked as one of the country's best performing comprehensives, did us all extremely proud, led by the headmistress Sally Whyte.

Two girls participated in the HET visit to Auschwitz in November with me, and we heard from both of them. Both Jennifer Gannaway and Lara Hawkins spoke, with short but moving accounts of their day in Auschwitz-Birkenau. Jennifer spoke of how the accumulated possessions of the victims, which are so clearly on display in Auschwitz, left an important impression on her:

"It decoded the 1.1 million killed at Auschwitz-Birkenau into 1.1 million individuals whose names we saw on the side of their suitcases."

Lara described the overall chilling effect of the experience:

"The only way I can effectively describe to you my feelings after visiting Auschwitz-Birkenau was that I felt completely numb and hollow inside."

Most importantly of all, we heard from a holocaust survivor, Mrs. Mala Tribich. I believe that she is one of only a couple of dozen holocaust survivors in the UK.

[Mr. Greg Hands]

The role that people such as Mrs. Tribich are playing and will continue to play in the coming years is a vital one; there is nothing more effective in learning about the holocaust than hearing it related at first hand.

Mrs. Tribich brought many of us at the assembly close to tears as she described how, as a small child, she lost her parents and almost all her immediate family. She described arriving at Ravensbrueck and being processed on arrival. She had her clothes removed and her hair shaved. She said:

"When we emerged the other end, we could not recognise one another, we all looked the same. Our identities, our personalities, our very souls had been taken from us. We were dehumanised."

Mrs Tribich also said something important:

"Whenever I speak to young people in schools I am invariably asked 'Do you hate the Germans?' Well, generally speaking it is not in my nature to hate, but more particularly I always state categorically that I do not attach any blame or hold any sort of grudge against the post war generations. Forgiveness of the perpetrators, however, is quite another matter."

It is that on which I wanted to reflect briefly today; how we and other European countries are dealing with this horrible past.

I have relatives in both Germany and Russia. I also have a huge number of Polish constituents and go to Poland fairly frequently. I wanted to compare how those countries are dealing with their pasts, as regards the holocaust and anti-Semitism. Before I go down that road, I do not want to give any impression of equivalence in the historical experience of those countries. The holocaust was very largely a Nazi German perpetration, the result of the evil mind of Adolf Hitler and the active participation of thousands of Germans and the passive contribution of millions. The Poles and Russians also had millions of victims at the hands of Nazi Germany.

Germany has, in my view, done a pretty good job of dealing with its past. All post-war German Governments have recognised the special responsibility that Germany has towards both the worldwide Jewish community and Israel. Most Germans I know are shocked by modern-day anti-Semitism. German towns and cities do a pretty good job of preserving historic Jewish memory; the refurbished Oranienburger strasse synagogue in Berlin is testimony to that. The Dachau and Sachsenhausen concentration camps are well-preserved and attract a lot of visitors. There are still anti-Semitic incidents in Germany, but they are pretty rare, so I commend the work Germany has done over the past six decades. Poland is another interesting case—itself a tragic victim of Nazi-German crimes—but also with a difficult past in relation to its former Jewish citizens.

As I have said, I visited Auschwitz in November. I have been there before; my previous visit was in February 1991, when Auschwitz was still arranged as it had been in the communist era, which had only just drawn to a close. What was striking about Auschwitz in 1991 was that the Jewish nature of the holocaust had been written out almost entirely. Of course, a lot of Poles were murdered in Auschwitz as well, but the impression given at that time was that there was no specifically Jewish aspect of the holocaust.

I am delighted to be able to say that the arrangement of the camp museum has now been thoroughly changed for the better. Primacy is now given to the Jewish nature of the holocaust, but space is also given to the thousands of non-Jewish victims—including Poles, Roma and homosexuals—who were targeted by the Nazis out of pure prejudice. There is, for example, a Catholic shrine to a Polish victim beatified by Pope John Paul II. That is an extremely sensitive area and more needs to be done, but may I commend the improvement over the past couple of decades in how Poland has dealt with the tragic history of its former Jewish citizens?

The HET rightly includes during its "Lessons from Auschwitz" trip a visit to the excellent new museum of Jewish life in Oswiecim. At the museum, one gets the impression of how important Jewish life was in towns in Poland before 1939. The same is true of Yad Vashem in Jerusalem, which shows the importance of Jewish life across central and eastern Europe in the years prior to the holocaust.

Finally, let me say a little about Russia. I do not have enough time to go into the details, but I think Russia needs to do more to combat anti-Semitism. Partly, this is a hangover from Soviet times, when, due to foreign policy reasons, anti-Semitism was disgracefully encouraged on political grounds. I saw that in my work in the late 1980s, when I was active in the Soviet Jewry movement on behalf of refuseniks and the student and academic campaign for Soviet Jewry. Anti-Semitism was very much part of the official ideology of the Soviet Union. Therefore, I think Russia would do very well to learn from some of the historical experience of Germany and Poland since 1945.

I commend the work of the HET. Some 64 years after the liberation of Auschwitz-Birkenau, it is a challenging role for it to keep learning from that terrible and unique historical experience. It does its job well, and long may that continue.

2.37 pm

Mr. Lee Scott (Ilford, North) (Con): I start by following the example of other Members, of all parties, who have contributed to the debate, by paying tribute to the HET—to Karen Pollock, Lord Janner and the entire team. They take the lessons of the 1930s and 1940s out to schools, and that is vital. Without that message, the deniers who would lie to people across the world would have strength. They prevent the deniers that strength, and we should praise and commend them for everything that they do; may they go from strength to strength, and long may they continue to keep the memory alive when the survivors are no longer alive.

I would like to pay tribute to somebody else. We may not agree on many things, but on this issue I would like to pay tribute to the hon. Member for Hendon (Mr. Dismore), who in 1999 proposed a Bill to introduce a day to learn about, and remember, the holocaust. I say to the hon. Gentleman that we owe him a debt of gratitude; thank you.

Last Tuesday, I stood at the holocaust memorial in my neighbouring constituency of Ilford, South, together with the hon. Member for Ilford, South (Mike Gapes) and my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith). I would like again to pay tribute to councillor Alan Weinberg; he is now leader of the council but in his mayoral year he initiated the construction of the memorial at which we now hold the annual ceremony. I was moved by the mix

of people who attended that ceremony, which included schoolchildren from across the borough. I should say to my hon. Friend the Member for Wycombe (Mr. Goodman) that my local imam was also present; I cannot say what happens elsewhere, but in our area the imam attended and the Muslim community was represented. Indeed, children from the Muslim community spoke about the holocaust, and we should all pay tribute to that.

One of the most moving moments of that ceremony was when we all united and said the Kaddish, which is the holy memorial prayer in the Jewish religion, for the 6 million people of all religions who perished in the holocaust and the millions who have perished since in other genocides around the world. We have to ask ourselves whether we have learned anything. I am not convinced that we have when I see some of the things that take place, be it in Darfur, Rwanda, Bosnia or elsewhere. We must learn from history. Why do we do this to each other? I am not clever enough to know the answer.

I would like to relate a moving story from a few years ago. I was humbled and honoured to visit Theresienstadt in what is now the Czech Republic. I went with two of my closest friends, Alan and Tana Fox. Tana was born in Theresienstadt, when her sister, Bela Molnar, was four years old—they were the family Goldstien; they had survived the holocaust. Standing with the couple at Theresienstadt moved me to tears. I wondered how humanity could have done this: how man could have done this for any reason. There is nothing, and there will never be anything, in this world that could justify people doing such things to each other.

We also visited Babi Yar, where Jews were rounded up, thrown into a ravine and shot. Again, I was moved to tears, and that does not happen often. One hon. Member mentioned that no birds sing at such locations, and that is true; no bird sang when I made my visit—there was not a sound. As I walked around, it was impossible for me to comprehend truly what had taken place. I cannot comprehend it, and God forbid that I should ever be able to do so because that would mean that it had happened again.

Dr. Lewis: My hon. Friend's mention of Theresienstadt reminded me of one of the brightest aspects of the whole holocaust disaster: the behaviour of the people of Denmark, from the monarch down. There were 10,000 Jews in Denmark and the people of Denmark were tipped off by an anti-Nazi German diplomat as to when those people were going to be rounded up, and they got the vast majority of them safely away to Sweden. Only 500 or so were rounded up; they were sent to Theresienstadt and thanks to the ongoing campaigns on their behalf most of them survived even that experience. One thing that is not mentioned often enough is the outstanding behaviour of the Danes, including the king, who said, "If my people are going to wear a yellow star under occupation, so will I."

Mr. Scott: My hon. Friend is, of course, totally right in everything that he said—those events should be recorded and honoured.

There are many holocaust survivors in my constituency. Over the years, they have told me their stories, and I have listened carefully. There were tragedies, where whole families were just wiped out for nothing more than their religion—in many cases, it was not even for practising the religion; it was purely for having a quarter Jewish blood in them.

We face a danger today. In the past few weeks, I have been mortified and saddened to see daubings of slogans such as "kill the Jews" on synagogues in my constituency and at an underground station. Again, I commend my local council for having the daubings removed within minutes of being told that they were there and I commend members of the Muslim community who came to an event at which I spoke the other Sunday to condemn anybody, from any source, who does a thing such as this.

Further to my intervention, I also believe that neo-Nazis will try to capitalise on the situation in Gaza and, under the mist of what is happening there, attempt to divide communities that for so long have worked together to try to achieve harmony. I still believe that my own area lives in harmony. We have harmony—please God may that continue for years to come and may we never be divided by anybody or anything.

Lembit Öpik: Does the hon. Gentleman agree that it is only in relation to Israel that people seem to conflate religion with Government policy? Does he agree that whatever one's view of the Gaza situation we cannot tolerate using what has happened there as an excuse for anti-Semitism?

Mr. Scott: I thank the hon. Gentleman for his intervention, but I do not totally agree with him. Of course we cannot tolerate anyone using any events anywhere in the world as an excuse for anti-Semitism, but anti-Semitism exists and we have to recognise that. Sometimes events elsewhere in the world are used as an excuse for latent anti-Semitism. Events elsewhere can affect what happens in Britain, but anti-Semitism is not acceptable in any shape or form, as he rightly says.

The holocaust was the responsibility of an individual, or even a small group. Thousands of otherwise ordinary people colluded and co-operated in the murder of millions. We must never let such a horror happen again. I had words written down to say today, but they are irrelevant and meaningless, because they are only words. Every hon. Member, no matter what their political persuasion, must unite to say—as we are today—that hatred and anti-Semitism, Islamophobia and homophobia are all unacceptable, and we will not stand for them. If we do not speak out, we should hang our heads in shame. Those who do not speak out should be ashamed of themselves. Let us pray that it never happens again.

2.46 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): I am grateful to all the hon. Members who have spoken for their wise and insightful contributions to this debate. I expected nothing less, but it was gratifying to hear Members on both sides of the House agreeing on the importance of keeping alive the memory of the holocaust.

It is worth putting on record the big turnout in the Chamber today. Some have had the chance to speak and others have intervened, but many more have sat and listened to the debate. My hon. Friend the Member for South Swindon (Anne Snelgrove) asked whether this

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should be an annual event. In my last three and a half years in this place, I have discovered that it operates on convention according to custom and practice. Given that the biggest two topical debates that we have had have been those on this issue, today and last year, I have little doubt that it will become a convention that we have such a debate in the week of 27 January every year.

In the context of such a profound debate and in the time available, it is hard to respond to all the important points that have been made, so I shall confine myself to some that resonated especially strongly with me. The hon. Member for Wycombe (Mr. Goodman) made an outstanding speech in which he raised three specific questions. First, he asked when police services would start recording anti-Semitic incidents. I am pleased to tell him that I dealt with the Government's response to the report published by the all-party group on anti-Semitism, chaired by my hon. Friend the Member for Bassetlaw (John Mann), which recommended that change. We expect all police services to be able to record anti-Semitic incidents by April 2009 and I thank the hon. Gentleman for the vigour with which he has pursued that issue. The pressure that he has brought to bear will ensure that it happens by that deadline.

The second issue that the hon. Gentleman raised was the reports in the press of the alleged boycotts of Holocaust memorial day. He would expect nothing less than for me to say that, first, I will not comment on reports in the press, and secondly, I have received no indication from the group that it has boycotted the event, and nor am I aware of ministerial colleagues being thus informed.

The third point was about the engagement with groups, aside from the excellent engagement that Ministers have had—I do not mean that in a self-congratulatory, backslapping way—with key stakeholders in the past few weeks. That raises the interesting point of the inter-faith dialogue that needs to take place. Much such work is taking place, including the Inter Faith Network, the Government funding of regional faith forums and the Faith in Action grant programmes. We are looking at other ways in which Muslim-Jewish dialogue can take place in forums such as the Muslim Jewish Forum and the Coexistence Trust, which have a huge role to play. I am sure that the hon. Gentleman will work with me to ensure that more work is done in that area.

My hon. Friend the Member for South Swindon made an excellent speech, the key point of which was, "Never again." However, to bring it forward to what is happening now with regard to standing up to hatred, I pay tribute to the work that she is doing locally with young people.

The hon. Member for Montgomeryshire (Lembit Öpik) made an excellent and moving speech, bringing forward his personal experience through his parents along with contemporary examples of genocide, which I thought was really important, especially as we move forward.

My hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) talked about learning lessons from history and taking on those who propagate discriminatory views. That is very important, especially in the current climate.

The hon. Member for Blaby (Mr. Robathan) gave very good reasons why he could not stay until the end of the debate. I was nervous when he complimented me and I glanced over at my Whip when he did so. I am even more nervous now when I pay tribute to him for his contribution. It was an excellent speech. I never thought that I would find an occasion to say something nice about him—he is a man who does not carry himself in a way that garners compliments—but he talked about his age and experience, and his experience was a unique one from which we must learn. He talked about visiting Auschwitz and Birkenau and the impact that that it had on him and the two children. Like many colleagues, I visited Auschwitz and Birkenau last year, with two children sent from two schools—Graveney school and Ernest Bevin college. It had a deep impact on me. It was moving, scary, traumatic and shocking.

My hon. Friend the Member for Stockton, South (Ms Taylor) made a brilliant speech, in which she gave a moving account of a similar visit. She brought forward the relevance of the role that footballers have to play in 2009 as role models in striking against racism.

The hon. Member for Hammersmith and Fulham (Mr. Hands) made a great speech, too. He talked about his early-day motion, which was signed by more than 136 MPs. The Chief Rabbi is a great man, and I am really pleased that the hon. Gentleman got the Chief Rabbi to go to a school in his patch. He talked about the impact of the trip on his young children, and, more importantly in the context of a wider audience outside the UK, about the roles that Germany, Poland and Russia have been playing and the differences in how they deal with the matter.

The hon. Member for Ilford, North (Mr. Scott), who has become a friend of mine in the Public Bill Committee on the Business Rates Supplement Bill, made an excellent speech. Over the past three or four weeks, he and I have discussed with anxiety and concern how our respective communities were dealing with the incidents locally and domestically. He made an excellent speech about what has happened in his community and the huge amount of inter-faith work that is going on in his community.

A key role of the day is education. The Holocaust Educational Trust is doing invaluable work, as is the Holocaust Centre in Nottinghamshire. The Holocaust Educational Trust today announced a new programme to teach primary school children about the lessons of the holocaust.

The holocaust is not a Jewish problem. Nor is it a problem of Roma Gypsies, or Sinti, or of any of the other victims. Nor are the genocides in Darfur, Bosnia, Rwanda or Cambodia problems that belong to their victims. All religions and cultures need to be part of Holocaust memorial day. I was reminded that these problems face us all. Together, we can face up to such problems. Together, we can show solidarity and courage. I commend the House for the way in which we have conducted ourselves this afternoon. It is a tribute to how seriously we take the issue.

2.53 pm

One and a half hours having elapsed since the commencement of proceedings, the motion lapsed (Standing Order No. 24A).

Armed Forces Personnel

2.53 pm

The Minister for the Armed Forces (Mr. Bob Ainsworth): I beg to move,

That this House has considered the matter of armed forces personnel.

We are fortunate to have the best armed forces in the world. What I see as I visit them around the world, including in Afghanistan just before Christmas, is always profoundly impressive and often humbling. Their extraordinary commitment and dedication make the world a better place. They fight terror on its front line to enable the rest of us to sleep more easily. That all comes at a price. We ask much of our armed forces and their service exacts a toll on them and their families and on veterans. For example, this year as the rest of us opened presents and ate turkey on Christmas day, our people in Afghanistan were fighting hard in Operation Sond Chara, near Lashkar Gah, the capital of Helmand province.

In return for such service, the Government have an obligation to the armed forces. It is an obligation that I am determined that we fulfil. Equally, it is an obligation that should never be viewed as complete. We must continue to strive to do better, to respond to new challenges and to minimise the downsides associated with service life. I welcome the opportunity to set out what we have done and what we will continue to do in that regard. This is our commitment to the men and women of our armed forces.

First and foremost, I know that the House will join me in paying tribute to all those armed forces personnel who have given their lives in the service of our country. They include the four people in Iraq and the 51 people in Afghanistan who made the ultimate sacrifice in 2008. Most recently, this year, we remember the five men who have been killed while patrolling in Helmand province. These deaths are utterly tragic and our thoughts and our deepest sympathies are with those families affected by such a terrible loss. Their loved ones did not die in vain. Our mission in Afghanistan is part of a coalition of some 40 nations. We are there helping to create the space in which Afghan capacity and institutions can develop. Eventually, those institutions will be mature enough to meet the needs of the Afghan people. It will take time, and we will need to be patient.

Our mission in Afghanistan is sometimes presented as having little relevance to our country. Nothing could be further from the truth. We are in Afghanistan because it is in our national security interests to be there; otherwise it would once again become a failed state from which al-Qaeda or other terrorists could launch attacks on to our streets, either from the ungoverned space that would exist or under the protection of the Taliban. It is this unthinkable scenario that our armed forces are preventing through their courage and their sacrifice in Afghanistan.

When I saw those remarkable men and women in Afghanistan just before Christmas, I was struck as always by their professionalism and sense of pride and commitment. I found them in good spirits despite the difficult and dangerous work and the losses that they had suffered. They recognised the importance of succeeding. They also see a different picture from that which is sometimes painted back here—a picture where increasingly the Taliban are in retreat, first a year ago in Musa Qaleh, then in the south around Garmsir, and more recently around Nad Ali following the operations over Christmas and the new year.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): I am most grateful to the Minister for giving way and I agree entirely with him about the outstanding service that our personnel are giving to us. He will agree with me though, I believe, that our military personnel are spending far more time now than even a few years ago in theatres of war. With that goes additional pressure on their families, their wives, husbands, partners and loved ones back in Britain. Of course, that has caused enormous difficulty in relationships. What is the Ministry of Defence doing to help family members cope with the stress and strain of having loved ones who are now far more likely to be in theatres of war than before?

Mr. Ainsworth: The hon. Gentleman is absolutely right that we have been asking a lot of our armed forces—that they have been operating above the planning assumptions for some time now, and no matter how people try to mitigate them, those stresses come out somewhere. They come out in breaches of harmony guidelines, and therefore create additional pressures on service life.

There are plenty of support mechanisms. People in post are constantly monitored to try to assist, both at local unit level—regimental level—and more widely, at Army level or Royal Marine level or Navy level, to try to mitigate those effects. For instance, we brought in the decompression facility for people coming home from theatre to try to get them in a better place and give them advice on their way home after, in some cases, some very hard fighting and some intense operations. So we are constantly looking at how we can relieve that pressure, and as I shall explain later in my speech, we hope to improve our performance against harmony guidelines, because that in itself is so important.

Several hon. Members *rose*—

Mr. Ainsworth: I give way to the right hon. and learned Member for North-East Fife (Sir Menzies Campbell).

Sir Menzies Campbell (North-East Fife) (LD): As well as recognising the personal strains that can be imposed on families and individuals, does the Minister accept that the fact that our Army is "running hot", as Sir Richard Dannatt described it some time ago, has a consequence in respect of people's willingness to go on serving, and in particular has an impact on the most important elements of the Army—personnel at the level of sergeant and corporal, who at a particular stage of their development in the Army find that these strains prove intolerable for them and their families?

Mr. Ainsworth: It can. That, in addition to the moral duty, is why we need to mitigate the effects as best we can. However, these are marvellous, impressive people who wish to serve their country and to develop the necessary skills to carry out operations. There has recently been an upturn in some of our recruiting potential, although we do not know whether this trend will continue with the economic problems. However, we must monitor the retention problem all the time because we need the skills of the type that the right hon. and learned Gentleman

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talks about at corporal and sergeant level. The point at which people reach maturity and are giving their most is when we need to try to hang on to them.

Mr. Bernard Jenkin (North Essex) (Con): I thank the right hon. Gentleman very much indeed for giving way, although he might not thank me now. Would it not have been easier to achieve the harmony guidelines if the Government had not cut four battalions from the infantry in 2004? In hindsight, was not that a bad decision? When will the Government address the under-recruitment and lack of retention that leads to the Royal Marines, for example, being 9.8 per cent. under-strength? Seven battalions in the infantry are 20 per cent. undermanned: the Scots Guards, 4 Scots, 2 Fusiliers, 2 and 3 Yorks, 1 Mercian and 40 Commando. If the Government addressed those problems, the pressure on individual infantry servicemen, who, due to that pressure, the Government now say are in a pinch-point trade, would not be so great.

Mr. Ainsworth: I know that the hon. Gentleman looks into these things and that he has talked to many people over a period of time. I also know his party's policy, although I do not know how it would pay for it. The policy changed recently from a position in which there was no guarantee of the spending to which we are committed, to one in which the Government's existing spending will be at least met.

I have spoken to the Chief of the General Staff about the exact point that the hon. Gentleman makes. He does not want additional battalions, but he wants the thickness of his existing force to be recovered, because moving people around to fill gaps and mitigate the imposition on individuals causes additional stretch. His main priority is recruiting to get back the strength of the individual battalions, not the three additional battalions about which the Opposition talk, which is not something that he would want as head of the Army.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Does the right hon. Gentleman accept that one way of meeting harmony guidelines would be to minimise the number of armed forces personnel on operations? He accepts that when Tornado replaces Harrier, the uplift for ground personnel will be some 50 per cent. more than at the moment. However, will he reassure the House that the decision to replace Tornado with Harrier will not be made until Tornado meets its final operating capability and that that will be the driver, not the artificial internal planning date of 1 April 2009?

Mr. Ainsworth: The hon. Gentleman has made much of this and has said things in the House that he ought to think seriously about. The need to replace the Harrier force is, in large part, because of harmony considerations. He does not need to go into great detail; he just needs to apply a bit of logic to think about that. There are three Harrier squadrons and we roll them round—

Mr. Deputy Speaker (Sir Michael Lord): Order. I know that the Minister is responding to an intervention, but before he goes too far down that road, I gently remind him that today's debate is about personnel, not equipment in detail.

Mr. Gerald Howarth (Aldershot) (Con): On a point of order, Mr. Deputy Speaker. With the greatest respect, it will be impossible to conduct this debate if my hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster) cannot raise the issue of the impact of the roulement between aircraft types on pilots and ground staff. If the Minister is denied the opportunity to respond to that point, I venture to suggest that the public, let alone the armed forces, will not understand why we cannot debate those matters in the round, as they go to the heart of dealing with armed forces personnel.

Mr. Deputy Speaker: I very much understand that point of order, and it is difficult to separate equipment from the members of the armed forces who use it, but this is a debate on armed forces personnel. Clearly, lack of equipment, or delayed introduction of equipment, can have an impact on armed forces' morale. Passing reference to equipment is therefore in order, but extended discussion of particular projects is not. Defence equipment will be debated on another occasion.

Dr. Andrew Murrison (Westbury) (Con) *rose*—

Mr. Jenkin *rose*—

Mr. Deputy Speaker: Order. There is no more that I can say on that point of order. I think that I have made myself perfectly clear.

Mr. Jenkin: On a separate point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: If it is an entirely separate point of order, I will hear it, but I do not think that I could have made my point clearer.

Mr. Jenkin: On a separate point of order, Mr. Deputy Speaker. I am not sure that the Leader of the House or the Government are aware of the points that you have made in your statement. Will you take all possible means to ensure that they understand the implications of what you have said, as we received advice from the Leader of the House, speaking at the Despatch Box, on what we might discuss in this debate? Of course, you are the final arbiter of what we can discuss in any particular debate.

Mr. Deputy Speaker: I understand the hon. Gentleman's point of order and, in this instance, the Chair is in a rather difficult position because of what has been said on another occasion, and is on the record. As far as today's debate is concerned, I am simply setting out the position, and it must be adhered to.

Mr. Ainsworth: I accept that ruling, Mr. Deputy Speaker, and I hope to be able to answer the hon. Member for North-East Milton Keynes (Mr. Lancaster) while sticking to your strictures by majoring on the issue of people and the potential stretch on them, and not on the issue of equipment. I shall certainly try to do that.

Dr. Murrison: Will the Minister give way?

Mr. Ainsworth: Let me try to answer the intervention to which I was responding before I allow another intervention; I was trying to respond to the hon. Member for North-East Milton Keynes. He has made a series of allegations about the reasons for replacing Joint Force Harrier with the Tornado GR4. There are three squadrons of Harrier; if they stay in Afghanistan, they become very Afghanistan-centred, and suffer skill fade in some of the areas in which we need them to be capable. We are rolling them around, so that they effectively have two periods in, one period out. They have been there since 2003. We have seven squadrons of Tornado. We are therefore far better able to give the Tornado people the required harmony protection, ensure a sustainable deployment, and enable the Tornado squadrons to maintain the other skills that we need them to have. That will enable the Harrier force to rejuvenate fully after such a long deployment in Afghanistan. That makes eminent sense to me.

The hon. Gentleman has been given information and has latched on to the fact that there was an internal deadline. He worried himself, and others, with the idea that we would deploy Tornado before it had the required capability, so that we could relieve that situation. We will not. We have to have internal deadlines to try to make things happen, to motivate Departments and to get things done in the most timely fashion. However, despite the harmony pressures on Joint Force Harrier, Ministers and the Chief of the Air Staff do not intend, and would not allow, the Tornado to go into theatre before it is up to spec and has full capability, in terms of protecting our troops on the ground. Having given the hon. Gentleman the assurance that Tornado will not go into theatre until then, I hope that we can finally put the matter to bed, and need not continue this debate any longer.

Lembit Öpik (Montgomeryshire) (LD): Recruitment has been mentioned a number of times. The Minister knows of my grave concern about deaths at Deepcut Army barracks in the past. In order to attract people to the Army, potential recruits have to be assured of their safety. Is there anything he can do to release the Devon and Cornwall police report into the Surrey police's treatment of the deaths? It is very important, very much in the public interest and very much in the interests of Army recruiting that we know what that report says and whether those individuals were murdered or not.

Mr. Ainsworth: The issue has gone on for some time. My predecessor explained the situation in the House. The Dhuli-Blake process was put in place as a result of the case to try to make certain that we were doing all we could to provide the necessary protection for very young people, sometimes vulnerable people, who join our armed forces. Since I have been in post, I have tried to make sure that all those processes are as thorough as they can be. I cannot tell the hon. Gentleman whether a police report, which is not in my ownership or in my gift, can be released. I know that there are continuing concerns and that some of the parents find it difficult to accept the situation, but I firmly believe that we have done what needed to be done to try—we could never be certain—to mitigate the situation exposed at Deepcut.

Patrick Mercer (Newark) (Con): The Minister and I have spoken about the manning crisis—I use the phrase advisedly—that faces the Army in particular at present. I accept that recruiting figures look a lot better, but now that we are talking strictly about personnel matters, may I ask him to address the two terrible problems? One is the problem of infantry retention in training, where, as he knows, 35 per cent. of all those men who have been so carefully recruited consistently drop out of training. The other is the thorny problem, which is just beginning properly to emerge, of the number of long-term sick who continue to be held on strength, particularly in the combat arms. For instance, the Third Regiment, Royal Horse Artillery have nearly 22 per cent. of their personnel sick and undeployable.

Mr. Ainsworth: As the hon. Gentleman knows, those issues tax the Army and the Royal Marines, who seek to deal with similar issues all the time. The Army is trying desperately to drive down what it calls, in its imitable way, the breakage rate in training. I have spoken to the hon. Gentleman outside the Chamber. I am more than happy to pick his brains, and the Army is more than happy to accept any contribution that he or anyone else can make to try to improve that situation. The offer remains open for an ongoing conversation.

As the hon. Gentleman knows, many people are applying their brains to the problem. Nobody wants a 35 per cent. drop-out rate in the infantry, but people want hard, tough training that turns out recruits who are capable of surviving in the kind of environments in which we expect them to operate. It would do nobody any favours to soften that training in order to lower the drop-out rate. The result may well be personnel who are not properly equipped, and therefore casualties in theatre that could be avoided. Getting that balance right is enormously difficult. People are applying themselves. I know the hon. Gentleman thinks an awful lot about this issue, and I am more than happy to continue the conversation with him about whether he can make a contribution to it.

Bob Russell (Colchester) (LD): The Minister mentions the justified criticism of the shortfall in some of the infantry battalions. Is he aware that the Royal Anglian regiment had a reception at the House of Commons this week, at which we were told that it is the best recruited infantry regiment in the British Army and is at full strength? Perhaps other regiments should look at what the Royal Anglians are doing, to see whether they can make up their shortfall in recruitment by following the Royal Anglians' example.

Mr. Ainsworth: We should seek to spread best practice in the armed forces, as anywhere else. If the Royal Anglians are doing something from which people can learn, of course we need to see whether it is transferable to other units within the Army. I shall now make some progress, as I have allowed a lot of interventions.

In the past year, we have contributed to a transformation of the situation on the ground in Iraq. Our people have brought the Iraqi forces very close to the point at which they will no longer need our help and support. The plan was to enable Iraqis to take responsibility for Iraq. The armed forces have achieved that plan, and I salute them for it. I fully appreciate their frustration, articulated by the Chief of the Defence Staff and the Chief of the General Staff, at commentators who ignore both the price and the progress, and who seek to belittle those efforts. The armed forces have succeeded in their mission

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and should be commended for doing so. Basra is a far better place now than when we found it, and the nation should be proud of our forces. Also important is the fact that as they leave Iraq, we will be able to reduce some of the stretch that we have had to deal with, and to improve our performance against the harmony guidelines.

Operations in Iraq and Afghanistan rightly provide the focus. However, we should not forget that our men and women are constantly deployed in the UK and all around the world—providing our nuclear deterrent, countering piracy or narcotics, or contributing to better futures in places such as Sierra Leone. All that places a heavy burden on our soldiers, sailors and airmen and their families, and we are doing our best to support them properly.

The centrepiece is the unprecedented service personnel Command Paper. It sets out, for the first time ever, a range of commitments to the armed forces constituency from across the full range of Government services. To implement it, we are working closely with other Government Departments and in conjunction with the Welsh, Scottish and Northern Irish Executives. The Command Paper was drawn up in consultation with the chiefs of staff, the single services, the families federations and an external reference group including the service charities. I was delighted that the chief executive of the Royal British Legion joined the Chief of Defence Staff and me in launching the Command Paper in July. Indeed, the Royal British Legion claimed that the Command Paper means that the military covenant is now being honoured.

The Command Paper includes more than 40 specific commitments and is based on two key principles: first, the removal of disadvantage associated with service life; and secondly, where appropriate and especially for sacrifice, entitlement to special treatment. It covers compensation, medical support, education, housing and much more. As the Prime Minister announced last month, we have doubled the maximum lump sum available to the most seriously injured personnel to a new limit of £570,000 for the most serious injuries. That will mean that an additional £10 million will be paid to injured personnel who have already been awarded lump-sum payments. The lump sums are in addition to a tax-free, guaranteed income for life. Taken as a whole, the package can amount, in the most serious cases, to in excess of £1.5 million over a lifetime.

Mr. James Gray (North Wiltshire) (Con): As the Minister has said, the doubling of the compensation package is broadly welcomed by the Royal British Legion and others, but will he comment on two aspects of it? First, in the old days, the onus was on the Department to pay the war pension or prove that it should not be paid. Now, that has been reversed: the claimant has to prove that he deserves the pension. Secondly, there are five and 10-year time limits on claiming the pension. Should that not be lifted on the grounds that someone might realise that he is due compensation only long after his service?

Mr. Ainsworth: The hon. Gentleman has mentioned an issue that has been raised with Ministers; the Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), deals with it on an ongoing basis. We have a duty to ensure that payments are made appropriately. We have therefore said repeatedly that if people who are concerned about this can give us evidence that this is causing a genuine problem to people who should be paid compensation under the scheme, we will address it. I remember my hon. Friend the Member for Halton (Derek Twigg), when he was Under-Secretary, saying that to veterans' charities, as well. We want to ensure that those who are genuinely in need of and entitled to this compensation get it. If there is evidence that this is causing them a problem, let us see it and we will act.

Mr. Gray *rose*—

Mr. Ainsworth: I have already given way to the hon. Gentleman and covered his point, which he and others have raised before.

Those who receive lump-sum compensations now have that payment disregarded from their means test for affordable housing. Our people and their families no longer slip down NHS waiting lists when obliged to move around the country; previous waiting time is now taken into account. Our wounded personnel require and deserve special support. The House will be aware of the world-class facilities at the defence medical rehabilitation centre at Headley Court. We have been working with the Help for Heroes charity to provide additional recreational facilities at Headley Court, and we are investing millions of pounds as our contribution to a joint project to provide a new gym and pool. This is in addition to the £24 million investment for upgraded wards, accommodation and prosthetic facilities. Moreover, the NHS in England has undertaken to ensure that the highest standard of prosthetic limbs provided to injured personnel is matched for life for veterans retiring from our armed services.

Most of our very seriously injured personnel from operations are treated in the UK at University of Birmingham foundation trust hospital at Selly Oak. I was delighted that last year's all-party Defence Committee report concluded that Birmingham's

"clinical care for Servicemen and women seriously injured on operations is second to none".

I visited Selly Oak in December and saw first-hand the remarkable people there, including patients and staff. I was most struck by my military assistant meeting an old friend who was coping marvellously with the awful and perhaps unique distinction of having been repatriated to Selly Oak, courtesy of enemy action, twice: a marvellous man, very brave, recovering from his injuries second time around, and very appreciative of the care that he was receiving.

Mr. Richard Benyon (Newbury) (Con): I entirely agree with the Minister. Those of us who have visited Selly Oak have nothing but praise for the people who work there and for the treatment that our wounded troops receive. On my last visit there, I met a battalion welfare officer and the commanding officer's wife visiting wounded members of their unit, and it struck me that rear parties are the unsung heroes of operations. They told me about their experiences of having to inform wives and loved ones of serious injuries and deaths, and the horrendous job that that involves. That makes us understand that we have to be extremely grateful for the work that rear parties do and hope that they get all the support they may need in the difficult work they have to do.

Mr. Ainsworth: I do not think that I can do better than that; the hon. Gentleman is absolutely right. I have repeatedly had the same experience whereby people are being supported from within the regiment—the appreciation is fantastic. At those times, the Army family or the regimental family—the RAF and the Navy are the same—wrap their arms round people in pretty much most circumstances. We can do better, and we must look to do better, in ensuring that visiting officers are appropriately trained and given all the skills and back-up that they need to deal with families in a bereavement situation and suchlike. The rear parties do a truly excellent job.

I mentioned Selly Oak, and we will not be complacent. We have an important stake in the new Birmingham hospital that is being built close by, which will open in 2010 and will include a new bespoke military ward. I should also tackle the myth that has arisen that there is a lack of priority NHS treatment for veterans whose ill health relates to their service. That is quite wrong. All primary care trusts have been issued with, and accepted, guidance regarding priority treatment for such veterans, and we are also ensuring that our people—the veterans—are made aware of their individual entitlement.

It is vital also that our people are not disadvantaged educationally. The children of our servicemen and women now enjoy priority access to state boarding schools, second only to children in care. Those with special educational needs benefit from guidance that has been given to all local authorities that they should ensure that service children experience no disadvantage in accessing the services that they require. Furthermore, from August this year, service leavers with more than six years' service will be entitled to study for an additional qualification up to degree level, free from tuition fees. The armed forces are sometimes characterised as a way for many people from disadvantaged backgrounds to improve themselves and make their way in life. With the provision that I have described, that will be the case more than ever.

Bob Russell: The Minister refers to education for the children of service personnel. Will he and his colleagues examine the Defence Committee's excellent report on that matter and relate it to what is happening in the real world? Notably, Essex county council decided this week to shut the very secondary school that military children go to, and to which the Committee went to get evidence.

Mr. Ainsworth: I am not aware of the circumstances of that case, but I will of course examine the report. It has been studied, as are all the Committee's reports. We talk to people all the time about service educational needs, and one issue dealt with in the Command Paper was that of statemented children with special needs. When their families were obliged to move because of their service life, they had to start the statementing process all over again. We are ending that and ensuring that those statements are transferable. However, I do not know about the particular circumstances that the hon. Gentleman mentions.

Mr. Jenkin: May I inform the Minister that Essex county council carried out a wide-ranging consultation about the future of secondary education in Colchester? The resulting decision reflects a lot of opinions that were fed in, not least by those who wanted to keep education in the south of the town, near the garrison. There will be a vocational school there, with which the garrison will be invited to be involved. I am extremely grateful to the Minister's colleague, the Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones), for receiving Lord Hanningfield, the leader of the county council, to discuss how the military might be more involved with Colchester's schools than ever before, and particularly with the new vocational college. I fear that the hon. Member for Colchester (Bob Russell) is now rather isolated on this issue.

Mr. Ainsworth: The hon. Gentleman has said what he has said, and I have given him the opportunity to do so.

We recognise that one of the main concerns of service personnel and their families is the state of service accommodation. Although some of it is very good, much of it is not, as the result of decades of underfunding. Addressing that matter is a huge undertaking, but we are making progress. Since 2003, we have delivered about 30,000 new or improved single living accommodation units. A further 25,000 are planned by 2013, and 90 per cent. of service family accommodation in the UK is now in the top two standards, in marked contrast to the situation a few years ago. By the end of this financial year, no service family will have to live in the lowest standard of accommodation.

We are also tackling home ownership. All military personnel in England now qualify as key workers and are eligible for affordable housing up to 12 months after leaving service. Work is also ongoing to explore the feasibility of a bespoke forces affordable homes scheme.

To ensure that all the measures in the Command Paper are implemented, we have an external reference group, which includes representation from academia, the service families federations and key service charities. The group has a clear remit—to hold the Government to account for their progress on implementing the commitments of the Command Paper. In line with this, 10 Departments and two devolved Administrations have appointed senior armed forces advocates to ensure that the needs of service personnel are fully reflected in developing and implementing policies.

Mr. Gray: Will the Minister give way?

Mr. Ainsworth: I am sorry, but I have given way a lot and taken time from others who want to speak.

It would take far too long to describe the entire Command Paper or the many other strands—pay awards, operational and deployed welfare packages and the procurement of urgent operational equipment, to mention a few—that contribute to our personnel policy. Our policy seeks to fulfil our obligations to our armed forces. However, as I have said, it is a work in progress. It is too serious a business to be complacent about it. It will never be complete—indeed, it should never be complete. We must constantly strive to do more, to do better, to detect emerging problems and to prevent regression from our achievements in recent years. The work needs to be done at every level and requires the support of many organisations. Only in that way will we truly discharge the debt we owe to the armed forces of our nation, and ensure that it continues to be discharged in the years ahead.

3.32 pm

Dr. Andrew Murrison (Westbury) (Con): I start by declaring my registered interest as an officer in the Royal Naval Reserve.

I welcome the opportunity to debate our armed forces today. I pay tribute to the men and women who serve our country so well under the most difficult circumstances.

I also pay tribute to our Defence Ministers—I had not realised how hard they work, but the Library informs me that they responded to no less than 4,592 questions in the previous Session. We can debate the quality of some of the answers; nevertheless, that is a lot questions. The breakdown is even more interesting: 2,853 questions were asked by Conservatives and only 605 by the mighty Labour party. Even the Liberal Democrats did better than Labour Members. Given the interest from Labour Members, we should not be too surprised that the Government Whips could not muster more foot soldiers, even if quantity is offset by quality.

I thank Ministers for adopting suggestions floated by the Leader of the Opposition's military covenant commission. Imitation is truly the sincerest form of flattery, and we welcome some of the familiar good ideas that appear in the service personnel Command Paper—transferable waiting lists are a particular favourite of mine. My right hon. Friend's commission, which is chaired by Frederick Forsyth and staffed by a wide range of experts, including Simon Weston, has made an important contribution to the debate, as has the service personnel Command Paper. We owe a debt of gratitude to all involved, and the service community has welcomed both papers. I want to mention some of the issues that they raised.

First, it is worth reminding ourselves of the provenance of today's debate. Before Christmas and on 13 January, the Leader of the House conceded that the subject matter for consideration today should be broad, as is traditional in such debates, subject, of course, to Mr. Speaker's discretion. Clearly, we can no more discuss armed forces personnel without mentioning equipment than we can discuss doctors and nurses without mentioning hospitals, or teachers without mentioning schools. The Leader of the House understood that full well.

In December, our soldiers, sailors and airmen learned from a written statement of the revised in-service date for important bits of military hardware. Perhaps the Minister will now admit that the bumping of the naval programme, with all its defence posture, training, personnel and career implications, had nothing to do with the availability of aircraft, and everything to do with the Government's desperate financial situation.

Apparently, we cannot use the word "carrier", but suffice it to say that grey, flat-topped things displacing 65,000 tonnes take some bumping—

Mr. Deputy Speaker: Order. I understand the point that the hon. Gentleman is seeking to make, but I hope that he will understand the ruling that I have already given. I have explained that this is not a simple matter, and the House has to have rules. There will be a further debate, specifically on equipment, in due course, and I ask him to bear in mind what I have said.

Dr. Murrison: I am grateful to you, Mr. Deputy Speaker. Heaven loves a trier, and I got further than I thought that I might.

Given the statement of 11 December, the Minister's remarks today, and the fact that defence will not feature in the Government's economic stimulus, the men and women of our armed forces will be awaiting the conclusion of the Gray review and the Ministry of Defence's current planning round in March with trepidation.

I should like to turn to the subject of combat stress. On 12 January, the Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones), said that he was "shocked and surprised" that I had not understood what his Government had been doing for veterans with combat stress. I pay tribute to everything that has been done for people with post-traumatic stress disorder, but the Minister's apparent complacency shocked and surprised me. What did not surprise me so much was the British Medical Association's briefing note that was circulated in advance of today's debate, which featured combat stress prominently. The charity, Combat Stress, has rightly pointed out that the Minister's rebuttal relied on the research programme run by King's college, London. The work of Professor Wessely is very important, but the Minister should know that it is a long-term population study, and that it does not necessarily reflect the scale of mental distress sustained on intense operations. The Defence Analytical Services Agency, in its explanatory notes to the data on which I think the Minister was relying on 12 January, sounds the same cautionary note.

I have two requests for the Minister that touch on mental health. First, will he look at the burden of proof and the time limit for claims under the armed forces compensation scheme? Unlike in the war pensions scheme, the burden of proof lies with the claimant, and claims are timed out after five years. My hon. Friend the Member for North Wiltshire (Mr. Gray) rightly raised that point earlier. The Minister will understand that mental illness is often far more difficult to relate to a specific insult than physical injury, and that it can manifest itself many years after the provoking incident. It seems to me that the occupationally mentally ill will be relatively disadvantaged by the new arrangements, and I am sure that that is not the Minister's intention.

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): May I reiterate what we have said about this? We have asked for examples, following the points raised by service charities and others, but we have received none. If we get any, we are prepared to look at them, but, to date, we have had none.

Dr. Murrison: I am grateful to the Minister for that intervention. He will know that, following the Falklands campaign, the average length of time for people coming forward with combat stress was 13 years, so we will not yet have the examples to which he has referred. However, the burden of proof will remain as it is. I ask him to look at the overarching arrangements again, so that we can perhaps avoid certain unintended consequences. I will leave it at that. *[Interruption.]* The Minister says that he has not had any examples, but I would point him to the evidence from the Falklands and other conflicts, which suggests that combat stress can crop up many years after the provoking insult. If the Minister would like to come to the Dispatch Box and say that he will waive any out-of-time provision under his new arrangements, I would be very happy to take an intervention from him.

Mr. Kevan Jones: May I stress again to the hon. Gentleman that my predecessor, other Ministers and I have said to the service charities and others that, if there are examples—the hon. Gentleman has mentioned the Falklands—we will look at those individual cases? We need to deal with actual cases, however, and I am prepared to do that. I keep repeating that to the service charities, but I have yet to see a single example.

Dr. Murrison: Of course the Falklands cases were dealt with under the war pension scheme; that is the point.

Mr. Gray: Is my hon. Friend aware that there are currently 8,500 ex-service personnel in prison? In a written parliamentary answer dated 24 November 2008, the Ministry of Defence admitted that it did not know how many or whether any of those 8,500 ex-service personnel in prison were suffering from post-traumatic stress disorder, abuse disorders or alcoholism. Surely any one of those 8,500 people released goodness knows when from prison might well fall into the category that my hon. Friend is describing.

Dr. Murrison: My hon. Friend makes a good point. The Minister for the Armed Forces did not mention it in his opening remarks, but perhaps the Under-Secretary will do so in his summing up. The Home Office is conducting a study of the prison population with regard to mental illness among veterans, and I very much hope that some of the issues raised by my hon. Friend the Member for North Wiltshire will be dealt with as part of that study. We look forward to its reporting later this year.

Secondly on the issue of post-traumatic stress disorder and combat stress, will the Minister consider adopting another idea from the military covenant commission—the piloting of active case finding so that psychological illness attributable to service in the armed forces can be discovered and people can receive the treatment they need in a timely fashion? I would be delighted if Ministers cracked on with that in pilot form—if they do not, in due course we will.

It is recognised that a period of decompression after leaving theatre contributes to good mental health and domestic harmony. The Minister mentioned decompression in Cyprus. The Foreign and Commonwealth Office gives its personnel a full two weeks; what is more, they can fly at taxpayers' expense to wherever they like for their decompression. Poor old Tommy Atkins gets a lesser deal and has to make do with 24 hours at Dhekelia barracks in Cyprus. I have to tell the Minister that a couple of tinnies, a medal and a pep talk from a general does not pass muster when set against two weeks on a beach in the Caribbean. What conclusions are the men and women of our armed forces to draw from the fact that some public servants appear to be far more equal than others?

Bob Russell: I do not want to go down the line of what civilians are doing, but when I met people during their 24 hours in Cyprus, I found that they not only welcomed it, but were anxious to get home sooner rather than later. The experience fed back to me is that 24 hours is just about right; two weeks is the last thing those people want.

Dr. Murrison: In fact, they do not always necessarily get the 24 hours. Perhaps the picture is mixed: some get rather longer, some less. The point that I am trying to make is that if we are providing two weeks' decompression for one group of people and 24 hours for another group, there is clearly a very big difference between them. They probably cannot both be right. It would be good to try to work out what is best practice in relation to decompression. One thing that we can agree on is that decompression is a welcome innovation. It appears particularly to improve domestic harmony among returnees, but we could perhaps look a little more into the question of precisely how it is played out.

Mr. Benyon: Does my hon. Friend agree that increased time under decompression should come off deployment rather than off the other end? If soldiers returning from operations believe that that is their own time and that it is eating into the time that they can spend with their families, they will, of course, want less. If, however, our armed forces were not quite so overstretched, we could afford them more time in decompression and they would return to their families in a better frame of mind.

Dr. Murrison: That point is well made, and I shall deal with the issues surrounding it later in my contribution. It is worth reflecting on the studies that have rightly looked into incidents of domestic violence and general unhappiness among returnees. It appears from that work that decompression is a good thing. I have to say that I would be a little cautious about laying into decompression, but I entirely accept my hon. Friend's point.

Mr. James Arbuthnot (North-East Hampshire) (Con): This is an extremely interesting subject, but should a distinction not be drawn between the Foreign Office and the Ministry of Defence? Members of the armed services who go in for decompression do so within their units. Because they are part of a group, that is part of the decompression. The same does not necessarily apply to Foreign Office personnel. There are very distinct types of decompression.

Dr. Murrison: That is a very good point. We could also cite members of the reserve forces, who are traditionally deployed as individuals or small units. I suppose that their position would be similar to that of people deployed by the Department for International Development or the Foreign and Commonwealth Office.

During the summer, the Minister of State wrote to the Leader of the Opposition in, if I may say so, slightly hubristic terms, saying that our complaint that servicemen were spending part of their leave in departure lounges was wrong. I am sure that the Minister remembers that exchange of correspondence. It appears that the Chief of the Defence Staff understands the problem, even if the Minister does not. In October, he said:

> "We need to make sure our people get sufficient rest and recuperation in the right place—not on a plane."

I hope that the Minister has been adequately rebriefed by the Chief of the Defence Staff. Perhaps he could tell us what action he proposes to take. I hear him chuckling; perhaps I can take that as an indication that he has indeed been rebriefed.

Mr. Bob Ainsworth: I have never sought to deny that our armed forces are stretched. I do not know whether the hon. Gentleman seriously thinks that we can completely change the order of rest and recuperation without imposing additional stretch on other people in theatre. That has not been said to me by the Chief of the Defence Staff or anyone else. As I have said, I do not deny that the forces are stretched, but given the hon. Gentleman's comments, one might believe that there is no such thing as post-operational tour leave. People are given leave after they return from operational theatre, and the hon. Gentleman ought to recognise that fact.

Dr. Murrison: I think that there is an element of confusion between post-operational tour leave and in-tour rest and recuperation. In that exchange of correspondence, we mostly debated in-tour rest and recuperation, and I think that the Chief of the Defence Staff was referring largely to that in his public remarks. I am sorry if the Chief of the Defence Staff does not speak privately to the Minister about his concerns and prefers to put his comments in the public domain, but he said what he said, and we happen to agree with him. While I absolutely accept that we do not live in an ideal world, overstretch is a reality, and I am afraid that that is a symptom of it.

There is a general feeling among members of the armed forces that the Government are not necessarily always on their side. That was picked up by our military covenant commission. The creation of the post of Director of Service Prosecutions and the appointment of a candidate with no obvious military experience and unknown sympathies did not help to deal with that perception, and I hope the Minister will accept that perception is very important indeed.

The Director of Service Prosecutions was hired last year and will assume his full duties in the autumn. We have discussed that delay in Committee, but perhaps the Minister will tell the House why there has been such a delay and what Mr. Houlder has been doing with his time. Hopefully he has been acquainting himself with the Army, Navy and Air Force, and attending to his single service duties.

Over Christmas, separate bilateral status of forces agreements were signed by Baghdad and the United States, the United Kingdom and NATO. A further SOFA with Australia was refused by Canberra. We have it on the very best authority that the NATO and US SOFAs are remarkably similar and give better protection to troops, including the 15 UK troops operating as part of the small NATO contingent in Iraq, than the UK SOFA. The message received by our men and women is that their Government are less exercised about them than the US or, indeed, NATO.

Ministers must act to ensure that our military does not suffer from the pervasive idea that personnel operating in the most difficult circumstances are backed by the Government only in so far as they provide a politically obliging backdrop. When things get tough, what are our people to think if Ministers' first instinct is publicly to blame officers in the field, who traditionally cannot answer back? Nobody should be in any doubt about the damage that that sort of thing does to the morale of our fighting forces and I sincerely hope that lessons have been learned.

I recognise the national recognition study, in so far as it suggests the Government understand the need to inculcate the armed forces into the public imagination. The military covenant commission considered that in some depth and reflected the fact that the most important citizens as far as forming opinions are concerned are those currently at school. I wholeheartedly support the involvement of our armed forces in schools, as the Defence Committee appears to have done in its July 2008 report. I utterly condemn the suggestion by some teachers' representatives—however veiled—that soldiers in schools are somehow sinister. The suggestion that these laudable public servants and first-rate role models should not be welcomed on to publicly owned and run premises is frankly obscene. It is no good Ministers singing the praises of the troops on the one hand and failing to condemn the prejudices of the left on the other.

In that spirit, I hope that the Government will wish to emulate the UK GI Bill unveiled by my hon. Friend the Member for Surrey Heath (Michael Gove) in September, which draws from the troops-to-teachers experience in the States. It addresses two needs, namely the need to facilitate the employment of people leaving the armed forces and the need for positive role models to whom children will relate. The Minister will know that I have in the past decried the disappearance of school visits teams in favour of the e-learning tool Defence Dynamics. In my view, interacting with an e-learning tool is no substitute for interacting with real people. What review has the Minister undertaken of the e-learning tool, which had its first anniversary in September? Have the overwhelming majority of packages been left to gather e-dust?

As the Minister suggested, nothing is more important to service families than the education of their children, yet authorities that have to cater for substantial numbers of service children find they are out of pocket because of the cost drivers that they bring. My own authority, Wiltshire, does the best it can to smooth that, but it is a challenge.

Mr. Jenkin: Before my hon. Friend leaves the question of troops to teachers, I commend the Bill proposed by my hon. Friend the Member for Surrey Heath (Michael Gove) and the thrust of our party's policy. May I convey my confidence that the MOD is taking up that challenge, and I hope that an example of that will be the co-operation that the MOD has already indicated that it will give to the new vocational college in Colchester?

Dr. Murrison: I am grateful to my hon. Friend for that, and I look forward to visiting Colchester at some point to see what is being established there. It sounds very imaginative.

As the military covenant commission heard, results for Army children are disappointing and could be a great deal better. I commend the Government for starting to gather figures on service children for the first time in January last year, but I press the Minister to ensure that that data are used to inform the new schools funding formula.

The biggest single issue impacting on personnel is overstretch. It is a bitter irony that some of our manning problems are being resolved by the recession. However, even the Chief of the Defence Staff, who is generally very helpful to Ministers, has pointed out that the current tempo cannot be sustained. Harmony guidelines are routinely breached and the continuous attitude survey

makes it clear that separation and tour intervals are a major cause of dissatisfaction, along with the loss of skilled people. A recent report in the *British Medical Journal* makes the link between long deployments and mental illness. The Royal Logistics Corps tour interval is just 15 months and the last tour interval of 1st Battalion the Grenadier Guards was just eight months before it went from Iraq to Afghanistan. It is not clear how the extension of tour intervals announced last week by CGS can be anything more than aspirational if the current tempo of operations is sustained.

It is difficult to see how last week's announcement of restructuring and streamlining within the Army will address operational deficits caused by gaps in pinch point trades. In particular, it will still leave us short of submariners, helicopter aircrew, mechanics, force protection elements, gunners, firefighters, medics, intelligence staff, weapons system operators and so on. The trained strength of our reserves, without which current operations would be impossible, is appallingly low and on the slide. That will not be reversed by any amount of restructuring.

We await the outcome of the Government's review of reserve forces in April, particularly in relation to their possible future role in the stabilisation and reconstruction tasks of the 21st century using civilian skills that arguably are under-utilised in the current force structure—a point made in the military covenant commission's report. In the meantime, we are faced with a charismatic US President who is, no doubt, conducting a charm offensive with the Prime Minister aimed at securing a UK contribution to his post-election surge in Afghanistan. There has been no statement to date from Ministers, simply the suggestion from the Ministry of Defence that between 1,500 and 2,000 additional troops will be forthcoming. As ever in the planning of campaigns by this Government, it seems that a solution is offered before the problem is defined. I hope that Ministers will demand a rigorous business case before any additional UK troops are deployed and firm matching commitments from our allies. In particular, Ministers must secure the erasure of corrosive national caveats, both declared and undeclared.

The contribution of Europeans to ISAF was bumped at the Bucharest summit by the Bush Administration, which wanted to focus on the accession of Georgia and Ukraine. That emboldened President Saakashvili and contributed to the crisis in South Ossetia. Does the Minister agree that the agenda for NATO's 60th-birthday summit in Strasbourg in April should not be blown off-course, and that it would be a catastrophe if those countries that have contributed disproportionately in treasure and braves to Afghanistan did not come away with a commitment from our allies to play their full and proper part in the joint venture?

Although my attempts to get to Afghanistan have to date been frustrated, I have been to Iraq, both operationally and as part of a parliamentary acquaint visit, and I have to say that in-theatre equipment overall has improved from a low base in 2003. But there are two "buts"—there are always "buts." Firstly, there is an enduring shortage of fixed-wing aircraft, helicopters—especially Merlins—and armoured vehicles. The safety of our people is heavily dependent on them, and I hope the Minister will confirm that the draw-down in Iraq will result in the redeployment of airframes and appropriate vehicles to Afghanistan. I hope that we can expect an improved air bridge and the reversal of the trend towards longer trooping flight delays. It would be useful if the Minister could give a time frame for that and for the arrival in theatre of the extra hardware promised on 11 December.

The second "but" is that if hardware is being delivered to the front line, training is not. Much of the new kit is highly sophisticated and commanders dislike being faced with it for the first time in operational settings and not on Salisbury plain. The Chief of the General Staff referred to that in his Institute for Public Policy Research speech last week.

Training is increasingly squeezed as a result of the operational tempo. The Government are heavily committed to the defence training review, yet the business case is dependent on the realisation of surplus defence assets. Will the Minister comment on the extent to which the future of the St. Athan project is affected by the fall in estate values in the past 12 months? On the subject of falling estate values, will the Minister update the House on plans for the sale of Haslar? As he knows, we would review the use of the hospital so the timetable and the prospects of a sale are important to us, as well as to the armed forces and the people of Gosport.

Nothing has gripped the public imagination more than the poor state of service accommodation, which the Minister discussed. A year ago, Chelsea barracks was sold and we were told that the receipts would be hypothecated to improve housing. Indeed, the Minister, Baroness Taylor, said the money would be invested fully in service accommodation. Three months later, in March, the then Minister, the hon. Member for Halton (Derek Twigg), told me that only about half the receipts would go on improving accommodation, and he gave me a spend-profile stretching out to 2011. Given the programme of economy-boosting public works that the Prime Minister has announced, why are the Government scaling back, rather than accelerating, their original plans for bringing service accommodation into the 21st century?

I very much appreciated the opportunity yesterday to discuss the Coroners and Justice Bill with the Minister for the Armed Forces and the Under-Secretary of State for Justice, the hon. Member for Lewisham, East (Bridget Prentice). We must do all that we can to ensure that the coronial process is as helpful as possible to the service community, and in particular the bereaved, but I am surprised at the apparent readiness of Ministers to criticise coroners' verdicts on the contribution made by inadequate kit to fatalities. From my own observation, I am convinced that military inquests are conducted rigorously and without favour. They are a learning opportunity for all who seek to reduce the risks run by our troops.

I hope the Minister will join me—although, perhaps, through gritted teeth—in paying tribute to the Wiltshire coroner, David Masters, who retires in April. He has done a great job, and his conduct of inquests has, from my own observation, been peerless, and I am confident that his work has improved the lot of service personnel.

Mr. Bob Ainsworth: The hon. Gentleman attempts, as he does in a number of areas, to paint a picture, which is far removed from reality, that the gap is yawning. I have repeatedly and genuinely—no gritted teeth are needed—praised the Wiltshire coroner, who has done a fabulous job. Yes, he has given us a hard time and made life uncomfortable for us from time to time, but from time to time we will fail to get to the bottom of issues with our internal inquiries and the independent coronial

[Mr. Bob Ainsworth]

process is an important part of the process of learning the lessons. The Wiltshire coroner has been superb in that regard.

Dr. Murrison: I am sure that Mr. Masters will be pleased with the endorsement that the Minister has given from the Dispatch Box.

May I make a plea for the continued independence of the coronial service in respect of military inquests? I believe that there is no difference across the House on the matter, and it is the firm wish of the service community—the Minister and I discussed this yesterday—that the process should be independent of the military. In a similar vein, I urge him to resist the hiring of counsel by the Ministry of Defence at public expense in what is meant to be a non-adversarial setting. Families want to feel that they are operating on a level playing field.

I should like to finish on a positive note. The Royal British Legion poppy appeal in 2007 broke all records. I do not yet know the figures for 2008, but my own takings from rattling a tin outside Morrisons in Warminster as a member of the Warminster branch of the RBL were double last year's. *[Interruption.]* My hon. Friend the Member for North Wiltshire (Mr. Gray) questions whether I said "Morrisons"—it is Morrisons not Murrisons; I am sorry to say that there is no relation between us. The level of support for the excellent charity Help for Heroes has perhaps surprised but certainly delighted us all. Our armed forces can take comfort in the fact that despite their engagement in two conflicts that are unpopular with the general public they are held in high esteem both at home and abroad, and we should be immensely proud of them.

4.2 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I usually like to say that it is a pleasure to follow the previous speaker, but I find it a little difficult to say that on this occasion, because the previous contribution was less balanced than is normal in a speech from a Front-Bench spokesperson, which is a pity. I say that not least because if the hon. Gentleman had done his sums at the appropriate time, he would have found that he was supported by the same number of Members on the Conservative Back Benches as our Front-Bench team are supported by Labour Back Benchers today. *[Interruption.]* I said that was the case at the time that he made his remark—we are here in equal numbers.

The hon. Gentleman also referred to questions. It is true that Labour Members, through their friendships with Ministers on the Front Benches, have many opportunities to ask questions informally, and Ministers are very generous in the visits that they pay to our constituencies, as well as to places represented by Conservative Members. I do not think that he was comparing like with like on that occasion. I could, of course, agree with his last remarks that he made, because we all want to pay tribute to the armed services.

Dr. Murrison *rose—*

Linda Gilroy: I shall give way once, for a short intervention, to someone from the Conservative Front-Bench team, who have a generous amount of time available to them.

Dr. Murrison: The hon. Lady is terribly gracious. What I could have done, of course, was calculate the number of questions asked per MP. If I was going to be unpleasant, as she suggested I was, that is precisely what I would have done. Perhaps she would like to do that mental calculation—

Mr. Deputy Speaker: Order. Perhaps we now ought to get on with discussing armed forces personnel. I call Linda Gilroy.

Linda Gilroy: Thank you, Mr. Deputy Speaker. I take note of your advice.

I want to pay tribute to the men and women—and to the families of those men and women—who have been serving in Helmand province in very large numbers since last September under the leadership of Plymouth-based 3 Commando Brigade and Brigadier Gordon Messenger. It is very important—this is something that we certainly share with those of us who stay for these debates—that the general public and some of our colleagues should understand why British forces are in Afghanistan and see the connection between security abroad and security at home.

That has never been more important than in this year, with the upcoming elections in Afghanistan. Recently, there was an 18-day assault on the Taliban by 3 Commando brigade in Operation Red Dagger. I commend, as I have so often done in the past, the reporting in our local newspaper by its defence correspondent, Tristan Nichols, who was embedded with 29 Commando and 42 Commando during the preparations for that remarkable operation. Red Dagger was named after the Plymouth-based 3 Commando brigade's shoulder flashes and helped to restore security in Lashkar Gah, the capital of Helmand province. Four vital insurgent bases were captured, meaning that ordinary Afghans can get on with their everyday lives and register for the presidential elections later this year. Brigadier Messenger said:

"This was a very successful operation that demonstrated the ability of the Task Force to surprise, overmatch, manoeuvre and influence over a huge area. Whilst our efforts have made a significant contribution to the overall Nad E'Ali security plan, it has not been without sacrifice, and we will forever remember the contribution of those who died."

The British forces were standing shoulder to shoulder with Afghan colleagues and working to provide enduring security so that Governor Mangal can spread his governance across Helmand. They were also working, as we so often forget, with international forces. Danish and Estonian troops fought alongside the British and the Afghan national security forces. They fought in driving rain, slept in mud and were under constant risk of attack by an enemy who knew the ground. As they pushed forward, they cleared compounds and drove the Taliban before them.

Modern weapons were much in evidence, but so were more traditional methods. Troops carried lightweight ladders to scale the walls of enemy compounds, while the Black Knights of Kilo Company at one stage found themselves completely surrounded in a terrifying firefight outside the town of Zarghun Kalay. The discovery of a tonne of narcotics, including 400 kg of opium with a street value of £2 million, showed how the Taliban are funded by the drugs trade. Lieutenant Colonel Charlie Stickland, commanding officer of 42 Commando Group Royal Marines, said:

"The next step we need to make is to find out who the elders are and start our influence in terms of why we're here and what we're seeking to do over the coming months."

I was fortunate enough to go on an armed forces parliamentary scheme visit to Afghanistan just before this operation, and it was a rare chance to try to find answers to some of the questions that I and my constituents have asked about what the men and women from Plymouth who are deployed out there are doing on our behalf, how they feel about it, and how their kit and equipment are serving them and standing up to the harsh treatment that it gets in the high-tempo operations and different terrain and climate. I wanted to see for myself the medical services and find out whether they were as good as our Defence Committee report suggested last year. I had many other questions too numerous to mention.

We spent our first day in Camp Bastion receiving some excellent briefings from Colonel Andy Maynard, who is Op Herrick 9's chief in charge of logistics. We also heard from Lieutenant Colonel Colin McClean who is in charge of equipment support and gave us a really good overview of the equipment at their disposal for force protection and projection. We got an idea of how that equipment was used, how it gets there and how it is kept in working order. People often make efforts way over the odds to keep it in use. Further detail was spelt out in other briefings. We had lots of chances to see and chat with the people delivering some of it, from Post Office workers and those dealing with the e-blueys to engineers keeping the planes, helicopters and vehicles maintained, and we found out information from how the very good food gets on the tables in the canteen to how the pay and admin issues are dealt with.

A highlight of the visit had to be, of course, the visit to joint force medical group and R2E hospital with Wing Commander Roger Thompson. There are some 15 Plymouth medical personnel operating in Camp Bastion and a similar number elsewhere, including on the forward operating bases.

Another highlight was undoubtedly the visit to 42 Commando Royal Marines HQ and to Camp Roberts. We talked with Lieutenant Colonel Charlie Stickland, who spoke with pace, passion and clarity about the recent ops, the role of his marines and the preparations that they were making for further operations. It was also good to see Lieutenant Colonel Neil Wilson and 29 Commando Regiment alongside 42.

After nearly 40 years of experience in the battleground of politics, I take my hat off the young men, often in their early 20s, who can flex to the physical exploits of supermen, for which they are all so well known, and within very short order, take tea with the mullahs, discussing an amazing range of political, social and economic issues in a way that understands and is sensitive to Afghan culture. "Stunning" and "awesome" were words that I heard my colleagues use after our visit to Camp Roberts, where we learned more of how that was done through practical demonstration and kit and equipment displays.

People seem appreciative of how the urgent operational requirement process has delivered better kit and equipment, with the Plymouth-manufactured Jackal being particularly welcome. The marines and commandos had a lot to say about how kit and equipment could be better still. They are standing up to some of the world's worst and most vicious bullies on our behalf and they certainly deserve to be taken note of when they raise issues about how these things can be done better and how kit and equipment can be designed to work better together.

I was very pleased to get a letter responding to the points that my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) and I put to the Under-Secretary of State for Defence, my hon. Friend the Member for Grantham and Stamford (Mr. Davies), after we returned from that visit. We received a very detailed response about how attention is being paid to most of those points. I shall read it very closely, because I know that when the troops return from deployment they will challenge me to say whether the issues that they raised with us in the heat of deployment are being taken seriously. I look forward to continuing those conversations not through questions on the Order Paper but through detailed discussions with the Minister.

The Afghan army is building up steadily. We met and talked to some of the "Omlets"—the military liaison and training officers from the UK and other international security assistance force forces. We did not manage to visit Camp Shobarak, and I suspect that it will be quite a long time before the Afghan army can act to provide security in the challenging circumstances in that part of Afghanistan, particularly in Helmand, but it is good to see and hear that the work to achieve that is under way.

I know from Plymouth *Herald* reports and the work that I do on the Select Committee on Defence that the insurgency by the coalition of old and new Taliban and al-Qaeda terrorists has changed and is increasingly dangerous and challenging. There is an unholy mix of the original religious zealots with narco and other criminals. Some use the Taliban and al-Qaeda brand as a terrorist flag of convenience to hype up the fear factor of the bullying, thuggish behaviour that they inflict on the Afghan people. We are of course there to support the Afghan Government in bringing security to their people and communities. More importantly, some would say, considering the price that we are paying in blood and money, we are there in the interests of our own security, as the Minister said so clearly in his opening speech.

We have been in Helmand as part of NATO/ISAF strategy to support the Afghan Government only since 2005. We often think that it is longer because there has been action in Afghanistan for longer, but it has only come into Helmand for a shorter time. Dealing with the issue there means less trouble on our doorstep. It is remarkable that the country is making some progress. It may be frustratingly slow and halting, but we forget the starting point at our peril: some of the deepest poverty and highest rates of infant mortality in the world, a space in which al-Qaeda camps trained in the region of 50,000—some say 70,000 plus—terrorists; the twisted roots of the 9/11 attack on the twin towers; and a state governed by religious zealots, the Taliban, who let all that happen. For the first time, I heard there of the idea of reducing the dependence on the poppy crop through a sensible, phased approach, which, given time, I thought might just work. Both doing that and creating a safe enough space for the elections this year need to come together to secure the right direction of travel. What we heard was measured and realistic, stated in a fair, low and sombre key, confident but not gung-ho and giving a strong impression that there is a very strong sense of pulling in the same direction—civilians as well as service personnel now, both with good morale.

I kept coming across naval personnel in all sorts of roles, from cooks to drivers to administrative officers, some in their usual day job roles but so many doing

[Linda Gilroy]

quite different things from the usual. That is unsurprising, as this is the biggest land deployment of naval personnel for a long time. The visit gave me a strong sense of commitment to a really difficult task, for which our service personnel deserve to be better appreciated. As a community, we will certainly be doing that in Plymouth when they come back, soon. Some are already back, of course: medics tend to serve shorter but more frequent deployments. In April there will be a major event—a march past—so that we can all come together to mark our respect for what they have been doing. There will be quite a few events leading up to the first armed forces day, when we will be building on the remarkable range of events put together by the city council and the federation of service organisations.

The understanding of what personnel are doing is important to their families, who are looking forward to the homecoming—the end of the deployment. Sadly, as the Minister said in his opening speech, some will not be returning. There has been a very high level not only of deaths but of casualties because of the intense nature of some of the fighting. I was particularly pleased with the progress he reported on the implementation of the service personnel Command Paper, particularly in the long-overdue changes to the compensation scheme.

Some remarkable veterans have been returning from deployment via Plymouth. Some have been featured nationally. Ben McBean and Mark Ormrod come to mind. One lost two limbs, the other three, and yet when I rang the other day to inquire after one of them, I was told he had gone skiing. They are remarkable people, doing a remarkable job for us.

I shall draw my remarks to a conclusion by focusing on one of the small things that can make a difference. We heard when overseas that small things matter, and that it is important that they are not neglected. The problem to which I wish to draw attention does not directly relate to the Afghan deployment; I heard about it from a senior serving officer who serves in my constituency. I have mentioned it in debate and in continuing correspondence, but I do not think that the Department properly appreciates the problem. It is being treated as an equality issue—which it certainly is.

The problem is that when Marines approach retirement age, they need to have two years' service ahead of them in order to apply for senior tri-service positions, so from their early 50s they cannot be considered for such positions. That cannot be in the interests of the armed forces, let alone fair. If it is truly impossible to bring the retirement ages into line earlier—I know there is a long-term plan to do so—perhaps the alternative is to bring some flexibility to the two-year rule. Obviously, junior positions in the Royal Marines lean towards young, active people, but I see no reason why among senior appointments a Royal Marine officer who is enthusiastic and experienced cannot be placed on an equal footing with his tri-service counterparts.

The armed forces have been working incredibly hard on our behalf. As draw-down from Iraq takes place, the opportunity finally to implement programmes of recovery and recuperation, which need to be well planned, must be fully taken, not just to restore the harmony guidelines so that families feel under less pressure, but so that the training that makes our armed forces world class can be restored and the service personnel can remain world class today, tomorrow and in future years.

4.20 pm

Nick Harvey (North Devon) (LD): I begin, as ever, by paying tribute to the men and women of our armed services, who work tirelessly, bravely and professionally, often in difficult, demanding and increasingly dangerous circumstances. My thoughts are particularly with my constituents, the marines and engineers from Chivenor in North Devon, who are serving in Afghanistan and form part of the wider marine community that is represented by, among others, the hon. Members for Plymouth, Sutton (Linda Gilroy) and for Plymouth, Devonport (Alison Seabeck), who are in the Chamber. I join others in expressing my deep condolences to the families of those who have lost their lives serving their country and my sincere sympathy to those who have returned injured—either physically or mentally, or both.

Our personnel are the lifeblood of our military capabilities, yet faced with low pay, long hours, sometimes substandard accommodation, insufficient albeit growing recognition, and the prospect of another 10 or perhaps 20 years in Afghanistan, they certainly do not have an easy time. Our priority in the House must be to ensure that the nation honours its duty of care to the armed forces and that they are backed up with the necessary resources, equipment and support to do their jobs. We must also ensure that the economic downturn does not water down support to the military, especially at a time of heightened threat. The Ministry of Defence's own credit crunch has already hit with delays in the carriers and armoured vehicle. We must not allow that to undermine our capabilities.

We need to look further at how our armed forces can be even more flexible, efficient and effective as a fighting force. I welcomed some of the thinking sketched out last week by General Sir Richard Dannatt about the way in which he will go about that task. I must restate yet again the need for a new strategic defence review, the principal objective of which should be to assess afresh where to strike the balance between, on the one hand, aligning ourselves for the wars of today and the medium-term challenges that we can anticipate, and acting as a force for good throughout the world and, on the other hand, sustaining adequate capability to provide the insurance that we need to defend ourselves in any future state-on-state warfare.

As we have observed many times before, the key problem is overstretch, which continues to have a severe impact. The extent to which experienced personnel leave the armed forces prematurely remains alarming, and recruitment can plug only part of the gap. Our recruitment has been kept going only by the twentyfold increase over a decade in the number of recruits from Commonwealth countries. Many people are leaving as a result of overstretch, low pay, bad housing and the inevitable strain that too many extended periods away from home places on personal and family life. At a time of economic downturn, perhaps one silver lining might be a growth in armed forces recruitment, with a diminished readiness to leave early and take chances on the job market.

What incentives do we offer new recruits? Those joining in the lower ranks find that their pay is less than that of firemen, policemen and bus or tube drivers.

While serving long hours on the front line, they will not get even the minimum wage for a career serving their country and putting their lives on the line. It was pointed out a few months ago that even traffic wardens are paid better than young soldiers, and I heard a caller to a radio phone-in suggest that the solution was to send all of them to the front line. As General Dannatt observed recently, too many soldiers struggle to support their family on the finances available to them. Surely the best Army in the world should not be among the worst paid.

The issue of mental health has often been discussed in this House, and I am pleased to note that awareness of, and attitudes towards, mental health problems have improved markedly, but the psychological toll of our involvement in Iraq and Afghanistan means that mental health services will be busy for many years to come. I acknowledge the progress made in improving services, but much more remains to be done. A recent study of the consumption of alcohol and binge drinking in the armed forces revealed a significant increase in alcohol consumption among those who had been deployed, those who had feared that they might be killed and those who experienced hostility from civilians. There are, and always will be, disturbing and difficult experiences in conflict zones, and it is important to tackle drug and alcohol issues alongside mental health issues.

We Liberal Democrats have persistently raised the issue of accommodation. The Ministry of Defence has recognised that there is a problem, and it has a programme of improvements, but it has an inclination to overstate what it is doing by cheerfully adding together the rent that it pays to Annington Homes, the cost of routine maintenance and what it will spend on capital improvements. It likes to give the impression that the total is all being spent on capital improvements. The Department is spending money on capital improvements, and there is some progress, but at the current rate of progress, not all accommodation will be of the top standard as soon as it needs to be.

Only last year, the Public Accounts Committee noted that many personnel leaving the service cited the "appalling" state of the accommodation as a factor that led them to take their decision. More than 9,000 MOD properties were left vacant last year, more than a quarter of which had been left unused for between one and five years. As my hon. Friend the Member for Colchester (Bob Russell) has pointed out on many an occasion, the Ministry of Defence has therefore spent millions of pounds on renting unoccupied housing, with an average annual bill for each property of £3,600.

It is a very different story for the top brass. Although the Ministry of Defence was paying Annington rent for 648 empty homes in London, it still went to the private rental market and paid £16.6 million a year to rent 1,100 private properties. On just 11 private homes in London, the Ministry spent £290,000 in rent, with the most expensive coming in at £4,200 a month. It is perfectly clear that there is still something very wrong and that there is a long way to go to put right the issues to do with forces accommodation.

I very much welcome the doubling of the lump sum payment in the armed forces compensation scheme to £570,000 for the most seriously injured. Although that still imposes a limit that would not really apply in civilian walks of life, I acknowledge that it could make a huge difference to those affected and their families. However, points have been raised about two outstanding issues. The burden of proof that the injury was caused by service still lies with the claimant. It should be returned to the Secretary of State, which is where it was under the war pension scheme.

On the issue of time limits for claimants, I listened closely to the exchange between the Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones), and the Conservative Front Bencher, the hon. Member for Westbury (Dr. Murrison). If I understood the Minister correctly, he said that if people came forward with specific cases that were outside the time limits that have been laid down, the Government would be prepared to consider them on an individual basis.

Mr. Kevan Jones: No.

Nick Harvey: It seems that I have not understood correctly. Perhaps the Minister would like to clear the matter up. I thought that he was saying that if there were specific examples, the Government would retain an open mind towards them, but perhaps I misunderstood.

Mr. Jones: On the burden of proof issue, I was on the Committee that considered the Armed Forces (Pensions and Compensation) Bill, along with the hon. Member for Aldershot (Mr. Howarth). The issue was raised on numerous occasions at the time. What I was saying, and what the Department continues to say, is: bring forward examples where people have lost out because of the burden of proof issue. There has been none so far. On individual cases and time limits, of course they are always looked at on an individual basis.

Nick Harvey: I am disappointed by the earlier part of the Minister's reply, and intrigued by the latter part. If the MOD is prepared to look on a case-by-case basis at cases that lie outwith the time limits, one wonders what the purpose of the time limits is. Nevertheless, that seems to indicate a degree of flexibility, which it would be churlish not to welcome.

That leads me to the subject of nuclear test veterans whose case is going through the courts to see whether they can be given a hearing to claim compensation. I hope they succeed in that action. What kind of message does it send to our current personnel when our Government close their ears to a group of veterans who have suffered cancers, fertility problems and skin defects as a result of their exposure to nuclear bomb tests? Some of those men and their families have fought for years and virtually every other country has recognised and compensated their test veterans, so why does our Ministry try to hide from its moral obligations by using a technical argument about timing as its device for doing so?

We have long campaigned long for the rights of Gurkhas. Everyone is the House recognises the unwavering support that the Gurkhas have given our country in conflicts overseas. Military personnel to whom I have spoken rave about their bravery and skill. They have fought for a country that was not their own and, in return, they have asked for little but the right for them and their families to remain here. However, despite the fact that the Government have faced up to Britain's moral duty for those serving after 1997, those predating this utterly arbitrary date but whose circumstances are the same also have to go to the courts to seek justice. I hope very much that they, too, will succeed.

[Nick Harvey]

There are other issues where progress has been made but more is needed, such as help for those leaving the forces to get their foot on to the job and housing ladders, and making a practical reality of the principle of priority treatment in the NHS. I welcome the Minister's announcement that letters have been sent to all primary care trust chief executives, but there is a considerable gap between writing to the primary care trust chief executives and priority being given in practice. I welcome that as one step forward, as it is not all that long since I had a reply from an NHS chief executive asking what I meant by NHS priority and saying that they had never heard of it. Perhaps even writing to chief executives is a modest step in the right direction. We also need to help forces families cope with the effects of moving home regularly. I welcome some of what the Minister said about that, but again, time will tell whether we have gone far enough.

Our armed forces play a vital role in conflict theatres, peacekeeping and humanitarian work around the world, but if we are to maintain top level capability, we must go further in reinforcing the nation's duty of care to them. We must not allow the economic crisis to have a damaging impact on them. Tinkering around the edges will neither solve the recruitment problem, nor make any real difference to retention. We need a new approach to our armed forces, a new strategic defence review and assessment of the context in which they work, and a renewed commitment to delivering the care and support so urgently needed by our service personnel and their families.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. There are, as is evident, a small number of Members, all of whom are interested in speaking in the debate. We have about an hour, so perhaps Members will watch the clock in order to help their colleagues.

4.33 pm

Mr. Neil Gerrard (Walthamstow) (Lab): I shall be brief, as there are just two topics on which I shall speak. The first is what happens to people as they leave the armed forces and afterwards. The hon. Member for North Wiltshire (Mr. Gray) raised the issue of ex-service personnel in prisons and what can be done by the Ministry of Defence and other Government Departments to help.

Some good work has been done with people who are leaving the armed forces. Recent research examined homelessness in London and people living on the streets. The study was funded by the Ministry of Defence and the Royal British Legion. It found that the popular picture of the homeless squaddie was not matched by what is happening now. Ten years ago, about 22 per cent. of people living on the London streets were ex-services personnel, but this study found that just 6 per cent. were. That is a significant improvement. It does not mean that the numbers are not still significant—they are. One of the things that came out clearly was that a higher proportion of the ex-services people who were on the streets had alcohol problems, or problems of physical or mental health, than did the general homeless population. Furthermore, some were less inclined to seek help; perhaps there was a view that there was something shameful about being in such a position. They did not necessarily seek help.

What was encouraging was that those homeless ex-services personnel who had left the armed forces relatively recently were much more aware of the help available and of where they could go to get it. It seems that the Ministry of Defence resettlement budget has had a positive effect on those ex-services personnel who become homeless.

Alison Seabeck (Plymouth, Devonport) (Lab): Recently I was in Afghanistan as part of the armed forces parliamentary scheme. We talked to a number of the front-line troops and saw that they were recording incidents that could cause them mental stress. They felt that doing so would help them to balance their lives when they came out and to understand the nature of their problems. They also had advice on where to go and who to talk to.

Mr. Gerrard: That was a useful intervention. It makes the point that things have improved, although there are still problems. One problem among the homeless people interviewed was that some of those who had not been on active service in a war zone did not really regard themselves as veterans; they somehow thought that they might not be as entitled to the same help as someone who had.

The question of ex-services personnel in prison was mentioned earlier. The National Association of Probation Officers did some work on the issue fairly recently. It got case histories from about 22 probation areas, and they showed a significant problem. The prison in-reach project—again, sponsored by the Ministry of Defence—is doing a scoping survey at the moment. In one small pilot study in Dartmoor, more than 16 per cent. of the people surveyed had undertaken military service, although other surveys have come up with rather lower figures.

The NAPO survey made it clear that in all those probation areas, probation officers were reporting that they were dealing with ex-services personnel. Furthermore, in their view, the majority of such people with whom they were dealing had suffered from post-traumatic stress disorder and there had been no real attempt to identify the problem—either when those people were discharged from the services or when they were arrested and charged. The other point that came out clearly has already been referred to: a very high proportion of those people had been involved in heavy drinking or drug taking at some point.

Some good little projects are starting. Staff at Everthorpe prison have put together a pack that deals specifically with ex-forces personnel, and work on Army welfare is going on in North Yorkshire. There are examples of good practice, but there are also gaps in our knowledge: we know that the problem is there, but we do not know its precise scale. I hope that the Minister accepts—I think that the Ministry of Defence accepts—that we need to look into this problem and put more information together. If there have been successes in dealing with people becoming homeless, we should look at how that can be transferred into helping them not to end up in prison.

My second point, on which I may not get the same support from the Minister that I hope to get on my first, concerns recruitment, specifically the ages at which

people are recruited. I would not dispute that a career in the armed forces can offer young people real opportunities, and I have no problems with young people seeing soldiers; the hon. Member for Westbury (Dr. Murrison) talked about soldiers going into schools. However, we must face the fact that many non-officer recruits into the Army are people with relatively low educational attainment living in poor communities and that a significant number go into the Army as a last resort. I see the Under-Secretary, my hon. Friend the Member for Grantham and Stamford (Mr. Davies), shaking his head, but a survey carried out in 2004 suggested that up to40 per cent. of Army recruits were doing it because they could not find anything else that they wanted to do.

Irrespective of that, about a quarter of all recruits in 2007 and 2008 were aged under 18. We are unusual among members of the European Union in recruiting people into the Army at the age of 16; most countries do not do that. Yet when we recruit people under the age of 18, the regulations mean that they are signing up for a longer period than someone who joins at the age of 18. We have a rule—it had been lifted and was then brought back in regulations that came into force in August last year—that requires young people to serve for a minimum of four years beyond their 18th birthday. Somebody who signs up when they are 18 could sign up for four years, but if they sign up at 16 or 17, they are signing up to serve for four years beyond their 18th birthday. I wonder how that will sit with our debates on the Equality Bill later in this Session. In the first six months, there is an absolute right to discharge whereby someone who is unhappy can choose to leave voluntarily without a problem, but after that it is discretionary. We should consider moving to an age limit of 17, or at least enabling people to leave at any point before they are 18.

4.43 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): It is a pleasure to follow the hon. Member for Walthamstow (Mr. Gerrard), who made an extremely congenial neighbour when I was Member of Parliament for Wanstead and Woodford. He made some valid points. I will sit down before 10 minutes to 5 in order to give other right hon. and hon. Members the opportunity to speak, because I get a fair crack of the whip in these debates.

I have to start by saying an enormous thank you to our armed forces, who show such qualities of selflessness, resilience, good judgment and humour. In the past, I have made the mistake of saying that they do what they do for us. If one suggested to any member of the armed services that they might be doing it for politicians, one would be met with an immediate raspberry. In fact, they are doing it for each other. They are fighting for their mates; that is an important part of their ethos. We are the beneficiaries of that, and we must do our utmost to preserve the coherence of their units, which give them their strength and their abilities, which are unmatched anywhere in the world.

That leads me on to the suggestion that trickle posting may have an inherently destabilising effect on our armed forces. I hope that the Ministry of Defence will bear very much in mind the binding nature of the groups within our armed forces.

The words that we say in praise of our armed forces must be backed up by policies on pay, family support, medical care, basing and so on. Pay has improved, although there is a concern about the joint personnel administration system, which has caused the MOD's accounts for this year to be qualified. The qualification is serious, as the permanent secretary to the MOD admitted to the Defence Committee. The JPA was raised with the Committee when we went to Iraq, and last year when we went to Afghanistan. It is an electronic system that is produced by EDS, a good and thoroughly worthwhile company in my constituency. It has been trying to produce an electronic system to take the place of a paper system that had become unwieldy and was wrong in many respects. We are often too quick to blame EDS for mistakes that were inherent in the system.

Nevertheless, the MOD may have been a bit too quick to reduce the number of personnel officers who were there to help the forces through the calculation of their allowances and pay. I hope that the Ministry will consider that matter and also whether the system is appropriate given that, as I understand it, it is a pull system. In other words, if someone does not know what allowances they are entitled to, the system will not prompt them to claim them. That is not acceptable. In November, the permanent secretary came before the Committee and we expressed our dissatisfaction with some of the serious glitches that had appeared in the system. We will report on that soon.

Another important matter for armed forces personnel is basing. The MOD is constantly going through reviews of where bases ought to be. Recently in Hampshire, Portsmouth fortunately fought off the threat of closure. However, RAF Odiham, in my constituency, is still ploughing through Project Belvedere. Only a few years ago, a study concluded that it would not be cost-effective to move the Chinooks away from RAF Odiham. We in north-east Hampshire like the Chinooks. We are proud of what they do in Afghanistan and astonished by what they manage to achieve in Sierra Leone.

The town of Odiham has made a significant financial contribution to the families of those who have served their country abroad in recent months, and last summer the people there held a parade and party for the wonderful men and women of RAF Odiham. Returning to their base, they were reported to me as "walking on air". Well, they are the RAF. We are not just proud of the Chinooks, we actually like them. We like the noise that they make and are used to it, and I suggest that that would not be true if they were moved elsewhere in the country.

Mr. Gray: Will my right hon. Friend give way?

Mr. Arbuthnot: I will give way on this point, but I shall claim an extra minute.

Mr. Gray: I understand my right hon. Friend's point, and I intervene briefly to say that if the worst were to happen from his point of view, and under Project Belvedere the Chinooks were to move to RAF Lyneham in my constituency, we would certainly welcome them. I was encouraged by what he said about noise, and from our point of view I very much hope that that is what will happen.

Mr. Arbuthnot: My hon. Friend will understand if I say that I hope that will not happen. By and large, my constituents moved to their houses well after RAF

[Mr. Arbuthnot]

Odiham was set up—it was opened in 1937 by, interestingly, the chief of the Luftwaffe, General Erhard Milch. That may be why I get no more than one complaint a year from my constituents. I suspect that the same would not be true if the Chinooks descended upon my hon. Friend's constituency.

The cost of reproviding the services and facilities that work well and are well established in Odiham scuppered the previous attempt to move the Chinooks. That reason remains valid. Please will the Minister acknowledge that constantly repeated reviews of such matters are a distraction to the armed forces, upsetting to local communities and an unhelpful waste of the Ministry's money, which, as we all know, is scarce?

I will finish in one minute by referring to one or two of the Select Committee's current inquiries. We are holding inquiries into: defence equipment; the MoD's annual report and accounts; the defence support group; UK national security and resilience; recuperation; Russia; the Service Complaints Commissioner; helicopters; and the comprehensive approach. In view of all that, I pay particular tribute to the Select Committee staff, who bear the burden so knowledgeably. We are extremely grateful to them.

4.51 pm

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): It is a privilege to speak in this debate and to follow the considered contribution of the right hon. Member for North-East Hampshire (Mr. Arbuthnot).

My right hon. Friend the Minister rightly reminded us of the debt we owe those who serve in our armed forces and of their excellent work. I have met men and women stationed at Weeton barracks near Blackpool and learned of their experiences in Sierra Leone. I have spoken to soldiers at Fulwood barracks in Preston and members of the Territorial Army at Kimberley barracks in Preston, who have been to Iraq and Afghanistan. They are proud of what they do, and we should be proud of them. That is why I am so pleased that we are holding this debate.

I applaud the Government's commitment to members of the armed services, service families and veterans, which has transformed the debate. The Government have created structures that reflect and, year after year, build on our support for the services.

Today is my first opportunity to congratulate formally the Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), on his appointment as Minister with responsibility for veterans. I am being nice to him now because I will ask him some detailed questions later. He brings with him a well-deserved reputation for a no-nonsense approach to good governance of the armed services. On the Defence Committee, he pursued duty of care issues with determination. I am sure that he acknowledges the work of my hon. Friend the Member for Halton (Derek Twigg), who spearheaded the cause of fair and proper treatment of veterans.

As chair of the all-party group on Army deaths, I pay tribute to the Under-Secretary and his predecessor. They have dealt with bereaved families with courtesy and respect, whether the deaths occurred in barracks at Deepcut, Catterick or overseas. My hon. Friend has also attended meetings of the new all-party group on veterans, of which I am an officer, and has spoken again to the people who attended about the importance of making progress on veterans' issues.

Since we last considered such issues in detail, the Command Paper on support for service personnel, families and veterans has begun to produce change. We have a framework for better recognition of the armed forces and opportunities to show support. The national armed forces memorial and national armed forces day on 27 June supplement remembrance events in November. We have begun to move to a new system of military justice under the Armed Forces Act 2006. The appointment of a Service Complaints Commissioner is an important step towards independent oversight. The conduct of service personnel and the quality of their leadership are important to the reputation of the armed services. Today's armed forces must be effective in war and in peace.

I want to concentrate my remaining remarks on the theme of independent oversight, but first, I would like to record my appreciation of Dr. Susan Atkins, the first Service Complaints Commissioner. She has met the all-party parliamentary group on Army deaths twice, and she has listened attentively to the concerns of bereaved Army families. Within her powers, she has done what she could, and I look forward to reading and discussing her first annual report. However, her powers are not as extensive as I, or the Defence Select Committee in its reports on duty of care, wanted them to be. Nor are they as extensive as bereaved families want them to be.

I therefore want to ask the Minister to look into the restriction on the power of the Service Complaints Commissioner to receive a complaint relating to the death of a soldier or its subsequent investigation. The commissioner has been advised that complaints relating to these matters are ultra vires on the ground that the deceased is no longer a serving member of the armed services. When we discussed this matter during the passage of the Armed Forces Act 2006, I do not think any of us understood that that would be an issue, and I do not believe that that was the intention of Parliament. May I ask the Minister to address the problem?

I want to say a few words about the press. Although there is seen to be a lack of effective oversight, our media get actively involved. Newspapers produce a regular commentary on matters such as the ill-treatment of trainees or detainees, shortages of equipment, the hardships of veterans and the failure to provide medical care for casualties of war. I should also like to mention "The Undercover Soldier", which was broadcast in September by the BBC. The documentary focused on disturbing allegations of ill-treatment of soldiers in training, and of casual racism at Catterick barracks. Those allegations have led to a military police investigation. I know that in recent years there have been many improvements in how the staff in our training establishments behave, and in the kind of training that is offered to young trainees. Sadly, however, we are still seeing allegations such as those shown in the "The Undercover Soldier" programme. We are also seeing the theatre getting involved. I will not list all the plays that have been produced about the deaths at Deepcut, but many of them have won theatrical prizes for the way they have portrayed what were tragedies for those young people and are still tragedies for the families involved.

I shall ask several detailed questions about structures for independent oversight. First, the Adjutant-General established a number of independent advisory panels in 2006, in order

"to exchange information, provide feedback and assist in identifying possible areas for improvement across the training estate".

Such a proposal stopped well short of that advocated by the Deepcut & Beyond families group for the establishment of a lay visitors' scheme, in which Army mums and dads could enter training establishments and see the behaviour of the trainees. What assessment has the Minister made of the independent advisory panel scheme? How many panels have been established? Who sees their reports? Service families complain to me that external involvement in the panels is restricted to what they call local bigwigs. What outreach will the Minister undertake to involve ordinary families, particularly those bereaved by deaths in barracks?

Secondly, there has been much debate on the issue of an armed forces federation. Other countries have self-organised membership groups to represent the interests of serving soldiers and their families. I have been told by senior Army officers that such an arrangement would undermine the chain of command. That seems to be their regular response to many of the issues that bereaved families, and the families of serving soldiers, raise. Will my hon. Friend look into whether there is a way of pursuing such a proposal?

Thirdly, in response to public concerns over the deaths in Deepcut barracks, the Secretary of State asked the adult learning inspectorate to oversee the regime and quality of Army training. That role has subsequently passed to Ofsted. What plans does the Minister have to provide for the continued monitoring of training? Will he consider tasking such a body to undertake studies in areas such as race awareness?

Fourthly, the Deepcut & Beyond families group has suggested the establishment of an office of Her Majesty's inspector of the armed forces—along the same lines as Her Majesty's inspectors for the police and the prison services. Such an inspector would be outside the chain of command and would be charged with a duty to report directly to Parliament. He could look into the sorts of issues raised by service families and by the families of soldiers who have died. Will the Minister give further consideration to that proposal?

Fifthly, we come to whistleblowers. In workplaces up and down the country, employees routinely do a public service by disclosing workplace malpractice, and the Government have put in place laws to encourage whistleblowers in the public interest so that whistleblowers know they cannot be victimised if they raise issues of malpractice in the workplace. Again, the military traditionally argues that whistleblowers undermine the chain of command. I am not so naive as to deny that comradeship, obeying orders and having strict discipline are crucial in the Army, but, sadly, we do have occasional incidents—they are not widespread—of things happening that should not happen. With modern information and communications technology, anyone can use a mobile phone to take photos and then put them on a website. Will the Minister look further into protecting genuine whistleblowers who have real concerns? I would expect him to act against those behaving in either a frivolous or dangerous way, but if the cases are genuine, will he look into them further?

Sixthly, on human rights, it is important that soldiers are aware of their right to protection against bullying and ill-treatment. In the context of peacekeeping missions overseas, it is also important that they have an understanding of the areas they are going to. At my request, the Minister placed the curriculum and background notes for such training in the Library of the House, but I have to say that they are pretty meagre, with just two pages and only half a page of writing respectively. Will he think about entering into a dialogue with the Equality and Human Rights Commission to review these teaching materials?

Seventhly—I shall be brief, as I spoke in the debate on the Coroners and Justice Bill earlier this week—another important issue not raised so far today is that of testimony given at services inquiries. It may not be admissible before a coroner's inquest and may not be disclosed to the jury. Will the Minister look into that issue?

We need to be reassured that our armed forces personnel have opportunities to make complaints and get them addressed if they are genuine. We also need to ensure that we have independent oversight of whatever system of complaints is put into effect. That will reassure existing armed forces personnel while also reassuring their families. I hope that it will also lead to improved recruitment and an improved career for our armed forces personnel.

5.4 pm

Ann Winterton (Congleton) (Con): At the beginning of my brief contribution to the debate, I express my respect and admiration for the service and commitment of our armed forces and for their fortitude and that of their families. I also express my sympathy for loss of life and for those who have been wounded in mind or body.

Recruitment, retention and morale have already been raised, but I want to deal with an issue that has not been mentioned thus far in the debate. In this day and age of fast communication and almost instant media coverage, most people like to receive praise, encouragement and recognition for the duties that they undertake—in other words, for a job well done—and none more so than our troops on the front line. They have access to either internet or satellite connections, and—just like everyone else—they like to see their efforts reported by the media, or even promoted as achievements of which everyone in the United Kingdom can feel proud.

A year ago last December, I asked the Prime Minister a question about the lack of MOD media coverage following the taking of Musa Qala in Afghanistan a few days earlier. The answer that I received disappointed me, so I applied for and gained a Westminster Hall debate entitled "Military Operations (Information)". During that debate, which took place exactly a year ago on 29 January 2008, I made the case that the MOD had completely failed to give clear leadership and to inspire others in its coverage of the military operations leading up to the taking of Musa Qala. As a result, family, friends and the British public were being kept in the dark, and the MOD had lost a wonderful opportunity to promote a great military success story.

We must face up to the fact that sections of the public are somewhat disenchanted with operations in both Iraq and Afghanistan, so it is vitally important to win the information war and change minds here at home in

[Ann Winterton]

the United Kingdom. The starting point in that process is gaining an understanding of the issues and difficulties faced in particular operations, thereby gaining an appreciation of the tremendous successes achieved by these brave and intrepid young soldiers.

Perhaps a more serious charge is that the lack of media reporting of young men and women putting their lives on the line in an extremely hostile environment might undermine the morale of our troops. Surely their efforts should have been fully recognised in the media. When we compare the lack of coverage that they received to the extended coverage that the conflict in Gaza has recently received in its virtual domination of the news, we can perhaps understand why some of our troops may feel that they serve in a forgotten Army.

Thankfully, the majority of the British public do not forget our troops, but we must never forget that we are at war, and the handling of news has a vital part to play in maintaining morale both at home and on operations. Families play an increasingly important role, not least in respect of retention. That role should be recognised and taken fully into consideration by the MOD. After all, it is not that information cannot be gleaned from other sources, such as the internet; it is just that the MOD is not serving as the first port of call for the provision of reliable information, which is what it should be doing. Its core philosophy should be to be first with the news and to give the definitive overview of the operation in question.

In the Westminster Hall debate, I also set out constructive solutions to the criticisms that I had made of the lack of coverage. A year later, however—the dates were almost identical—Operation Red Dagger took place, and absolutely nothing had changed. The first that we, the general public, knew that a month-long operation had been undertaken was when a report was published in *The Sunday Times* on 4 January this year. Only after that did the MOD's website show a "one-slot story", on the following day, 5 January.

It seems to me that the conclusion to be drawn, just as in the previous year, was that that operation was not particularly worthy of much news coverage. Yet—as was pointed out by the hon. Member for Plymouth, Sutton (Linda Gilroy), who is not in the Chamber at present—the objective of Operation Red Dagger was to secure from Taliban control ground around Lashkar Gar which we had previously been led to believe was under ISAF and Afghan control. What sort of message does that lack of information send to our troops? What sort of a media policy is that? It is almost as if the MOD media machine were seeking to diminish the support of the British public and to undermine soldiers' morale, when it should be doing exactly the opposite.

Up to and during the Christmas period, we knew that something was afoot, because we heard about the number of deaths of service personnel, which was grim news for all of us back in the UK, but most especially for those who had a family member serving in Afghanistan. We had no knowledge of or information about what was going on, but it was obviously very tough for those on the front line. The MOD media machine performed in December 2008, as it had the previous year in December 2007, with almost total indifference. There was no narrative and no direction, and it did not show any imagination. If it is allowed to continue in that vein, public support may begin to wane and our troops may feel increasingly disillusioned and believe that they serve in a forgotten Army in a forgotten war in a forgotten land. In other words, we run the risk of defeat and disinterest being bred in our own backyard.

The only difference between these two operations undertaken just a year apart was that the rains came earlier in 2008 than in 2007 and our troops had to operate in appalling and even more testing conditions. But where was the media coverage of that operation? Where was the reporting of a job well done? One might get the impression that the MOD public relations team is failing to provide even adequate media coverage, both to improve the morale of our troops and to keep the British public onside. Or is it that they are actually instructed by the powers-that-be to place the minimum information into the public domain? That surely would be a mistaken philosophy in this day and age, and one that could do profound damage.

There will, of course, be those who disagree with me, but the history of both the Iraq and Afghanistan operations will eventually be written, and I doubt that it will make comfortable reading. The truth about operations in Iraq was never divulged at the outset to the public and Afghanistan is turning out to be the same. There is a great deal of catching up to do.

It is very unsatisfactory when the success of so many British servicemen and women, serving in such difficult theatres, is not even adequately reported by the organisation that sent them there in the first place. We can surely best honour our dead by ensuring that we recognise and extol the efforts of those who are charged with completing their task of gaining victory over the insurgents. The MOD should be playing its part in full to secure that objective. It should ensure that news coverage is as accurate, professional and as current as it can possibly be. It has a great deal of catching up to do.

5.13 pm

Alison Seabeck (Plymouth, Devonport) (Lab): May I first put on record, as have other hon. Members, our thanks to our armed services for the fantastic job that they do in difficult and dangerous circumstances and to their families and friends who support them from afar and often do not know or cannot be told what their brothers, fathers, sisters, husbands and mates are actually doing for their country? It takes a very special person to join up, but it also takes some very special people at home to cope with the uncertainty and worry that a life linked to the armed forces can bring.

We have seen in the past 10 to 15 years a massive transformation in the role of our armed forces in terms of the type of action that they are required to take, the enemy that they have to deal with, the capability that they have to deliver on the ground and the equipment that they wear and use. We know about their ability to fight, but one of their key roles is in strengthening stability, as they are seeking to do in Afghanistan as well as responding to international emergencies. Our armed forces personnel are among the most flexible in the world, working as they do alongside staff in our Foreign and Commonwealth Office, the Department for International Development, NGOs, civilians and of course forces from other nations. I have heard it said repeatedly that, given a choice, it is our Navy, Army and Air Force that others will choose to serve alongside.

For too long, the contribution of our personnel was not fully understood by the wider public outside garrison towns, but that is changing. In Plymouth, to ensure that our lads and lasses are made aware of just how much we value what they do, like in many other towns and cities throughout the country, we will ensure that we welcome them back when they return from active service. Our lord mayor in Plymouth, Councillor Brian Vincent, is working to ensure there is a good civic response, not least because our lady mayoress has two relatives, including her son, who are currently serving.

That is why, from our perspective, the publication of the service personnel Command Paper, which set out 40 commitments for support to our servicemen and women and their families, was so important. I want to focus on some of those commitments, and I know from speaking to service personnel—some on active service in Afghanistan—and their families, who are my constituents, that they have been broadly welcomed. The Royal British Legion—I should declare and interest in that I am a member of the Crownhill branch—which I spoke to some months before the announcement, had been campaigning hard for the changes, as had the British Limbless Ex-Service Men's Association, which had been working on behalf of local lads who had lost one or more limbs while on active service and was seeking a significant increase in the compensation awards. Both organisations have subsequently expressed how pleased they are that the Government responded so positively.

Mitigating the impact of service life on families is important. People at my local schools tell of the difficulties that the children of service families can face, such as the major upheaval in their lives because of the constant moving from location to location. Schools in Plymouth are very good at offering support in those circumstances, and they respond swiftly and sensitively when we lose one of our own. However, I am sure that they agree that the proposals on the statutory schools admissions code, which should take effect later this year, and the provision for enhanced early years support will help to stabilise families and make children feel more secure.

Plymouth also has high rates of adult illiteracy, and some of that stems from people who leave the armed forces without qualifications and who often find it difficult to secure a job in the civilian sector. In turn, that can lead to street homelessness, as my hon. Friend the Member for Walthamstow (Mr. Gerrard) has said, and to the risk of committing crime and of triggering mental health problems, which in some cases is certainly compounded by trauma in service—that concern has already been covered at length. We now understand a little better the nature of the mental health problems that service personnel can face. However, where that is linked not to combat stress but to an inability to move back into civilian life, education becomes increasingly important, and the opportunity for people while in service to improve a range of skills, including literacy and numeracy, is vital and makes a difference.

During a recent armed forces parliamentary scheme visit to Camp Bastion and Kandahar, I was extremely interested to meet some of those responsible for in-service training. We were told that there was a great deal of interest among personnel in getting the national vocational qualifications 1 and 2 not only for jobs when they leave the forces, but because the promotion process now requires them to have those basic skills. The additional entitlement to funding for further and higher education, which builds on the enhanced learning credits initiative, will mean that service-leavers with six years service could attain an A-level or equivalent free from tuition fees. Again, that is very welcome.

There are also options that have existed for many years for courses that lead to accreditation in areas of military relevance. We sometimes forget that the Ministry of Defence is Britain's largest provider of education and training, offering some 7 million days to their men and women across the services and in the wider MOD. The recent announcements build on what was already on offer.

While the importance of upskilling our forces personnel is important, so, too, is ensuring that their needs are met in a range of other areas. Other hon. Members have spoken at length about equipment, and I have to say that the newspaper cuttings about life on board HMS Daring certainly lift the spirits. It is state of the art in terms of its capability, but it has also taken great regard for the needs of service personnel on board, providing a very high quality living and working space. In fact, what we heard in Afghanistan from all ranks—much to the surprise of some members of the armed forces parliamentary scheme, I think—was that, in the main, they feel that the procurement process is working and that it is much more responsive. Indeed, one person told me that they had equipment coming out of their ears. I am sure that is a slight exaggeration, but it is indicative of the fact that people feel that they are now receiving what they need on the ground.

There is always room for improvement, and it is essential to listen to the needs of the front-line soldier, as they are the ones who have to fight in excess heat and cold and have to carry the equipment they use. I am pleased to see the Jackal, which my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) has mentioned, in service. I recently visited the production line in Plymouth, and, interestingly, the manufacturers are already responding to proposals to change and tweak that particular vehicle, which have come from people who use it on the ground.

There is no doubt that our forces still feel stretched, and that feeds back to the public in the UK. The public and the families respond by wanting to support them by sending food, e-blueys and buddy boxes. In a recent letter to my local paper, a lady suggested that we should all send food parcels to our troops, because she felt that they were undernourished and came back from the theatres in which they were serving looking thin. I would like to tell her, on the record, that the food available in the mess and in the various outlets in which I ate, alongside hundreds of people from across our services and from other nations, in Afghanistan was superb. The range of options was immense, and the food was beautifully prepared. It is probably true that an army marches on its stomach, which is why breakfast ranged from a full English to toast, omelettes, cereals and fruit, and the lunches and dinners were made up of at least two substantial courses. Clearly troops in our forward posts have a more restricted diet, but that is inevitable, as they often have to carry their food supplies with them. I am not surprised, given the heat and the activity in Afghanistan and Iraq, that people return

[Alison Seabeck]

from those theatres looking a little slimmer, but I reassure the letter writer that that is certainly not because they are underfed.

We have to make it clear that our servicemen and women are greatly valued and that we offer them the support they need to carry out the tasks we, as a Government, set them. The Command Paper has reinforced that intention, and I am grateful to have had the opportunity to highlight some of the areas where it will make a difference for my constituents and their families.

5.21 pm

Mr. James Gray (North Wiltshire) (Con): I rise to speak briefly. That I shall be brief is partly because of the structure of these debates, which we ought collectively to consider reorganising—perhaps there is a message in this for the usual channels, the party managers and the business managers. At a time like this in our nation's history, sticking a debate as important as this, on defence personnel, on late on a Thursday afternoon, albeit after a very worthy debate on the holocaust, on a one-line Whip, means that the least possible number of people attend and the least possible attention is given to it. We have all these Opposition day debates on Mondays and Tuesdays, but might it not be better to have a three-line Whip Opposition day debate on a Thursday afternoon and to hold a debate such as this on a Tuesday afternoon, when we can give it proper attention?

Given the lack of available time, I hope that the House will forgive me for focusing on two or three issues relating to my constituency, which none the less have broader interest with regard to the services elsewhere. I am proud of the fact that in addition to RAF Lyneham, which I shall discuss in a moment, my constituency is home to 9 Supply Regiment at Hullavington, which I believe is the largest battalion in the British Army; 21 Signal Regiment, which is an air support regiment at Colerne; and 10 Signal Regiment at Corsham, which has an important job to do on disarming roadside bombs. In addition, a multi-billion pound investment is taking place with regard to defence communications services at Corsham, so I probably encounter as wide a range of service personnel and issues as any hon. Member in the Chamber this afternoon.

Mr. Arbuthnot: So my hon. Friend really does not need the Chinooks, does he?

Mr. Gray: I am extremely grateful to my right hon. Friend for that, because I shall come back to precisely that point in a moment.

I also speak as chair of the all-party group on the Army, and I am delighted that it will be welcoming the returning brigade from Afghanistan on 23 February. It confirmed to me this afternoon that it intends to march into Parliament—with Mr. Speaker's agreement, of course—arriving at the North Door of Westminster Hall, where I hope hon. Members will be to welcome the troops, and going thereafter to a reception on the Terrace. It is good that the all-party group is welcoming the returning troops and saying thank you to them; after all, we send them to these places, so it is right that we return the compliment.

I pay tribute, as I have done before in a similar vein in this House, to the good people of Wootton Bassett in my constituency, who, week in, week out and in the foulest of weathers, turn out in their hundreds up and down the High street to see the coffins, as they come back through RAF Lyneham, and stop for two minutes. It is the simplest of ceremonies, with no commands. There is nothing pompous or grand about it—just the people of Wootton Bassett and the surrounding areas paying their respects to those coffins. That has happened around 100 times now, and I join them as often as I can. I wish that other towns and villages would learn that lesson from Wootton Bassett—some are beginning to do so—and the way in which it pays its respects to our armed services and the contribution that they make to the defence of the realm.

In that context, it is through RAF Lyneham that the bodies are returned from both Iraq and Afghanistan. The ceremonies that are laid on at the base are superbly well done. However, under current plans, the Hercules fleet at RAF Lyneham will be moved to RAF Brize Norton in 2012, although the delays to the A400M, which might be quite serious, may mean some delay in that transfer. However, if it goes ahead the already too busy base at RAF Brize Norton would have the added task of the repatriation of those bodies. I fear that the narrow lanes around Carterton in Oxfordshire would not be as sensible a route as that around RAF Lyneham and Wootton Bassett.

There are some 750 civilians employed at RAF Lyneham and, if one takes into account their spouses and the associated people employed in the pubs, shops and schools supporting the base, it is obvious that if the base were to close it would be a catastrophe for the local economy. It must not be allowed to happen. Especially it must not be closed temporarily for some years while the MOD think of some other use for it. I have seen the vandals and wreckers move into RAF Wroughton when my party, when it was in government, wrongly closed the military hospital there. We should not have done that, because it was a wicked thing to do, but we did it and the site was vandalised for many years before finally being knocked down and used for other purposes. That must not be allowed to happen at RAF Lyneham.

I am glad to hear from my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot) that he has only one complaint a year about the noise from the Chinooks and that he is keen to keep them in his area. The good people of Lyneham would welcome them too if Project Belvedere, which is in its final stages of discussion at the MOD, reaches a conclusion. I am told that three of the four solutions would involve RAF Lyneham, and if the Joint Helicopter Command at RAF Odiham and other helicopters are brought there, I assure Ministers—I hope that they are listening carefully as I have taken wide soundings from the local area—that they would be welcome. There would of course be great concern about the noise and the environmental downsides of the helicopters, as opposed to the Hercules, which we all love, but I know from discussions with senior people in the RAF and the Army that it would be possible to work out flying protocols so that the helicopters would not unduly interfere with the lives of local people.

The people of my constituency would welcome the Joint Helicopter Command to RAF Lyneham with open arms, and I would make it my business to explain

to any doubters that, while there might be some environmental downsides, having the helicopters would be vastly better than a new town, an extension of Heathrow airport or a prison. I hope that I speak for the bulk of my constituents—not all, because it will be a difficult and controversial decision—when I say that we look forward to the outcome of Project Belvedere and the Joint Helicopter Command coming to RAF Lyneham.

5.28 pm

Bob Russell (Colchester) (LD): It is an especial privilege and honour to represent a garrison town. I pay tribute to 16 Air Assault Brigade, which undertook a gruelling tour of duty in Afghanistan last year. I visited British troops in Afghanistan twice last year, first as part of the armed forces parliamentary scheme, and then in the autumn to meet soldiers from Colchester, many of whom had suffered injuries. Sadly, there have also been several deaths.

Earlier, I praised the Royal Anglian Regiment, the regional regiment that Mr. Deputy Speaker and I are proud to say is—so we are told—the best recruited regiment in the Army. I pay tribute to them too. I also want to praise the MOD media people, who are doing a good job under difficult circumstances. I want to highlight the Kajaki dam exercise, in which all four battalions of the Parachute Regiment were engaged. It was an incredible achievement which received massive publicity, and I and others had the privilege of meeting many of those young men just one week after the culmination of that extraordinary exploit. I believe that it was the first time in 60 years that all battalions of the Parachute Regiment had been engaged on a single mission. In passing, we should praise the actor Ross Kemp and those who are doing so much with him to bring into our homes the real business of what is going on in Afghanistan. I assume that the MOD publicity people had some involvement in that.

The Royal British Legion, as we have heard, does a good job, as do many of the charitable and support organisations. I want to single out Veterans Aid, which is dealing with those former members of our armed forces who have fallen on really tough times. Perhaps more needs to be done with that.

I recognise the points made by the hon. Member for North Wiltshire (Mr. Gray) about the welcoming home process and the tributes being paid to those who have lost their lives. That is precisely how it is in the garrison town of Colchester. The welcome home parade was attended by the Secretary of State for Defence and a service was held for those who had returned safely and in recognition of those who, sadly, did not. On two occasions, the town came together for military funerals; the other soldiers who had lost their lives returned to their home towns and cities. I agree entirely that where there is a military presence; the civilian community comes together.

The House of Commons Library has put together a very useful debate pack. If people do not have it, I recommend it. It is a fantastic document. I praise the Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones), for the introduction of national armed forces day. I shall come in a minute to my favourite subject, housing.

Incidentally, I should have mentioned one point about 16 Air Assault Brigade. I have had the pleasure of welcoming four separate groups to Parliament. I pay tribute to the Prime Minister, because he welcomed three of those groups to No. 10, invited them in and showed them round. It is often said that the Prime Minister is not interested, and it is not usually my job to praise him, but I praise him for taking time out to ensure that those young men—and a few young women, too—could have thanks given personally to them by the Prime Minister.

Back in the autumn, the Under-Secretary said:

"As promised in the Service Personnel Command Paper we are also improving access to health, housing and education."

He will know from his recent visit to Colchester that although the new Merville barracks is, I believe, the best military accommodation in the country for single personnel, the family accommodation still has a long way to go. With in excess of 200 empty dwellings, it does not represent good use of public assets. It is also not good use of public money to upgrade properties to enhance the value of privatised houses now owned by Annington Homes. I recognise that the previous Conservative Government were responsible for that, but surely the Government should find a way to ensure that money invested from the public purse in somebody else's property is reflected in a buy-back, so that the value of the improvements and modernisation goes towards the repurchase price. Such a scheme to buy those properties back could use the same wonderful, very generous terms that the previous Government used in selling them.

Let me draw the attention of the House to the Defence Committee's "Educating Service Children" report, to which I referred earlier. It would be inappropriate to go into long detail, but I merely draw attention to recommendation 5, which states:

"The MoD and local education authorities should begin planning for the impact that the creation of Super Garrisons will have on pupil numbers in schools located near Service bases."

I invite the Defence Committee to revisit that recommendation, and I invite the Ministry of Defence to consider whether decisions made this week square with that recommendation.

5.35 pm

Mr. Gerald Howarth (Aldershot) (Con): We have had a very good debate, if, as my hon. Friend the Member for North Wiltshire (Mr. Gray) said, somewhat truncated. It is unfortunate that a debate on all those men and women—200,000 of our armed forces—should be curtailed to the extent that it has been, and I hope the usual channels on both sides will seek to find a way in which the House can debate more adequately these very important issues.

The Parliamentary Under-Secretary of State for Defence (Mr. Quentin Davies): On an Opposition day.

Mr. Howarth: I hear what the hon. Gentleman says. He may only just have become a Minister, having crossed the Floor, but he ought to understand that these matters are a responsibility of the Government in the first instance, and therefore I think that the whole House believes that it would have been better if we could have

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had a longer debate on these matters. Perhaps the Minister will at some point tell us when we will be able to discuss those grey metal, flat-topped 65,000-tonne displaced things, about which we are not allowed otherwise to speak today.

We have had some interesting speeches from Members on both sides. I pay tribute to the hon. Members for Plymouth, Sutton (Linda Gilroy) and for Plymouth, Devonport (Alison Seabeck), who were both on the armed forces parliamentary scheme visit with me in Afghanistan. They gave an excellent account of what has been going on there and reported faithfully how well our armed forces are performing in very difficult circumstances. Reference was made to the commanding officer of 42 Commando, Lieutenant Colonel Stickland, and I strongly endorse everything that was said about him. His card will be marked; he is going places. He is a very able officer.

My hon. Friend the Member for Congleton (Ann Winterton) was absolutely right when she pointed out, in a telling speech, the failure of the media properly to cover what is going on out there. The universal cry from our armed forces—soldiers, sailors and airmen—out in theatre is that only casualties get reported. They appreciate the fact that they are reported, but they would also appreciate it if the sort of commentary that was given on the Kajaki dam were greatly broadened to cover other areas where they are performing so well.

My hon. Friend made mention of the contribution that Ross Kemp has made, and the hon. Member for Colchester (Bob Russell) endorsed that. I am afraid I was unable to attend the preview last week, but I have high hopes that many of our constituents will turn on their televisions on Sunday night to watch Ross Kemp on Sky, reporting as he did so well last time round.

My hon. Friend is right to say that we need the Ministry of Defence to look again at how it can improve access for journalists, and in a sense try to get the journalists to understand. I am not blaming the Department entirely, but I do think this is a real issue, and if the Department needs to redouble its efforts, I am sure that it will do so. As I think the Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones), knows, my experience with media ops in Aldershot has not been entirely happy, and I think that sometimes the media ops people are not operating in the best interests of what Ministers want.

Ann Winterton *rose—*

Linda Gilroy *rose—*

Mr. Howarth: I give way to my hon. Friend.

Ann Winterton: Briefly, the MOD should be driving the news agenda, not the other way round.

Mr. Howarth: Indeed. If possible it should do that, but as I have also said to my hon. Friend, there is a real responsibility on the media as well to step up to their responsibilities and the challenges that they face. Perhaps I might say to Ministers: putting people in uniform in charge again might be the answer, to ensure that they get the message across in the way that they are best able to do, as they are in uniform.

Linda Gilroy: Following the edition of the "Helmand Herald" produced by the deputy editor of the Plymouth *Herald*—a voluntary initiative on her part—would the hon. Gentleman acknowledge that our local papers also have a role to play?

Mr. Howarth: Absolutely; I entirely endorse that. The *Aldershot News* does not exactly the same job, but—*[Interruption.]* I am hearing noises off about Colchester. I am sure that such a thing happens in garrison towns, but families throughout the land are contributing to a fantastic effort on behalf of our armed forces. Families who do not necessarily live in garrison towns need to be informed of what our brave men and women are doing in our name.

My right hon. Friend the Member for North-East Hampshire (Mr Arbuthnot), who represents my neighbouring constituency, made a strong case for the Chinooks to remain in Odiham. I am bound to say that I entirely endorse that point. I am sorry for my hon. Friend the Member for North Wiltshire—bad luck—but there is a real problem when the Ministry of Defence is trying to compress our armed forces into an ever-reducing footprint across the land. We will have to address that problem when we come to office, which we hope will happen shortly.

The hon. Member for North Devon (Nick Harvey) said that the nation owed a duty of care, and that will be accepted on both sides of the House. He also talked about the welcome increase in compensation, which was debated when we considered the Bill that became the Armed Forces (Pensions and Compensation) Act 2004. I am glad that the Government have at last responded to the public outcry. We must address the tendency of ex-service personnel to turn up in prison in ever-larger numbers. My hon. Friend the Member for Westbury (Dr. Murrison) drew particular attention to post-traumatic stress disorder and the proposals that we hope to be able to implement to ensure that that is picked up. This nation faces a bow wave of problems to which it will, at some point, have to pay attention.

My right hon. Friend the Member for North-East Hampshire referred to the JPA, about which I have also heard complaints. The Ministry of Defence, like other Government Departments, seems to have problems with IT, and the situation is causing the military great concern. I met someone at Odiham who had found that the system had taken £500 out of his account, although that happened some time ago. Perhaps the Under-Secretary of State for Defence, the hon. Member for North Durham, will address the problem in his winding-up speech.

My hon. Friend the Member for Westbury set out the formidable challenges that must be met by the Ministry of Defence if it is to have any hope of maintaining our armed forces' capability to fulfil the missions with which they are tasked. I am afraid that the greatest of those challenges is clearly resources. I hear that the Ministry of Defence is looking for savings of between £1 billion and £2 billion. Additionally, procurement costs must be rising due to the fall of the pound, so the Ministry is in a dire situation.

Nothing better exemplified the high tempo of operations to which personnel are subjected than when I had the privilege of presenting campaign medals just before Christmas to Royal Air Force personnel at RAF Odiham, which is in the constituency of my right hon. Friend the

Member for North-East Hampshire. RAF Odiham is the home of the Chinook helicopter force that forms the backbone of logistic movement and, most importantly, provides casualty evacuation in theatre in Afghanistan. A number of those receiving medals were young people who told me that they had done five tours in Afghanistan and Iraq. We need to salute these young men and women for what they are doing.

That was why I became worried when I read some remarks attributed to General Sir Richard Dannatt, who has been an outstanding commander. He was quoted by *The Guardian*—so Labour Members will have to take this as true—as saying:

> "We have seriously stretched our soldiers to the very limit. Many families and marriages have unfortunately fallen victim to the relentless pace of operations."

That is a serious indictment, and it is little wonder that the armed forces are nearly 6,000 short and increasingly dependent on new Commonwealth personnel to backfill, as the hon. Member for North Devon pointed out. The most recent figures show that those personnel account for more than 7,000 of our forces' current strength.

Mr. Arbuthnot: I ask my hon. Friend to comment on the announcement that Radio 4 has just made that the Ministry of Defence plans to put a 15 per cent. cap on the number of foreign nationals in the Royal Logistics Corps, the Royal Army Dental Corps and Queen Alexandra's Royal Army Nursing Corps. I hope that the Minister will have time to comment on that, because it seems strange that the story should be on the BBC when there is a debate on armed forces personnel in the House of Commons today.

Mr. Howarth: I am grateful to my right hon. Friend for that intervention, because I have raised the issue before, and it has not been addressed by Ministers. If the news has been mentioned on the BBC, the House is entitled to be informed. I hope that the Minister will deal with that when he winds up.

The latest performance report by the Ministry of Defence shows that there are serious shortages across the board. Let me list one or two. There are just three Royal Navy Harrier instructors, against a requirement of seven. There is a 38 per cent. shortage of Merlin helicopter pilots, and there are just 95 Army bomb disposal corporals and sergeants, against a requirement of 222—a 57 per cent. shortfall. The RAF is short of 88 loadmasters, a trade critical to operations in the fields. We also know that only 85 per cent. of the armed forces are fully available and fit; 15 per cent. are not fit. The Government have a target of 90 per cent., and it is clearly not being met. My hon. Friend the Member for Newark (Patrick Mercer) drew attention to that.

My hon. Friend the Member for Westbury drew attention to the harmony guidelines. The Royal Logistic Corps has a 15-month average tour interval, against a target of 24 months. That cannot be sustained. Furthermore, there is an outflow of personnel. We now know that in the year ending 1 September last year, the voluntary outflow rate of RAF officers was 3 per cent., against a long-term sustainable rate of 2.5 per cent. The figure for other RAF ranks is 5.8 per cent., against a sustainable rate of 4 per cent. Clearly, if that trend continues, there will be serious consequences for the maintenance of capability. In the first six months of last year, there was a net outflow of something like 1,250 people—overwhelmingly, that means 12,200 experienced people being replaced by 10,960 rookies.

The Prime Minister is falling over himself to ingratiate himself with the new US President, so who can doubt that he will press service chiefs to accede to any request from the United States for more troops in Afghanistan? I understand that one battlegroup is all that can be afforded; Ministers need to tell us how many troops they are prepared to contribute. The truth is that our armed forces are overstretched. They have received much better equipment in the form of improved armoured vehicles, as has been mentioned, but the Snatch Land Rover remains in operation, which causes great concern for the safety and security of our armed forces, and we were told just before Christmas that a whole series of programmes were to be cut, curtailed, reduced or scrapped altogether. That is not at all satisfactory. If the Government want our armed forces to do what they are being asked to do, the Government have to back them with resources; otherwise they will have failed our armed forces.

I will conclude on a positive note, by paying tribute to the British public, who I think do support our armed forces. The welcome home parades have been mentioned. I salute Wootton Bassett for what it has done, and I salute my hon. Friend the Member for North Wiltshire for what he has done as chairman of the all-party Army group. The nation owes a huge debt of gratitude to our armed forces, and the more that we can show that we are understanding of their commitment and the sacrifice that they are making on behalf of all of us in this country, the better we will be able to impress on them that we really are concerned about them and value them, and will do much more than we are doing to ensure that they get a fair deal from the Government of this country, whoever is in power.

5.48 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): I start by echoing the sentiments expressed by Members in all parts of the House who paid tribute to the commitment and valour of our armed forces who have done a tremendous job on our behalf, and this debate is a good way of saying a big thank you to them. Obviously, if I do not cover points that have been raised, I will write to individuals, but I should like to answer directly that raised by the right hon. Member for North-East Hampshire (Mr. Arbuthnot). Yes, the announcement has been made. As to whether I am angry that the BBC got the story before the announcement was made to Parliament, I am, and I shall look into that as a matter of urgency. I shall certainly do all Members present the courtesy of writing to them with the reason why that happened.

I want to address some of the points that the hon. Member for Westbury (Dr. Murrison) raised. He seems to think that the more parliamentary questions asked, the greater a party's commitment to defence. Whoever is organising this in the Conservative party, may I ask that duplicates are not submitted? Two or three hon. Members have been doing so on a regular basis over the past week, and it ruins my Sunday afternoon having to sign the duplicates off when they come in my Red Box.

The subject of time limits was raised. Under the scheme, five years is the time limit, which is more than the three-year limit in civil litigation. There is a provision

[Mr. Kevan Jones]

for those time limits to be relaxed and extended in certain cases—the late onset of illness, for example—where a claimant cannot submit a claim until the illness is identified.

The hon. Member for Westbury and my hon. Friend the Member for Walthamstow (Mr. Gerrard) spoke about veterans in prison. That is an issue which I take very seriously, as would all hon. Members who care about veterans. The figure that was highlighted is not correct. A study is under way to identify the number of veterans in prison and how we should respond to that.

On decompression time, I agree with the hon. Member for Colchester (Bob Russell). When I have spoken to individuals coming back from operations, I found that the last thing they want to do is spend two weeks in Cyprus. I think we have got the time right.

The hon. Member for Westbury should not denigrate the role that civil servants play in theatre. Some of them are in extremely dangerous situations, doing a tremendous job in support of our armed forces.

Dr. Murrison: Will the Minister give way?

Mr. Jones: I will not, because I have limited time.

The issue of visits to schools was raised last year. I will have no truck with any organisation trying to stop our servicemen and women going into schools. In my constituency, my experience, which is shared by many hon. Members, is that most schools welcome servicemen and women because they are a force for good and they make good role models. Around armed forces day on 27 June I would like to see more of our armed forces going into schools to project positive messages.

May I put on record the fact that the defence training review is going ahead and is affordable? There have been delays but the momentum exists. The work on a successor to Land Securities Trillium is well advanced and an announcement will be made shortly.

Reference was made to stand-alone military hospitals and Haslar. I have to say to the hon. Member for Westbury that I wish the Opposition would not make a political issue out of that. When his party was in power, it closed military hospitals. That was the right decision, supported by the Defence Committee's report last year, which also stated:

"We also support the decision by the MoD to disengage from the Haslar site."

That decision ensures the best medical care for our armed forces. To highlight one such site is a mistake.

I pay tribute to my hon. Friends the Members for Plymouth, Sutton (Linda Gilroy) and for Plymouth, Devonport (Alison Seabeck), who are strong advocates, and say a big thank you to the Royal Marines in their constituencies for their dedication and for the role that they play in Afghanistan. I also pay tribute to the lord mayor of Plymouth, Councillor Brian Vincent, who is working hard to make sure that the parade is a success.

The hon. Member for North Devon (Nick Harvey) raised a number of issues, including pay. I do not accept that the pay for our armed forces is as he described. The basic salary is between £16,270 and £25,182. In addition, there are operational allowances of £2,320, council tax relief of £240, and the longer service separation allowance of £1,100. That would leave an individual on a six-month tour in receipt of about £11,500. Can we do more and try to advocate more for our armed forces? Yes, we can. In the past few years, the Government have shown that they have accepted the recommendations of the independent Armed Forces Pay Review Body. That has meant that the armed forces have had some of the better pay increases in the public sector.

The hon. Gentleman also mentioned nuclear test veterans. Obviously, I cannot go into much detail as the court case is ongoing. However, I want to scotch the rumour, which is nonsense, that somehow the legal action is a technicality. Defending the cases has been made more difficult as time has passed, so the current case is to determine the issue of time limits. I should like to put on record the fact that the notion that other countries are compensating the individuals involved and we are not is wrong. We are. Those who can show that their medical condition is related to their service can apply for the war pension. That is clear.

The hon. Gentleman also spoke about the Gurkhas, which is my responsibility. The Government have given good support—not only to Gurkhas in service who are not in receipt of pensions, but in allowing those who served after 1997 to settle in this country. Some 6,000 have already done so. The hon. Gentleman said that a technical point was involved, but that is not true: the High Court held that setting the date was justified as that was when there was the move from Hong Kong to the UK. The role of the Gurkhas is tremendously important.

My hon. Friend the Member for Walthamstow talked about homeless veterans and veterans in prison. The York university study has been useful in trying to ascertain the extent of the problem of veteran homelessness in London. My hon. Friend rightly says that that is less of a problem than it was 10 years ago. Before Christmas, I chaired a meeting of the Veterans Forum that was specifically about homelessness, and I am determined to do research in other parts of the country so that we can provide the support that such individuals need. I am thinking of the excellent projects at Mike Jackson house, which gives support to homeless veterans. I part company with my hon. Friend on the issue of under-18s. If he cares to visit the Army foundation college in Harrogate, the sixth-form college at Welbeck or Catterick itself, he will see tremendous work in supporting and developing young people and providing some of them with educational opportunities on which they have missed out.

The right hon. Member for North-East Hampshire mentioned the joint personnel administration scheme. It is firmly on my radar screen. Yes, mistakes were made early on; savings may have been taken out when the RAF first introduced it, and that led to some of the problems. Overall, however, it is a good system, and compared with other IT infrastructure projects across Whitehall, it is a success story. I am conscious that we now need to ensure that it beds in. However, we should not try to pull it apart—the three services must not try to reinvent what they had before, because that would lead to further problems. I should put on the record the fact that the issue is a standing item on the agenda for when I meet Vice-Admiral Wilkinson, the deputy Chief of the Defence Staff.

I understand the frustration of the hon. Member for North Wiltshire (Mr. Gray) about Project Belvedere: in the past few months, I have found quite a few things frustrating as I have tried to drive things forward.

My hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) raised a number of issues and I shall write to her about the specifics. The head of the Army and I are clear that bullying and racist behaviour are not acceptable anywhere in the armed forces. She mentioned "The Undercover Soldier". I cannot say much more about individual cases because, as she knows, an investigation is under way. However, the Adjutant-General and I will visit Catterick next month to look at the work being done there and to see what can be done to address some of the issues. My hon. Friend is aware of some of the excellent work being carried out by Lynn Farr and Daniel's Trust, for example.

I accept some of the criticisms made by the hon. Member for Congleton (Ann Winterton). However, some Members from her party have tabled questions about what we are spending on press officers. Such work is done by dedicated men and women, many of them in the armed forces.

Finally, I should like to say a big thank you to the people of Wootton Bassett for their work in honouring the dead who are returned. I also thank everyone—

6 pm

Motion lapsed (Standing Order No. 9(3)).

Business without Debate

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 4 February, notwithstanding the provisions of Standing Order No. 16 (Proceedings under an Act or on European Union documents), the Speaker shall put the Questions necessary to dispose of proceedings on the Motion in the name of Secretary Jacqui Smith relating to Police Grant Report not later than three hours after the commencement of proceedings on the Motion, and shall put the Questions necessary to dispose of proceedings on the Motions in the name of Secretary Hazel Blears relating to Local Government Finance not later than six hours after the commencement of proceedings on the Motion relating to Police Grant Report; proceedings may continue after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Mr. Spellar.)*

Domestic Violence (Black and Minority Ethnic Victims)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Spellar.)*

6 pm

Ms Sally Keeble (Northampton, North) (Lab): I am very pleased to have this opportunity to raise an issue that has been of great concern to me for the whole time that I have been an MP. Over the years, the Northampton Bangladeshi Association has hosted for me special advice surgeries for women. I have really appreciated that, together with its support and help in identifying women in the community who need help and support. One of the issues that has come up repeatedly is domestic violence. Two things strike me about the cases that the association has brought to my attention: first, the sheer scale of the suffering of the women; and secondly, the incredible difficulty that those women have in accessing services. That is why the big ask that I am going to make of my hon. Friend the Minister is for a dedicated funding stream from central Government to support work for domestic violence victims in black and minority ethnic communities.

As well as paying tribute to the work done by women in the Bangladeshi community to support other women who have been victims of domestic violence, I want to put on record my appreciation of the men of the community in Northampton, who have facilitated and supported the advice surgery and have, particularly in recent meetings, recognised that that is a real issue that needs to be addressed in and with the community by finding positive and constructive ways forward.

I also pay tribute to the pioneering work done by Southall Black Sisters, who have helped me with cases and provided advice for this speech. I thank the National Society for the Prevention of Cruelty to Children and acknowledge the fact that I have drawn from its outstanding report, "I can't tell people what is happening at home", which brings together information about domestic violence in south Asian communities and its impact on women and children. Tomorrow sees the publication of another landmark report, this time by the Equality and Human Rights Commission, the second edition of "Map of Gaps", which identifies some of the shortcomings that I will discuss.

The scale of domestic violence is well documented. It affects about 3 million women each year, and it is estimated to cost society about £40 billion each year in England and Wales alone. Despite all the progress that has been made in recent years in tackling the problem—I think that everybody recognises that the Labour Government have given outstanding attention to this and brought forward some major policy developments—still, unfortunately, far too few women report domestic violence, seek help or pursue their violent partners.

In looking at the experience of black and ethnic minority women, I want to emphasise that this debate is specifically about domestic violence and support for victims. There has been a great deal of discussion in this place about forced marriages, honour killings and the like, but there has been neither discussion nor action to support the specific needs of women in different black and minority ethnic communities who experience domestic violence in their day-to-day lives. I recognise that in

[Ms Sally Keeble]

some cases forced marriages and other issues might provide some context, but I want to focus on the specific experiences of the women.

Mr. Virendra Sharma (Ealing, Southall) (Lab): I congratulate my hon. Friend on securing the debate. We had an Adjournment debate on domestic violence only a few months ago, where the Solicitor-General acknowledged the role of Southall Black Sisters. There was to be a judicial review of that group's funding, and she assured the House that funding would be the Government's main consideration on domestic violence. I hope that after tonight's debate, there will be further funding and that the issue of resources will be resolved.

Ms Keeble: I agree completely. I spoke to Southall Black Sisters shortly before that, and my hon. Friend is absolutely right that there were real problems with the funding for that organisation. We were all extremely glad that its court case went well, and we hope that it will be secure for the future and provide a great deal of advice on funding streams that could help women in other communities and in towns such as mine, so that they can draw on that experience to get improved services.

There is very little information about the scale of domestic violence in black and minority ethnic communities, but in any event, I would not want a dedicated funding stream to be based on numbers. Even if the prevalence of domestic violence were the same as in white communities, the women who are the victims suffer the consequences quite differently, and sometimes more acutely, because of the problems that they have in accessing services. I would not argue that their suffering is greater, because violence is appalling for any victim, but it has a different impact on women in different communities. For instance Southall Black Sisters found that south Asian women are three times more likely than others to kill themselves because of abusive practices in the family.

Drawing on the findings of Southall Black Sisters and the NSPCC report, as well as on my experience of supporting my constituents, I wish to mention some of the issues that make the experience of black and minority ethnic women different. First, there is the real problem of social isolation. Women who might only recently have arrived in the UK, or who are at home with young children, are by definition isolated. Walking out of their home because of the violence of a partner is difficult for any woman, but for those who have come from abroad and depend wholly on their in-laws, it is perhaps doubly hard.

There are also language problems. I know that we have policies about people learning English, but the reality is that a young wife coming from abroad may not be able to access information or services easily. It is not only language that can be a barrier. There can be cultural barriers that women have to overcome before they act on a completely unacceptable situation. They might not know their rights, and despite the Foreign Office's work in some countries to provide information, they still might not be aware that they do not have to tolerate what happens to them. They might not want to go outside the family, and they might not know that they should go to the police. The result, as set out in the NSPCC report, is that women from the south Asian community remain in abusive relationships for an average of at least 10 years before even seeking help.

Immigration status is another of the biggest problems. I find, as I am sure my hon. Friend the Member for Ealing, Southall (Mr. Sharma) and other Members do, that a number of women come over on a spousal visa but then do not apply for indefinite leave to remain, normally because they leave that to their in-laws. Often when they leave the marital home, it is without indefinite leave and often without their passport, which they have handed in. Sometimes their visa has expired.

The Government have rightly created a procedure for fast-tracking the immigration status of domestic violence victims, but for a number of women there is still real fear that if they leave the marital home, they will end up being deported. In addition, although the procedures can work extremely well, it can be hard for women who have been isolated in the home to get the evidence that they need to prove the domestic violence.

Discrimination is also a problem for women who are turned away from public services. Over the years, research has shown the different access that different communities have to public services. The consequences for the domestic violence victim can be profound. A report by the Fawcett Society found that, on average, women suffering domestic violence have 11 contacts with services before they get the help that they need. For black women, the number increases to 17 contacts before they get help.

Overall, there is the problem of poverty. The communities from which some of the women come are among the most disadvantaged. Some of the women have no independent income or even independent money. It is hard to leave a marital home, especially with children, unless some money is available. Some of the women have no recourse to public funds, and that is firmly stamped on their passports.

It might be helpful if I give a couple of examples, which show the impact that the different factors have on the women, and the scale of the suffering of some of the women whom I have seen over the years. One was a young Bangladeshi woman, who married a British man from Tower Hamlets and came to live in his family home in the east end. Soon after she arrived, he started to hit her, and so did his mother. She became pregnant and had a baby girl. She managed to gain access to different services—at one stage, she went to the GP because she was not well. However, she could not talk about the violence, because a member of her husband's family accompanied her and acted as interpreter.

The woman finally managed to escape with her little girl and they came to Northampton, where she stayed with friends. She was deeply traumatised by what had happened. The support worker at the Bangladeshi association brought her to see me, and the first time that I saw her, she was suffering from, among other things, TB. It took about three years to win her indefinite leave to remain, during which time she was reduced to penury and repeatedly threatened with deportation. When her friend could no longer support her, social services put her into a bed-and-breakfast hostel, where she stayed for almost a year.

According to housing rules, the woman should have been moved much earlier, but the rules that bar families with children from being placed in bed-and-breakfast accommodation apply only to housing authorities, not to social services departments, and a social services department placed her in a bed-and-breakfast hostel in the interests of her child. That is a discrepancy in the

rules and complete nonsense. Protection for homeless families should be aligned across departments. This year, some four years after she fled her marital home in the east end, she walked into a home of her own in Northampton with her not quite so little girl.

A second case, from some years ago, was particularly appalling and has had a deep and lasting impression on me. It involved a woman who fled when her husband attacked her with a knife. She travelled to the north to stay with family members before returning to Northampton to reclaim her three children, who had remained with her in-laws. She was pregnant when she left her marital home and, when she returned, she went into premature labour. The baby was born with a serious disability; and she stayed in hospital with him for 10 days before his life support was turned off, and then for several weeks because she had nowhere to go. The hospital was very good and allowed her to stay. She had a little room with literally all her belongings in a bag beside the bed. It took months, if not years, to get her children returned to her, with everyone's immigration status sorted out, and to be accepted by a local housing authority.

I have outlined some of the problems that women face, and I want now to consider the services that are available to support them. The NSPCC report highlights a profound lack of services. Although two thirds of all local authorities provide services for domestic violence victims, only one in 10—46 out of 434—have specialised services for black and minority ethnic communities. Ninety-five per cent. are in England and almost half in London, so there are only 23 services for the UK outside London. Many of the supporting services are in the voluntary sector, and the financial pressures on the third sector are a problem, as has been identified by the Equality and Human Rights Commission and, I am sure, by every hon. Member's constituency experience. Indeed, in Northampton, the services for black and minority ethnic communities have been disproportionately cut.

In addition, voluntary sector funding can be time limited. In Northampton, the Bangladeshi association applied for a lottery grant to fund a support worker to deal with domestic violence. That was an outstanding success, and two successive workers with quite remarkable commitment brought forward some exceptional cases and made a real contribution to changing the way in which things worked locally and the lives of many women. However, the funds were time limited, and the funding of the posts was not picked up by the public sector. The support services therefore disappeared, along with the knowledge and experience that those workers had built up. We also have an outstanding mainstream project in Northampton, the Sunflower Centre, which deals with domestic violence and works with black and minority ethnic communities. However, it does not have outreach services to reach the most excluded communities, including the Somali community.

I have taken up this issue with the Government before, and I have written to some of my hon. Friend the Minister's colleagues a number of times. Their response is usually that funding is available in a number of partnerships, and that it can be accessed through those partnerships. That is all very well on paper, but in practice, chasing funding through an inter-agency partnership is not a realistic proposition for communities that are often marginalised and competing for funds with some of the most powerful organisations in our society.

The NSPCC has set out proposals to improve multi-agency working, and I certainly support them. However, I believe that we need a specific funding stream to provide financing for services for women from black and minority ethnic communities who are the victims of domestic violence. Such services could be provided within organisations in the community concerned, or through outreach work to enable women to access mainstream services. The result of the Southall Black Sisters court case, to which my hon. Friend the Member for Ealing, Southall (Mr. Sharma) has referred, showed not only that such funding is permissible under the law, but that the Race Relations (Amendment) Act 2000 actively requires it. The same court case also showed that equality work is essential to improve social cohesion. The provision of such a funding stream is possible via the inter-departmental ministerial group on domestic violence, which I believe is chaired by my hon. Friend the Minister's Department and which has provided real leadership on domestic violence issues in the past—for example, through the provision of more funding for refuges.

The Government have done a great deal to tackle the enormous problem of domestic violence and to stem the loss of life—two women a week are killed by their partners—by introducing legislation, providing funding for refuges, establishing the domestic violence courts and improving housing rights for homeless families. However, there are still key areas where action is needed, and one of those involves dealing with the problems facing women in the black and minority ethnic communities to ensure that they can access the services that they need and exercise their human right to live free of the fear of violence at home. Action is long overdue on that, and I ask my hon. Friend to provide assurances for my constituents and many other women up and down the country who have suffered in silence for too long.

In closing, I pay tribute to my hon. Friend the Member for Ealing, Southall, who has remained in the Chamber tonight because of his real commitment to this cause.

6.18 pm

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): I thank my hon. Friend the Member for Northampton, North (Ms Keeble) for raising this subject, and for her eloquent and well-researched speech. She has a strong track record on this issue, as she has demonstrated today. I welcome this opportunity to set out how the Government are responding to some of the issues that she has raised. I will not repeat all the statistics that she highlighted. Suffice it to say that we all know that domestic violence is a devastating crime that impacts on all our communities, and it is important that we address all the points that she has made.

Organisations that deal with domestic violence have played a critical role, and we owe them a significant debt of gratitude. My hon. Friend mentioned Southall Black Sisters, and there are others that have also worked with those suffering domestic violence in the black, Asian and minority ethnic communities.

Over the last couple of years, we have been working to ensure that our centrally driven initiatives also join up at regional and local level. We may have to agree to

[Meg Hillier]

differ at this point, although we are always keen in government to listen to how things are working on the ground. I do not believe that we can fix everything through Whitehall central funding and it has been a drive in government to devolve funding down to a local level so that decisions about funding particular services are made at that local level. It should be more responsive because the groups are dealt with much more directly. Some of the groups dealing with domestic violence issues, particularly in these communities, are quite small, and it is not always easy necessarily to get it right from Whitehall.

This drive to the local level has been important across government and across a number of Departments that deal with these issues. It is important to carry on with that, but as I said, we are always keen to learn more about how the excluded groups that my hon. Friend has highlighted are accessing services. We continue to talk with her, the all-party group and other groups involved about how that can be done more effectively.

One supporting strand of funding is through the "Supporting People" programme, which was launched in 2003. The aim is to create a coherent funding and policy context for the provision of housing-related support to the most vulnerable. Local authorities rather than central Government determine how they focus that funding, based on the needs and priorities they have identified in their five-year strategies. I visited the Nia project in my constituency last week and I know that it is effectively using a lot of that "Supporting People" money. I am not unaware of some of the challenges that that particular funding stream presents, but I think it is right that it is done at the local level.

We have evidence from local authorities concerning their investment of "Supporting People" funding in domestic violence cases: the evidence is positive. Local authorities are spending more of their funding on domestic violence services. A rise from £61.6 million in 2006-07 to £64.5 million in 2008 delivered increased capacity for this vulnerable group—from 8,660 units of support in 2006-07 to 9,520 in 2007-08. The proportion of black and ethnic minority women who accessed housing-related support has increased from 26.8 per cent. in 2003-04 to 28.9 per cent. in 2007. One might say that that is a modest increase, but I think that is good progress in a year. We need to make sure that all those who need the services are accessing them. Last year, more than 6,000 women were successfully supported to achieve greater control, choice and involvement in their community. A number of them were also supported with their mental health problems.

The Nia project and the Southall Black Sisters are two examples of groups that do valuable work in this area, and there are countless others. My hon. Friend the Member for Ealing, Southall (Mr. Sharma) raised the issue of increasing the Southall Black Sisters' funding. The Home Office has recently provided £20,000 in order to strengthen its performance management arrangements, so that it can provide national data on black and ethnic minority victims of domestic violence. The Home Office continues to work with the Black Sisters on a step-by-step basis to provide advice on domestic violence. We recognise the benefits.

Mr. Sharma *rose—*

Meg Hillier: I can give way only briefly.

Mr. Sharma: On behalf of the Southall Black Sisters, I would like to thank the Minister and the Home Office for providing the support they needed. At the same time, there is a need to work closely with the local authorities so that they are asked to work closely with local voluntary and third-sector groups. In this case, there were some difficulties in the past.

Meg Hillier: In a couple of sentences, my hon. Friend has encapsulated the challenges of dealing with what are often small groups, although the Southall Black Sisters are well established. He is right to focus on the distance between Whitehall and those groups and to highlight the key role that local authorities play. I will certainly ensure that Ministers in the Department for Communities and Local Government are aware of my hon. Friend's concerns in that direction. It is for them to take up these issues as well as for the Home Office to deal with them overall, working with other colleagues in government to promote issues around domestic violence and provide the solutions that we are trying to draw up.

I should say that we make some central allocations of funding. For example, we are putting nearly £1 million into a matrix of helplines to support a range of victims. It is sensible for some money to come from central Government, but we also need to ensure that we allow for the responsiveness that local funding can, at its best, provide. Where there are problems, we are monitoring them by examining the data of the groups accessing these services and by making other evaluations.

We know that we need to do more to ensure that victims of domestic violence in black and minority ethnic communities also benefit from interventions. Our delivery plan for 2008-09 specifically includes activity to support those groups, and that work will continue into 2009-10.

Let me give some examples. The Department for Communities and Local Government has commissioned three pieces of homelessness and domestic violence research. Each of those projects will involve consideration of the needs of specific groups, including black and minority ethnic households. We want to understand better what provision is out there, and whether it meets current need. There will be a report late in 2009. I have already asked officials in the DCLG to ensure that my hon. Friend the Member for Northampton, North is kept informed and updated on the progress of the research, and will alert Ministers in the Department as well. I think it important for her expertise to be used.

My hon. Friend raised the issue of foreign-born wives and those with uncertain immigration status. That issue is important to me, as an immigration Minister. We have been working with the statutory and voluntary sectors to find ways in which to support victims with no recourse to public funds. We are also discussing one of the points that my hon. Friend raised with the Association of Chief Police Officers: we are trying to establish whether ACPO can assist in the process of obtaining formal documents such as passports for women applying for indefinite leave to remain on grounds of domestic violence. We need to obtain the evidence. We need a reasonable threshold, but not a bar that will make it too difficult for women in the circumstances described so eloquently and movingly by my hon. Friend to gain such status.

We believe that the scheme that we announced in March last year will strengthen the way in which domestic violence cases are considered, enabling the vulnerable victims described by my hon. Friend to gain access to additional support. We have been working closely with the No Recourse to Public Funds network and other stakeholders on the details of the scheme. It has taken longer than it should have, but we must get it right. The delay is frustrating for all of us who are involved, but it is important for us to launch a scheme that it is effective, rather than launching a scheme for the sake of meeting a deadline.

About 500 women try to escape from abusive partners each year, but cannot gain access to emergency housing or other benefits because of their immigration status. That affects not just those women but their children, and a wider network of people. We have been working to try to deal with it. I am partly responsible for some of the work of the UK Border Agency. The DCLG has been working with the agency and other groups, including a network of local authorities, to explore better solutions.

As I said earlier, we are developing a scheme that will provide a contribution to the housing and living costs of people who are granted indefinite leave to remain as the spouse or partner of a United Kingdom national, but who are then subject to domestic violence within their two-year probationary period. I should be happy to discuss that and some of the surrounding issues with my hon. Friend on another occasion, because we need to get it right.

Although negotiations are still in progress, it is expected that a one-off lump sum will be paid by the UK Border Agency to the supporting organisation. That is one of the reasons for the complications: a great many organisations are involved, and it is important for us to give Government money—taxpayers' money—to organisations that we know to have a good track record.

Further work is being done. Unfortunately not enough time is available for me to describe all of it, but it is worth mentioning our specialist domestic violence courts, independent domestic violence advisers and multi-agency risk assessment conferences, all of which are key to supporting victims of domestic violence. We are collecting ethnicity data to ensure that those services are reaching all communities. At each step, we are trying to monitor the way in which all services meet the needs of some of the groups mentioned by my hon. Friend. The Government have been working with voluntary organisations, particularly through the DCLG, to develop a step-by-step guide for women in black and minority ethnic communities who are victims. Unfortunately it too has been delayed, but we hope to publish it in the spring.

The Government are engaged in the issue with a variety of stakeholders. I know that my hon. Friend and other hon. Members have contributed. On Tuesday 3 February, there will be a meeting of stakeholders with experience in this area.

We know there is still more for us to do. The Home Secretary has already announced that there will be a public consultation on a "violence against women" strategy. I encourage all organisations and communities to participate. I hope that between us my hon. Friend and I, along with other hon. Members—although none is present now—can encourage all Members to urge their local organisations to contribute. It is important for contributions to be made throughout the United Kingdom. I should be happy to work with the all-party group on domestic violence in helping to disseminate information about the consultation, and to ensure that proper contributions are made to inform the development of the strategy so that we can tackle the issues raised by my hon. Friend.

Question put and agreed to.

6.30 pm

House adjourned.

House of Commons

Monday 2 February 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Child Poverty

1. **Kerry McCarthy** (Bristol, East) (Lab): What progress has been made towards achieving the Government's target to eradicate child poverty; and if he will make a statement. [253024]

The Secretary of State for Work and Pensions (James Purnell): Since 1998-99, 600,000 children have been lifted out of relative poverty and the number of children in absolute poverty has halved from 3.4 million to 1.7 million. Government measures over the past two years will lift about a further 500,000 children from relative poverty. On 28 January, we launched the consultation, "Ending Child Poverty: Making It Happen", ahead of a child poverty Bill that will enshrine in legislation the Government's promise to eradicate child poverty by 2020.

Kerry McCarthy: Does my right hon. Friend share my belief that children should not be written off or consigned to a life in poverty just because they happen to come from single-parent families? Will he join me in rejecting calls for preferential treatment for the children of married couples and confirm that he believes that all children should be given the best start in life regardless of their parents' circumstances?

James Purnell: I entirely agree with my hon. Friend. It is right that we should help children whatever their family backgrounds, and that means not only helping them through tax credits and reducing poverty in that way, but helping them into work, because work is the best route out of poverty.

Alistair Burt (North-East Bedfordshire) (Con): But another report today emphasises the connection between relationship breakdown and adverse effects on youngsters. If the right hon. Gentleman means exactly what he says about ensuring an equality of outcome, can the resources that are currently spent on the consequences of breakdown be reordered, so that we do more to prevent relationships from breaking down in the first place, rather than picking up the bill for the consequences, which cost so much, not least to the children themselves?

James Purnell: Surely, we should do both. That is exactly why we are, for example, investing more in family intervention projects to help the families who are in the most difficult circumstances, while increasing the amount of money that we put into tax credits. We said in the last Budget that we would take, in total, another 500,000 children out of poverty. I do not think that the Conservative party would have pursued that policy if they had been in power.

Mrs. Ann Cryer (Keighley) (Lab): Does my right hon. Friend agree that there are some hard to reach families—I know that there are some in my constituency—and that, sometimes, there are parents who are either addicted to hard drugs or alcohol? There are also children from families whose wider family have brought in a husband or wife, with no education, from very poor parts of Pakistan or Bangladesh. I am not sure whether there are any remedies for such very hard to reach families, but I would appreciate my right hon. Friend's comments.

James Purnell: My hon. Friend identifies a very important issue, which is exactly why we commissioned Professor Paul Gregg to consider how we can help families in those circumstances. That is why we are saying that we would require such families to find out about the support that is available and then be required, once their youngest child is three years old, to take up skills training or drug treatment to get off drugs and into work. I only wish that the Conservative party would support those measures.

Mr. Speaker: Nigel Griffiths.

Mr. Nigel Evans (Ribble Valley) (Con): Griffiths, Evans, Jones—we are all the same.

Poverty for youngsters is often reinforced when a married couple separates by a missing parent who refuses to take their responsibility. The Child Support Agency is often deficient in chasing the missing parent. What action can the right hon. Gentleman ensure that the CSA takes to make sure that it tracks down missing parents, so that they pay for their own children?

James Purnell: In the past year, the CSA—now the Child Maintenance and Enforcement Commission—has collected an extra £156 million, but we agree that more needs to be done. That is why we are taking powers in the Welfare Reform Bill to be able to take away people's passports or driving licences without a court process. That will make things much more speedy. I hope that the hon. Gentleman will support that, unlike the Conservative party in the Lords the last time that that was proposed. That is also why we are saying that, where there is a payment, parents should be able to keep all of it and that there should be a complete disregard for child maintenance payments and benefits. We think that that could lift an extra 100,000 children out of poverty.

Mr. James Plaskitt (Warwick and Leamington) (Lab): I welcome the publication of "Ending Child Poverty" by the child poverty unit and the road map to 2020 that it sets out. My right hon. Friend will know that, whenever we meet experts, they always raise the issue of financial exclusion and the problem that that causes in respect of child poverty. Does he agree that that will play an important role in helping us to meet that 2020 target? If so, will he consider building on the proposals that are currently in the Welfare Reform Bill?

James Purnell: Yes, my hon. Friend is absolutely right. We need to do more to support credit unions and enhance financial literacy, so that people know, for example, whether their financial arrangements are not in the best possible order. More money must be put into reducing poverty directly, thus both giving people more resources and a greater ability to earn money. If we had kept to the same policy as the Conservative party, 2 million more children would be in poverty.

Mrs. Theresa May (Maidenhead) (Con): According to a recent report by the Joseph Rowntree Foundation, 15 indicators of poverty and social exclusion had worsened in the five years preceding the onset of the current economic downturn, more than double the number in the previous five years. That includes the number of people living in very low-income households. Perhaps it is little wonder that the number of children living in poverty has risen by 100,000 in the past two years. How does the Secretary of State explain the Government's poor performance?

James Purnell: By referring the right hon. Lady to the OECD report, which stated that we had the best record among the industrialised countries for reducing child poverty and inequality.

Mrs. May: Yet again, the Secretary of State is very complacent about his attitude to the issue. Another example of the Government's complacency is their refusal to end the couple penalty in the tax credit system, which would lift 300,000 children out of poverty. Why will the Government not do that?

James Purnell: The right hon. Lady has no policy of that kind, because she has no way of funding it. The Conservatives used to say that they would fund it out of welfare reform, but now they are not prepared to do as much welfare reform as us. If the right hon. Lady wants to repeat that claim, she will have to find new resources. Hers is a policy without a budget, and I hope that she will not pretend to repeat it.

Benefit Payments

2. **Tony Lloyd** (Manchester, Central) (Lab): What steps his Department is taking to ensure the prompt payment of benefits to people registering as newly unemployed. [253025]

The Minister for Employment and Welfare Reform (Mr. Tony McNulty): Jobcentre Plus is recruiting the additional staff needed to maintain a good service in the current economic conditions, and new jobseeker's allowance claims continue to be cleared within the agreed target of just over 10 days, on average.

Tony Lloyd: As my right hon. Friend knows, moving into unemployment is traumatic in itself for many people, but it can also be very confusing because of the interrelationship between jobseeker's allowance and other benefits. Can my right hon. Friend give the House a guarantee that the Government, and those who work for the Government, will make creating a seamless exchange for new claimants a priority, so that they do not fall foul of the consequences of either overpayment or underpayment?

Mr. McNulty: My hon. Friend is entirely right. That, ultimately, is the ethos behind the merger of the Benefits Agency and the Jobcentre Plus network. I know that Jobcentre Plus staff endeavour to give everyone, at the appropriate time, all the information that they need both on establishing a JSA claim and on the ensuing benefits. The staff also work closely with local government, when that is possible, in connection with other benefits such as housing and council tax benefits.

Mr. Oliver Letwin (West Dorset) (Con): While we are discussing the topic of prompt payment of benefits, may I ask when the Department will be in a position to issue a statement on the payment of disability living allowance to those living in other European Union countries?

Mr. McNulty: I understand that that will happen in the near future, but I will certainly get back to the right hon. Gentleman if the position is different.

Mr. Frank Field (Birkenhead) (Lab): Does the Minister accept that many of our constituents who have recently been made unemployed and who may have worked for 10, 20 or 30 years are slightly shocked that the national insurance benefit for which they paid over that period amounts to £60.50 a week, exactly the same sum that they would receive if they had not worked for a single day? What plans has he to reform and increase national insurance benefit, so that the national insurance fund, which is in surplus, helps to carry some of the burden of the recession?

Mr. McNulty: My right hon. Friend is right in terms of the premise of his question, but he is not right to imply that that is all that anyone will receive in such circumstances. I will send him some worked-up examples of other benefits that apply, some—although not all—of which take account of the national insurance contribution history.

At the risk of putting my head on the block, let me say that I think that many of my right hon. Friend's recent pronouncements about taking full account of the history of contributions are worth considering in the longer term.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): As more people lose their jobs, many jobcentres will struggle to deal with the numbers coming through their doors. Will the Minister consider proposals to use other public buildings, such as council service points or libraries, to extend the reach of Jobcentre Plus, especially in communities where there may not be a jobcentre? That would particularly benefit people living in remote and rural areas such as those that I represent.

Mr. McNulty: The hon. Gentleman has made a fair point. We are already doing that, but we may well need to do more given the volume of people going through the system. When I was up in Scotland fairly recently, there was much use of GPs' waiting rooms and GP focus centres. As we implement children's centres throughout the country, they will become another obvious possibility. Given that we are trying to move more and more towards a personalised service for each individual—often confidential, but sometimes involving groups—the space

within which that happens will become almost a secondary consideration, but I take the hon. Gentleman's point about using the wider public estate.

John Robertson (Glasgow, North-West) (Lab): My right hon. Friend is right about the need to get people into jobcentres as quickly as possible, but can he assure me that the training will be up to scratch? We have observed lately that some of the people in Jobcentre Plus are not up to the mark in dealing with the sensitive problems experienced by some of my constituents, and I hope that the training will become a great deal better than it is at present.

Mr. McNulty: I am sorry to hear that, and if my hon. Friend has details of particular cases I would be happy to look at them. I made a rather foolish and rash promise on a recent Radio 2 show to look at each and every individual complaint, so I am happy to report that there has been a trickle of such complaints, but not the avalanche that the officials who were with me—they fell off their chairs when they heard what I said—thought that there might be. My hon. Friend is right: we have to update the training of staff in Jobcentre Plus constantly, not least for the reasons alluded to by my right hon. Friend the Member for Birkenhead (Mr. Field)—that many people presenting this time around to Jobcentre Plus will have been in gainful employment for 10, 20, 30 years or more, and this will be completely new territory for them. We are trying to get that message across to our staff.

Andrew Selous (South-West Bedfordshire) (Con): Some of the newly unemployed are in urgent need of assistance from the social fund, so why is it that the Department can answer callers to the CSA within an average of 18 seconds, when it often takes applicants to the social fund days to get through? The Department does not even know how many calls it is losing. When will the Department make a commitment to give a decent level of service to the most vulnerable?

Mr. McNulty: That is a serious point, but the hon. Gentleman should perhaps calm down. We are doing much better than we have in the past. It has been an area in which we have been lacking, but I am assured that things are improving considerably. If the hon. Gentleman has examples of that not being the case, I will happily look into them, but he will have to agree that the situation is much better than it was.

Derek Twigg (Halton) (Lab): One group of people that has been contacting me recently is the self-employed who are now out of work because their businesses have gone bust. That particular group seems to be having difficulties. What are the Government doing to ensure that that group are getting some advice about what help they can get at this difficult time?

Mr. McNulty: That is a fair point, and I will happily meet my hon. Friend and some of the people about whom he is concerned to lay out clearly exactly what is on offer for the self-employed. At the other end of the continuum, we are trying to say, especially with our enhanced support at six months, that self-employment may be a route out of people's current circumstances, but it is imperative that we show clearly what a self-employed individual can expect from the wider benefits system as well as from Jobcentre Plus. I will happily talk to my hon. Friend about that in more detail.

Pensioner Poverty

4. **Bob Spink** (Castle Point) (Ind): What recent progress he has made in reducing the incidence of poverty among pensioners. [253027]

The Minister for Pensions and the Ageing Society (Ms Rosie Winterton): We have made significant progress in reducing the incidence of poverty among pensioners. Through targeted support and £13 billion of extra spending, the proportion of pensioners in relative low income has fallen from 29 per cent. in 1998 to 19 per cent. in 2006-07, with 900,000 pensioners lifted out of relative poverty.

Bob Spink: I congratulate the Government on the various initiatives that they have brought forward to help hard-pressed pensioners. One of the best is of course pension credit: the problem is that many elderly people do not take it up for some reason. What will the Minister do to increase take-up to help hard-pressed pensioners by hundreds—and sometimes even a couple of thousand—pounds a year?

Ms Winterton: The hon. Gentleman is right to say that we must be vigilant in ensuring that pensioners know about pension credit. I am happy to say that in his constituency the number of households in receipt of pension credit has increased from 2,680 in November 2003 to 4,150 in May 2008. We are continuing to make changes—for example, housing benefit, council tax benefit and pension credit can be claimed over the phone in one phone call. We are also simplifying processes and making home visits to people who want them.

Mr. David S. Borrow (South Ribble) (Lab): Many pensioners rely on interest from savings to supplement their state pension. They have seen that income drop considerably as interest rates have fallen. Will my right hon. Friend look again at the way in which the amount of savings held impacts on the range of benefits that a pensioner is entitled to receive?

Ms Winterton: As my hon. Friend knows, the Government have not had a cut-off point for savings above £6,000. The amount that people are expected to contribute from their own resources used to be based on £1 for every £250 of savings, and we have increased that amount to £500. There is now no upper limit on the amount of savings that pensioners can have before they are entitled to some help through pension credit.

Mr. Roger Gale (North Thanet) (Con): The Minister will be aware that there are a significant number of expatriate pensioners living in France and other European countries who are suffering considerable poverty as a result of the Government's inability to honour the European Court's findings and to pay to them the disability living allowance and other benefits to which they are entitled. When are the Government going to make a decision on that issue?[1]

1. *[Official Report, 9 February 2009, Vol. 487, c. 10MC.]*

Ms Winterton: We have been clear that if people claimed the benefit before they moved abroad, they are entitled to continue to claim it. For people who are eligible for it, it is frozen at the limit at which they received it before they left.

Mr. Edward O'Hara (Knowsley, South) (Lab): There is an increasing prevalence of one-stop shops in local authorities. I visited one last week in Halewood in Knowsley where constituents can access all sorts of services, including health services, social services, housing services and so on. One of the problems, of course, is identifying and making contact with those older people. Have the Government given thought to offering older people benefit health checks when they visit that sort of facility? That is a way of contacting the people who would otherwise not be claiming the benefits that they are entitled to and deserve.

Ms Winterton: My hon. Friend raises an important point. We have been looking through some of the Link-Age pilots at how we can ensure that people have a one-stop shop approach to accessing services. He is quite right to say that that can be used as a way of ensuring that people have a benefits check at the same time.

Mr. Hugo Swire (East Devon) (Con): One of the gravest charges against this Government after a decade is that 60 per cent. of pensioners in deepest poverty are still not receiving income support, minimum income guarantee or pension credit entitlement. Given the Government's sustained attack on savers and the fact that there are now a number of proud pensioners in this country who have never claimed anything from the state and who shy from doing so, which leads to disguised poverty among pensioners, when will the Government wake up and present to those people that they, too, are entitled to some kind of support?

Ms Winterton: I set out earlier the measures that we intend to take to ensure that people know their entitlement. We have made a number of changes to that. Of course, the hon. Gentleman might not be aware of some of the recommendations of the Turner commission about automatic enrolment and automaticity, which will make a difference.

Occupational Pensions

5. **Mr. John Heppell** (Nottingham, East) (Lab): What recent steps his Department has taken to protect employees' occupational pensions. [253028]

The Minister for Pensions and the Ageing Society (Ms Rosie Winterton): This Government introduced a more powerful and proactive pensions regulator to protect the benefits of occupational pension scheme members. We also established the Pension Protection Fund, which provides protection to more than 12 million members of eligible defined benefit occupational pension schemes. About 140,000 people will receive help from the financial assistance scheme.

Mr. Heppell: I thank the Minister for that answer. With the CBI and the TUC telling both employers and employees that now is not the time to withdraw or withhold pension contributions, what can the Government do to strengthen that message and get it across to people that pensions are now safer and a better long-term investment than they have ever been in the past?

Ms Winterton: My hon. Friend is right. I welcome the consensus on such a long-term approach. Obviously, fluctuations in markets will affect the value of assets in the short-term, but the fact is that it is the long term that is important for pensions. The framework that we put in place in 2004 is stable and durable, but it is important that we continue to work with the pensions industry to ensure that we respond to the points that are made. It is also important that we work together to give out the message that pensions are one of the best means to save for retirement.

Steve Webb (Northavon) (LD): The Pension Protection Fund has been increasing the levy that it charges on company pension schemes each year, and it might now be approaching the ceiling that it is allowed to levy over the next few years, particularly as company schemes close. Once it reaches that ceiling, the only other way for it to make ends meet will be to cut pensions in payment. If it approaches the Government requesting permission to cut the value of pensions in payment, will the Minister guarantee that she will refuse such a request?

Ms Winterton: The PPF has made it clear that it does not believe that it needs to increase the levy. In fact, it has frozen the current rates for the general levy and for the PPF administration levy. Of course, the hon. Gentleman will know that we have a rolling deregulatory review to see how we can make the systems simpler and less burdensome, and that we have reduced the revaluation cap from 5 to 2.5 per cent. These are all measures that we are taking to support pensions at the moment.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): In view of the fact that some employers have announced their intention to close their occupational pension funds not only to new members but to existing members, is the Minister's Department having discussions with such companies to try to dissuade them from taking such steps?

Ms Winterton: As I have said, we are trying to set the general framework, so that we can do everything we can to support companies and the industry at this time. I have outlined a number of the measures that we are taking, but we will continue to work with the industry on some of the concerns that is has raised, to ensure that we maintain that dialogue with it.

Mr. Nigel Waterson (Eastbourne) (Con): But does the right hon. Lady accept that the last line of defence for occupational pensions is the Pension Protection Fund, which some experts now believe to be heading for a £1 billion deficit? Does she believe that the extra burden should fall on struggling companies, or that the benefits paid by the PPF should be cut? Or is she now reviewing whether the Government should stand behind the PPF as guarantor?

Ms Winterton: As I have said, the PPF has made it very clear that liquidity is not a problem. It has £3 billion in assets, and it is paying out about £4 million a month

in compensation. It provides reassurance and an essential safety net, and it has made it very clear that liquidity is not a problem at this point.

Jobcentre Plus

6. **Nia Griffith** (Llanelli) (Lab): What recent assessment he has made of the effectiveness of Jobcentre Plus services in dealing with an increase in the number of people registering as unemployed. [253029]

The Secretary of State for Work and Pensions (James Purnell): Jobcentre Plus continues to meet the demands of the rising number of people looking for work. Clearance times are at an average of 10 days, which remains the best performance since records started to be kept in 2003-04.

Nia Griffith: Some former Woolworths employees might be fortunate enough to get one of Asda's 7,000 new jobs; but for many other redundant workers, there might be a mismatch between their present skills and those required for any other jobs that are likely to become available in the foreseeable future. In the light of the comments of a former Woolworth's employee on television yesterday that she would have to be unemployed for six months before becoming eligible for any new training, what help with training can people expect from jobcentres, and what plans does my right hon. Friend have to introduce more flexibility in order to give redundant workers earlier access to training schemes, when that is clearly what is required?

Mr. Speaker: Order. May I gently say, as I have said before, that although it is important that we argue for those who are unemployed, there should be no written statements made in supplementary questions? Also, supplementary questions should be short; I do not expect a prepared statement.

James Purnell: My hon. Friend makes the important point that we should be getting help to people, even before they are made redundant. That is why we have been working with Woolworths and others to get help for people to retrain, if necessary, and to improve their CV and their knowledge of how to look for work. From day one of their unemployment, people are able to train, as long as they combine that with a job search, and, after six months, we step up the support that we offer to people. We think that that is the right approach.

Anne Milton (Guildford) (Con): As we anticipate that mental illness is likely to rise with the rise of unemployment, what steps are the Government taking to ensure not only that the staff at jobcentres have adequate training but that they can refer people on so that they receive the necessary early intervention to ensure that their mental health does not deteriorate and further reduce their chances of getting back into work?

James Purnell: The hon. Lady makes a good point. We are working with pilots such as Talking Therapy, which she will know about, to make sure that employment advisers work side by side with therapists so that both employment prospects and people's mental health are discussed. It is also important that we do not forget about people on incapacity benefit or employment and support allowance because of their mental health. We need to keep up the support and continue to reform welfare so that such people are not left behind because of their specific conditions.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): In her question, my hon. Friend the Member for Llanelli (Nia Griffith) referred to a situation in which a large number of people were being made redundant and in which training might therefore be offered. In Milton Keynes, there are more than 500 vacancies but large numbers of people are being made unemployed from a variety of different places. Can the Secretary of State think about how those people could be put on training almost straight away, to upgrade their skills so that they match the jobs available locally? There are no low-skilled jobs available for them.

James Purnell: That is a good point, and exactly why we say that people can train from day one as long as they combine that with a job search. Furthermore, if they have not found work after six months, we step up the offer so that there is either a full-time training course to support people setting up their own companies or a job subsidy to make sure that people do not become unemployed long term. The real danger is that long-term unemployment becomes the scar that defaced so many of our communities in previous recessions.

Mr. John Redwood (Wokingham) (Con): How big an increase in staff is the Secretary of State planning for this year to deal with the unfortunately very large increase in unemployment that most people are forecasting?

James Purnell: We are planning to recruit an extra 6,000 people.

Mortgage Assistance

7. **David Wright** (Telford) (Lab): How much funding his Department plans to provide in 2008-09 to people with mortgages who have lost their jobs. [253030]

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): We will provide the funding necessary to meet our commitment that people with mortgages who have been on income-based jobseeker's allowance for 13 weeks can get help with interest on up to £200,000 of mortgage capital. Updated expenditure projections will, of course, be published in the Budget.

David Wright: "Lose your job, lose your home" is the great fear that people have at this time. It is important that they should get quality advice when they first approach Jobcentre Plus having lost their jobs. There is a little confusion out there about the type of product on offer. The Government have made positive changes on support for people who have mortgages and lose their jobs. Will the Minister make sure that the advice given by Jobcentre Plus is of the highest quality?

Kitty Ussher: My hon. Friend makes a good point. People who have been in work for a while and are paying mortgage costs may not be aware that the Government can, in some circumstances, take the burden of paying mortgage interest from them. We will be

judged on how we respond to the recession that currently faces so many countries. In previous recessions, under previous Governments in this country, people ended up out on their ears and out of their homes due to the large number of repossessions. We are making sure that we are providing support to people where they need it. The first advice is always to talk to the lender, but the Government will now help after 13 weeks.

Mr. Paul Burstow (Sutton and Cheam) (LD): Two months after the pre-Budget report, why are the Government still unable to set out the costs of their proposed mortgage deferral scheme and to say how many people will take up the scheme? Two months after a Government statement that promised action to help people with mortgage problems, there has been no delivery. When will the delivery take place?

Kitty Ussher: I simply do not understand the hon. Gentleman's point because, as I just said in answer to my hon. Friend the Member for Telford (David Wright), we will make the funding available to meet the commitments that we have stated clearly in the pre-Budget report. It has been estimated that, as a result of the more generous support for mortgage interest, about 5,000 repossessions will be avoided. Those repossessions might have taken place under the policies of the previous Conservative Government. Obviously, we are working with colleagues at the Department for Communities and Local Government to make sure that the package provided is what people want. Updated expenditure projections are always published in the Budget.

John Mann (Bassetlaw) (Lab): Interest rates are at a record low and home ownership is at record levels. Is it not sound economics to keep everybody in their homes?

Kitty Ussher: As my hon. Friend will know, the Chancellor and the Prime Minister have been working with the Council of Mortgage Lenders to agree a deal to put to people who have mortgages with its banks and building societies. The details will be announced shortly; in fact, some have already been announced in the past few months. As a result of the pressure that we are putting on banks and building societies, the advice that we give people is clear: people should always talk to their lender first. There is flexibility there. After 13 weeks, the Government will help people on income-based jobseeker's allowance who are having difficulty with their mortgage payments.

Mr. Anthony Steen (Totnes) (Con): Does the Under-Secretary agree that one way of reducing the number of unemployed people who have to seek mortgage help is by her instructing her officials, and the Chancellor instructing his, that bureaucracy in the Government should not impose the firm rules for VAT, PAYE and other taxes? Companies can then survive for longer than normal because they are not pursued by the bureaucracy, which, with its rigid, authoritarian approach, drives companies to the wall and creates greater unemployment.

Kitty Ussher: I do not know whether that point was directed to the hon. Gentleman's Front Benchers or to ours, but we have already announced that companies can simply ring the Inland Revenue if they need help with rescheduling their payments to the Government. We are providing the flexibility. The problem with the Conservative party is that it will not agree to increase spending at this time to make such flexibilities— *[Interruption.]*

Mr. Speaker: Order.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): The help that the Government offer families on income support with their mortgage payments is welcome. However, in many families, one partner may be on short-time working, or one may have lost a job while the other is still in work. Those families are not on income support, but their reduced income means that they struggle hard with their mortgage payments. Can the Government do anything to assist families in those circumstances? Otherwise, we will have a lot of avoidable repossessions.

Kitty Ussher: Absolutely. Obviously, every family is in different circumstances—that is why it is important that the Government can work constructively with the Council of Mortgage Lenders to ensure that banks and building societies give appropriate advice and flexibility to people in all sorts of circumstances. It is not in the interests of the banks and building societies for repossessions to take place.

Cold Weather Payments

8. **Mr. Geoffrey Cox** (Torridge and West Devon) (Con): When he next plans to review the mechanisms for triggering cold weather payments. [253031]

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): The cold weather payment scheme is reviewed every year, normally in the summer. We consider the suitability of postcode to weather station links, and the effect of any changes to the postcode system made by the Royal Mail. Given today's inclement weather, I hope that you will permit me, Mr. Speaker, to say that £165 million has been paid under the scheme so far this winter, including £16.7 million today to 668,000 people.

Mr. Cox: That is all very well, but hundreds of my constituents have been and are being deprived of cold weather payments, to which they should be entitled, especially in upland areas, because of the way in which the temperature is measured. For example, the temperature for Dartmoor is measured in the centre of Plymouth, where it can be between three and five degrees higher. Will the Under-Secretary take steps to review the method of measuring the temperature so that people in upland areas in Dartmoor can receive their cold weather payments?

Kitty Ussher: We take the professional advice of the Met Office in determining which postcodes are linked to which weather station. As I said previously, if the hon. Gentleman wants to make representations on behalf of his constituency, they will be taken into account. I will look into the matter that he has raised.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the Under-Secretary reassure Labour Members that she will not revert to the sort of advice given by the former hon. Member for Salmonella and South Derbyshire in a previous Government: that older people should knit woolly hats? Does she agree that any action that we take should be tangible and well thought out, not

specious and patronising nonsense, which probably damaged the woollen hat industry in my hon. Friend's part of the world?

Kitty Ussher: Indeed. My hon. Friend's point speaks for itself. We are providing real help, which is why the cold weather payment increased from £8.50 to £25 this winter—I presume that that increase would not happen under a Conservative Government, since Conservative Members voted against it.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Minister not accept that many elderly and retired people are very responsible and thrifty, and although they might benefit from a cold weather payment, they will hesitate to turn up their heating to give them an acceptable quality of life during a very cold spell such as today and, therefore, could well suffer from hypothermia? Is there any way—perhaps by following the suggestion from my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox)—that one could re-examine the way that cold weather payments are met, taking account of the responsible and thrifty people who comprise a majority of our retired people?

Kitty Ussher: We are looking at improving the communication available to people as to whether they will be eligible. Everybody on pension credit as well as other low income groups will be eligible, even if the forecast rather than the actuality is an average of less than 0° C over a seven-day period. People can therefore act with confidence in the knowledge that they will get their payments quickly and in time for their next bill when it lands on their doorstep.

Mr. Lindsay Hoyle (Chorley) (Lab): My hon. Friend is aware that pensioners are afraid to put on their heating because of the high energy prices, but we must remember that huge profits are being made by the energy companies. Has she considered having conversations with the energy companies to see whether they will pass on some of their money to pensioners, rather than keeping the immoral profits? Let us see if we can ring-fence those profits and bring them back to pensioners through vouchers.

Kitty Ussher: My hon. Friend knows that that is rightly not a matter for our Department, but I agree with the point that he makes. That is why I am pleased that my right hon. Friends managed to negotiate the social tariff. I urge all energy companies to ensure that they pass on information about the availability of that to all their customers who may be eligible.

Jobseeker's Allowance

9. **Tony Baldry** (Banbury) (Con): What proportion of the population in (a) the UK and (b) Banbury constituency is claiming jobseeker's allowance. [253032]

The Minister for Employment and Welfare Reform (Mr. Tony McNulty): Latest figures show that 3 per cent. of the UK working age population and 1.7 per cent. of the Banbury working age population are claiming jobseeker's allowance.

Tony Baldry: Last Friday a weekly job club was launched in Banbury with the support of the whole community. Between 200 and 300 jobseekers turned up for the first day, which is an indication of how grim the situation is getting. What is Jobcentre Plus doing to ensure that notified vacancies are matched up to jobseekers as quickly as possible, and that jobseekers can as easily as possible access the Jobcentre Plus notified vacancies? Not every town has a Jobcentre Plus office.

Mr. McNulty: I take the hon. Gentleman's point, which is why we are making sure that there is outreach work, for want of a better phrase, directed at smaller towns and areas. He will know that the Berkshire, Buckinghamshire and Oxfordshire district has developed a local employment partnership through which many of the notified vacancies are filled. About 45 per cent. of all vacancies are signed up to through the local employment partnership, but the hon. Gentleman is right to say that we must not only provide help and support, but get notified vacancies publicised to as wide an audience as possible. I will reflect on his point about rural areas and the sparsity of provision of Jobcentre Plus offices. They cannot be everywhere. Much of the work that we do in respect of notified vacancies is over the phone or the internet. None the less, it is a fair point and I will reflect on it.

Hugh Bayley (City of York) (Lab): Women in the retailing and hospitality industries, especially those in part-time jobs, are particularly vulnerable at this time. What is Jobcentre Plus doing specifically to address the needs of women workers who lose their jobs?

Mr. McNulty: Again, that is an entirely fair question. On the figures up to now, I do not concur entirely with what the TUC said about last month's figures—that this is turning in to an equal opportunities recession, with a disproportionate impact on women—save for the fact that we know that in all downturns or recessions, part-time work, short-time work and temporary work are the first to go. Those are the very categories that include women. We are making sure that Jobcentre Plus is doing all it can not just for women who present, but especially for those from the retail sector. Our colleagues will know and understand that, as I said in my previous answer, we need to link up much more directly the vacancies out there in the retail sector with those recently made unemployed in the retail sector. It is a fair point that— *[Interruption.]* Along with the impact on young people and others, we need to keep an eye on that point during these serious times, which the Opposition clearly are not bothered about.

Mr. James Clappison (Hertsmere) (Con): Do we not have to put the figures that the right hon. Gentleman gave to my hon. Friend the Member for Banbury (Tony Baldry) against the background that the number of UK workers in work went down last year, while the number of non-UK workers has gone up, with most coming from outside the EU? Is it not the case that we need effective control over work permits for workers coming from outside the EU? We also need an effective welfare-to-work policy for the nearly 2 million people who are unemployed, and for the additional 2 million economically inactive people who want to work, but who have been left to languish on benefits. Can we have less spin, less dithering and some fresh thinking please?

Mr. McNulty: I am surprised that the hon. Gentleman has the front to say "less spin" at the end of that question. He does make some serious points, but let us be clear: about 8 per cent. of those in employment are foreign nationals and UK nationals account for more than nine out of 10 people in employment. Well over half of the increase in employment since 1997 is accounted for by UK citizens.

Through the points-based system, we are improving considerably the situation regarding work permits. Broadly speaking, the hon. Gentleman and his colleagues agree that there should be a focus on the economy and the skills shortage in the migration process, but he must be careful when using the other figures that he bandies about. Either he is conflating the International Labour Organisation and incapacity benefit figures, or he is—*[Interruption.]* It is not possible to use them to arrive at the figure cited by the right hon. Member for Maidenhead (Mrs. May) of more than 5 million, giving the impression that they are all economically inactive, without including—at least in part—those on disability living allowance, many of whom are in work, and carers, to whom it is a complete insult to suggest that they are in such a position.

Mr. Speaker: I am going into injury time, and I call the hon. Member for Vale of York (Miss McIntosh).

Jobseeker's Allowance

10. **Miss Anne McIntosh** (Vale of York) (Con): How many jobseeker's allowance claimants there are in (a) England and (b) North Yorkshire. [253033]

The Minister for Employment and Welfare Reform (Mr. Tony McNulty): Non-seasonally adjusted figures show that 959,419 people are claiming jobseeker's allowance in England and 7,197 in North Yorkshire.

Miss McIntosh: Can the Minister tell the House what happens at the end of six months when those claimants come off jobseeker's allowance? Do they no longer feature on the register of the unemployed? How many of them are in work? It is an absolute scandal that those people receive money for six months, and then are no longer either in employment or on the unemployment register.

Mr. McNulty: Their numbers are reflected in the ILO figures, which is why we accept without comment the notion of two sets of figures. I thought that the hon. Lady was going to say how wonderful it was that Yorkshire Forward and the Government have agreed on £54 million Train to Gain funds for those recently made redundant in Yorkshire. It is a shame that she did not want to celebrate that.

Topical Questions

T1. [253049] **Angela Watkinson** (Upminster) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (James Purnell): The Government are determined to avoid the mistakes of previous recessions when, too often, short-term job loss became long-term unemployment. In addition to the £1.3 billion in extra investment through the pre-Budget report, we have now taken further action through an extra £500 million of support for people who have been on jobseeker's allowance for six months. Those measures will mean that personal advisers can offer a range of additional options to help people to get the support that is right for them so that they can get back to work.

Angela Watkinson: Will the Secretary of State clarify the Government's plans to compensate Equitable Life pensioners? Will he take this opportunity to reject any suggestion that only those policyholders who are experiencing financial hardship should be compensated? It was not the recommendation of the parliamentary ombudsman that compensation should be means-tested. It should be paid to everyone who has suffered loss caused by regulatory failure.

James Purnell: The Government have apologised for the problems that occurred under both the hon. Lady's Government and ours. We have said that we will make ex gratia payments, but that is a matter for the Treasury, and she is very welcome to ask the Treasury that question.

T4. [253052] **Joan Walley** (Stoke-on-Trent, North) (Lab): I very much welcome the relaxation of the 16-hour rule and the fact that it is possible under the national voluntary training pathfinder for people in certain categories to get into training quickly. However, given the recession and the number of people in Stoke-on-Trent who find themselves out of work, there is an urgency about ensuring that they can access training from day one. Will my right hon. Friend review the integrated employment and skills framework, and will he get back to me on this issue?

James Purnell: I hope that I can do better than that. People can train from day one, as long as they combine that with a job search. Indeed, they can train earlier. For example, with Wedgwood and other major redundancies, we are going in from the moment that they are announced, to see whether we can retrain people so that they can get a new job, either in the same sector or, potentially, one that is close, but different. We want to provide training whenever it is appropriate.

T5. [253053] **Mr. David Jones** (Clwyd, West) (Con): Given the rapidly worsening employment position in Wales, as illustrated most recently by the loss of 1,100 jobs at Corus last week, can the Secretary of State say how much his Department liaises with the Welsh Assembly Government to ensure that those affected by redundancies receive as seamless a service as possible from all levels of government, to help address the financial consequences of their job loss and to prepare themselves for new employment?

James Purnell: We work together very closely; indeed, I met the First Minister recently to discuss how our employment policies could be best dovetailed. We have learnt from the ReAct and ProAct schemes that the Welsh Assembly Government introduced, which we have used for the six-month offer that we have introduced, which includes employment subsidies and training. We are learning from what is working in Wales and across the whole country.

T6. [253054] **Dr. Ashok Kumar** (Middlesbrough, South and East Cleveland) (Lab): In my area of Teesside, a nylon plant is going to be closed down after 50 years in operation and 300 highly skilled people will be made redundant. What support can the Government give to those highly skilled people at this very difficult time and what help can they give, so that they can find alternative work?

The Minister for Employment and Welfare Reform (Mr. Tony McNulty): I hope that in the first instance Jobcentre Plus will send in its rapid response service to deal with those individuals long before the redundancies kick in. That has been done successfully elsewhere, notably with Woolworths and some other companies, often on a regional basis, but I would be happy to talk to my hon. Friend separately about ensuring that it happens in this instance, too.

T7. [253055] **Mr. Douglas Carswell** (Harwich) (Con): The Government have admitted that unemployed people entitled to support with mortgage interest payments have on occasions received less than they should have done, owing to a computer glitch. How many people have been underpaid and by how much, and can the Minister now give an undertaking that not one of those affected will lose their home?

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): I can absolutely give the hon. Gentleman that assurance, because increased payments are going out from today for the next few weeks, so that the overall payment received by people is exactly the 6.08 per cent. that my right hon. Friend the Chancellor specified in the pre-Budget report. Just by way of explanation, the reason why people's payments dipped slightly—and why they will be higher, so that the average is precisely 6.08 per cent.—is that the Bank of England reduced its base rate on 6 November, but the pre-Budget report was not published until 24 November. In the intervening period, our automatic tracker system went into effect, which meant that some payments were reduced, but that is now being compensated for. I hope that that answers the hon. Gentleman's question, although I will write to him with the precise number of people affected.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): Sadly, with the huge decline in jobs in the ceramics industry in north Staffordshire over many years, the trade union Unity, the former ceramic union, has extensive experience of helping people back into work. Is my right hon. Friend aware of the work being done, particularly at Wedgwood recently, and would he care to visit my constituency to see the factory and meet workers and others affected by the downturn?

Mr. McNulty: At the risk of accepting every invitation, I am very happy to meet my hon. Friend in his constituency to talk to Unity and others, not least about the work that the rapid response service has been doing and how it has helped, and about the outstanding difficulties in the ceramics industry.

T9. [253057] **Miss Julie Kirkbride** (Bromsgrove) (Con): All Ministers present will be aware that the benefit system deems people to be earning a rate of almost 10 per cent. on their savings when it makes benefit calculations. Can any one of the Ministers tell us where such a rate of interest can be secured in these straitened times, when the bank rate is plunging towards zero? If they cannot, can they tell us when those assessments will be fairer?

The Minister for Pensions and the Ageing Society (Ms Rosie Winterton): I can assure the hon. Lady that there is no 10 per cent. rule. Tariff income is a simple method of calculating the contribution that people with £6,000 of capital are expected to make to help meet their living costs. Under the previous Government, anyone with savings over £12,000 was not eligible for any support at all. Also, the less generous rules assumed £1 a week income for every £250 of savings. The rate of tariff income is now half the previous rate, and we also abolished the upper capital limit, giving more people access to more support.

Mr. David Hamilton (Midlothian) (Lab): The Government have made it clear that training payments will be available to major companies that train those who are still unemployed after six months. Midlothian council is by far the biggest single employer in my constituency. Will the Secretary of State ensure that all local authorities are also entitled to that payment for training requirements?

James Purnell: I am happy to meet my hon. Friend to discuss that. We want to make sure that we use the training subsidies in the most effective way possible. It is just a shame that the Scottish National party Government are cutting training, rather than increasing it.

Mike Penning (Hemel Hempstead) (Con): As the Secretary of State is aware, the Buncefield incident decimated the commercial sector in my constituency. Sadly, unemployment is now 30 per cent. higher than it was in 1997. Lord Newton's report specifically said that Hemel Hempstead required special status to help regeneration. Where is that help?

Mr. McNulty: Although I am more than aware of the circumstances of the Buncefield fire, I do not know what is happening across government to provide the help mentioned in the report. I am happy to meet the hon. Gentleman, or indeed to write to him in fuller detail.

Andrew Miller (Ellesmere Port and Neston) (Lab): The administrators of a company called Gibsons in my constituency have thus far failed to answer questions that I have raised about the employment rights of the people who were made redundant after the factory closure. Will my right hon. Friend the Secretary of State encourage Jobcentre Plus to impress on employers their duties and responsibilities when they make redundancies? In this particular case, if my right hon. Friend finds anything suspicious, will he ensure that his colleagues in the Department for Business, Enterprise and Regulatory Reform are made aware of it?

James Purnell: I think that my hon. Friend has just made my colleague from that Department, the Minister for Employment Relations and Postal Affairs, aware of the matter. We want administrators, and companies that are going into administration, to live up to their

responsibilities to their employees, and we want to make sure that they provide as much information as possible. There have been cases in which administrators have been reluctant to do that, and have even been reluctant to let in the rapid response service. We would be very worried if that continued to be the case. We want administrators and companies to help people who have lost their jobs as much as they possibly can.

Richard Younger-Ross (Teignbridge) (LD): In Newton Abbot, Jobcentre Plus shares offices with Her Majesty's Revenue and Customs. What assurances can the Secretary of State give that those people in Revenue and Customs whom his Government are about to make redundant will be found employment by their colleagues downstairs?

James Purnell: I can assure the hon. Gentleman that we are working with HMRC to see whether precisely what he suggests can be done. If there is an opportunity to transfer people from Revenue and Customs to Jobcentre Plus, to which we are recruiting more people, we will do so. We are already in discussions with it about how that can be done.

Mr. John Grogan (Selby) (Lab): Does my right hon. Friend agree with the Secretary of State for Health, who yesterday called for a revision of the European posted workers directive to prevent the undercutting of terms and conditions, particularly in the construction sector, and to deal with various judgments of the European Court of Justice?

James Purnell: If my hon. Friend is patient for just three minutes, he can ask that question of the person who is responsible.

Mr. Graham Stuart (Beverley and Holderness) (Con): The Government used migrant workers artificially to boost employment over the past 10 years, when 80 per cent. of new jobs went to foreign workers. Does the Minister for Employment and Welfare Reform now accept that there has been a failure to tackle the skills problem in this country, and to carry out the necessary welfare reform to make workers in this country best fitted to compete in these more difficult days of recession?

Mr. McNulty: The hon. Gentleman's starting premise is entirely flawed. The answer to the first part of his question is no, and the answer to the second part is nonsense.

Dr. Stephen Ladyman (South Thanet) (Lab): A lot of people take out payment protection insurance during their working life. Do my right hon. and hon. Friends on the Front Bench think that it is fair that when those people lose their jobs, payments made under that payment protection insurance scheme are treated as income when they apply for unemployment benefits? If not, will they agree to review the situation?

James Purnell: I am happy to look into that issue. My hon. Friend raises an important question, and I shall write to him to let him know.

Greg Mulholland (Leeds, North-West) (LD): On this day of extreme cold weather, may I ask when the Government are seriously going to introduce proposals to extend the winter fuel allowance to severely disabled people, including groups of terminally ill people? Such people include my constituent, Matthew Pinder, who today will be sitting at home in his front room with one fire on because his family say that despite whatever the Government have said, they do not have enough money to heat their home.

James Purnell: That is precisely why we increased the Christmas bonus by £60 this year—that will go to people who are disabled. It is worth saying that there was no winter fuel allowance under the previous Government—we introduced it. They used to spend just £60 million a year, whereas we now spend billions on ensuring that people receive help in winter. We do so precisely because we want to ensure that people do not have to choose between heating their home and fending for themselves.

Lindsey Oil Refinery

3.31 pm

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): With permission, Mr. Speaker, I should like to repeat a statement being made by my noble Friend the Secretary of State for Business, Enterprise and Regulatory Reform in the other place about the industrial action at the Lindsey refinery and elsewhere in the country.

On Thursday and Friday last week, contract workers at the Lindsey refinery in north Lincolnshire and elsewhere took part in unofficial industrial action. That has been followed today with further such action at Sellafield power station and other sites around the UK. The stated reason for such action is said to be that a contract awarded at the Lindsey site to an Italian contractor, IREM, has resulted in discrimination against British workers through the exclusive employment of Italian and Portuguese workers. On the Lindsey site, the great majority of the workers are British. I understand that all the striking workers are from maintenance or enhancement projects on the sites; and as of this afternoon there is no disruption of production at any of the sites where this unofficial industrial action is taking place.

On Friday, my Department asked ACAS, the independent arbitration service, to meet the employers and the unions to examine the various accusations being aired and to establish the facts—we expect its report very quickly. ACAS was in touch with the parties over the weekend and I understand that the first meeting is taking place today. ACAS's first responsibility is to report to us on whether laws have been broken; if they have we will take action. We are determined to see robust enforcement of the employment rights legislated for by this Parliament, and the fair and proper application of the European rules that govern the operation of companies throughout the EU and the mobility of labour, which has always been an intrinsic part of membership of the EU and has been supported by successive British Governments.

In a statement issued yesterday, the energy company Total, which runs the Lindsey site, said:

"It has never been, and never will be, the policy of Total to discriminate against British companies or British workers."

It went on to say that it subcontracts on a fair and non-discriminatory basis and that the wage rates are the same as for equivalent jobs on the site.

Two key accusations have been made in recent days. The first is that the use of labour from overseas leads to an erosion of wages and conditions for all concerned because these workers are paid less than UK workers. The second is that there is discrimination in recruitment practice against British workers. The statement issued by Total last night confirmed that workers from overseas are paid at the same rate as other workers on site, and it further confirmed that Total does not operate any policy of discrimination with regard to tendering or recruitment.

The same rules apply here as with UK companies bidding for work overseas, and I would remind the House that there are some 300,000 UK companies operating elsewhere in Europe. Subcontracts can be bid for by UK or overseas-based companies. Of course, if an overseas company wins a contract it can use its permanent employees to carry out the work, but Total has confirmed that where new vacancies are advertised, it will work with subcontractors to ensure that UK workers are considered in the same way as anyone else.

The workers coming here from Italy and Portugal are protected by the EU posting of workers directive, which the UK has implemented fully. It guarantees those workers minimum standards, for example on pay and health and safety, and facilitates the free movement of services within the European Union—a vital market for British companies. In the case of the Lindsey refinery, we have been informed that all subcontractors adhere to the national agreement for the engineering construction industry, which governs terms and conditions, working hours and pay.

Membership of the European Union and taking advantage of the opportunities for trade presented by the EU are firmly in the UK's national interest. Free movement of labour and the ability to work across the EU have been a condition of membership for decades. It is important that we respect and guarantee that principle, not least because it guarantees the right of hundreds of thousands of British workers and companies to operate elsewhere in Europe. It illustrates the importance of Europe to the UK that half our £370 billion of exports per year go to the EU, half our £315 billion inward investment comes from the EU and between 3 million and 3.5 million UK jobs are linked both directly and indirectly with our trade with the EU.

At a difficult economic time, we fully understand the anxieties that people have about their jobs. That is why we have been taking the measures that we have to support people through these difficult times. We strongly believe in fair opportunities for everyone in this country and in ensuring that British people have access to advertised job vacancies. It would be quite wrong, and indeed against the law, for companies to advertise vacancies and exclude British people from them. Equally, it would run contrary to the principles of the single market and harm British people working abroad if we were to exclude foreign workers from employment in the UK.

Of course, we understand the concerns of workers at a time of economic difficulty, and we have now established a mechanism through the ACAS process to examine those concerns. It is through that strong and independent process that we should proceed, not through the continuation of the unofficial industrial action that has been taking place. Our aim is to get through the economic difficulties that we face with Britain continuing as a great trading nation, with our companies able to operate worldwide and our workers equipped for the jobs and industries of the future. I commend this statement to the House.

Mr. Kenneth Clarke (Rushcliffe) (Con): May I first ask, for the sake of clarification, for reassurance that this is a statement of the whole Government, not just the Department for Business, Enterprise and Regulatory Reform, and that the Secretary of State for Health has now recanted and been enlightened, and accepts what has been said? Most importantly, will the Minister confirm with clarity whether the Government believe that the posting of workers directive is satisfactory and working fairly in our interests, or whether they are seeking amendments to it? That has been left quite unclear in all the interviews given by Ministers so far.

[Mr. Kenneth Clarke]

Does the Minister accept that all responsible people will agree with him that however aggrieved people feel, industrial action at power stations and oil refineries at the present time of national crisis is not the way to take forward any of their arguments? The unions should help to get people to desist from that. Does he accept also that we do not want to see riots in Italy about British workers there at a time when British companies are seeking contracts on the continent for their British workers to engage in employment there?

However, does the Minister also accept that understandable worries at the present time have been turned into direct action as a result of the Prime Minister's irresponsible use of the phrase "British jobs for British workers"? Is it not clear that that phrase was populist nonsense at the time when he used it—it was part of some curious Britishness agenda, which I seem to recall he was pursuing for reasons of his own at the time—that he was concerned more with his job security than with anybody else's job security in this country, and that we will all welcome the fact if he never repeats it, no Minister ever repeats it and no such irresponsible statements are made by any member of the Government at any time in the future?

Mr. McFadden: I should take this opportunity to welcome the right hon. and learned Gentleman back to the Conservative Front Bench. He brings great experience to his role. I always feel that, particularly when we are discussing issues of European competence, he may have more in common with Labour Members than with some Members behind him, but we will see how the debate develops.

The right hon. and learned Gentleman asked a couple of specific questions. As I said in the statement, we have fully implemented the posting of workers directive. It has been in place for some years, and as for many such directives, the European Commission has established a group to look at its operation, and we will see if it makes any recommendations.

As for the statements of the Prime Minister to which the right hon. and learned Gentleman referred, never at any time has the Prime Minister said or implied that he or the Government are opposed to the free rights of British companies to operate throughout the European Union or of European companies to operate here in the UK. What the Prime Minister said, quite rightly, was that, as a country, we needed to do more to equip the British work force for the jobs, skills and industries of the future. That is precisely what we are doing. That is why, while apprenticeships declined when the Conservative party was in power, we will grow apprenticeships to some 0.5 million, and we will stand by our commitment to equip British workers for the future.

Shona McIsaac (Cleethorpes) (Lab): As I am sure the whole House can appreciate, I have spent the past few days taking part in many discussions about the situation affecting the refinery in my constituency. I welcome the promise that ACAS is now to be involved and will be meeting both sides in the dispute to examine the accusations that have been made on both sides. However, does my right hon. Friend appreciate that for skilled engineering and construction workers who are currently out of work, seeing contracts going elsewhere can be very toxic? What can he say to those people, of whom there are many in my constituency and others, who have such skills and who are out of work? What can be done to assist them to get jobs, which they so desperately want at the moment?

Mr. McFadden: I know that my hon. Friend has been closely engaged with this issue in recent weeks, and that she is doing everything she can to help her constituents in a positive and responsible manner. On future employment, I would say two things to her. The first thing we have to do is maintain our investment in infrastructure, and not cut it, as the Conservatives would, and that means continuing with rebuilding our energy and transport infrastructure, and with other important projects of national significance. The other thing that will support employment for her constituents, and those of all hon. and right hon. Members, is for this country to maintain its positive stance as a positive member of the European Union, to continue to look outwards and trade globally, and, in so doing, to increase wealth for the UK and employment in the UK.

Mr. Jeremy Browne (Taunton) (LD): We welcome the statement, but it has been made necessary because of the reaction to the cynical and undeliverable statement by the Prime Minister at the Labour party conference in 2007 that there would be British jobs for British workers. That statement was as misleading as the Prime Minister's other promise to abolish boom and bust. That economic failure caused the understandable anxiety in the country at the moment, with Britain plunging deeper into recession, unemployment soaring and the final hallmark of all Labour Governments—increasing industrial unrest.

Pulling up the drawbridge cannot be the right response. British companies and citizens benefit from the free movement of goods and services across the European Union. Does the Minister agree that many in Germany and France who see a falling pound feel it is unfair that British businesses are gaining a competitive advantage as a result of changing exchange rates? I agree with the right hon. Gentleman and accept his comments that all new jobs must be open to all workers and that employment law must be upheld, but does he agree that protectionism, whether it is being advanced by the new President of the United States or by isolationist right-wing commentators in Britain, would be ruinous for our country and must be avoided?

Mr. McFadden: I appreciate the hon. Gentleman's welcome for the statement and his positive comments on Britain's role as a member of the European Union. I agree that unofficial industrial action is not the way to resolve the concerns that have been expressed. We have set up a process through ACAS, which will involve the employers and the trade unions, to air the concerns that have been expressed, and as I said, the statement issued last night by the energy company Total addressed some of those concerns.

The hon. Gentleman is right about protectionism. If we look at past history and the economic problems of the last century, we can see that a retreat from looking outwards and a retreat from world trade would indeed mean that protectionism became a sure-fire way of turning recession into depression.

Mr. Austin Mitchell (Great Grimsby) (Lab): Does my right hon. Friend accept that this is not an attack on the mobility of labour in the EU, but an objection to the fact that one contractor—the Italian contractor—is bringing in its entire work force of several hundred people for one particular contract? This is a plea: in all the other jobs that will come into being with the contract for the closure and reconstruction of the Lindsey oil refinery, preference should be given to British workers, and to local workers, in an area of high unemployment where the skills are available. As well as sending in ACAS, should not my right hon. Friend be convening a meeting in London of the big oil companies, contractors and unions to allay the workers' fears for British jobs and to see that the posting of workers directive is working properly?

Mr. McFadden: As I said, the vast majority of workers on the site are British. It is legal for a European company to contract for work and to say that it will use its permanent employees to carry it out. The issue of discrimination arises if new vacancies are advertised, and the statement issued last night by Total, which runs the site, made it clear that if new vacancies are advertised the company will work with all its subcontractors to make sure that UK workers are considered in the same way as anyone else.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Although this dispute relates to the employment of European workers under European law, about which little can be done—at least in the short term—does the Minister accept that the reason why it has had such tremendous resonance across the country is people's concern about the huge flux of immigration into the UK in recent years, a large part of it from outside the EU, which has accounted for a majority of the new jobs of people of working age? Last year, the total number of work permits issued was a record, at about four or five times the level when the Government were elected, so can he assure us that from now onwards far fewer work permits will be issued and, in particular, that people for whom no job is immediately available will not be issued with work permits allowing them to come to the UK just looking for jobs as, extraordinarily, the Government now permit?

Mr. McFadden: The issue at the Lindsey oil refinery, of course, involves European workers coming here, as I said, under the rules of labour mobility that have existed for some decades. The right hon. Gentleman asks about non-EU immigration, on that issue, the Home Secretary and my colleagues at the Home Office have set out the new points-based immigration system, which is intended precisely to gear our needs more closely to immigration from outwith the EU. I would also say to the right hon. Gentleman that immigration from outwith the EU has made a tremendous contribution to this country. That is true of my constituency, and I am sure it is true of many others.

Kate Hoey (Vauxhall) (Lab): Will the Minister use this opportunity to dissociate himself from the remarks made on this morning's "Today" programme by the Secretary of State, who made what I thought was a rather silly comment implying that the answer to all the workers who are worried because they are not getting these jobs was for them to go off and get a job abroad?

Mr. McFadden: I am afraid that I disagree with my hon. Friend; that is not what the Secretary of State has said. What he said was that the rules of trade across the EU benefit EU companies and British companies and that we, as a positive member of the EU, gain by that, which is why we do not intend to change those rules of open trade. He was certainly not harking back to comments made at another time about people getting on their bikes. That is not what he said or what he meant; it is a distortion of what he said.

Damian Green (Ashford) (Con): May I congratulate the Minister first on not quite being able to bring himself to defend the Prime Minister's cheap populism, and secondly on rightly expressing the importance of the free movement of workers within the EU, from which this country and British workers have benefited? If he wants to lower the temperature out there in British industry, however, may I commend to him the policy of having an explicit annual limit on work permits issued to those coming in from outside the EU, because that would do a great deal to restore confidence in the fact that our immigration system is actually under control, as opposed to the current feeling in the country that for years it has been out of control?

Mr. McFadden: Once again, the hon. Gentleman tries to tempt me away from the operation of the EU rules into a general discussion on immigration policy. I am not sure quite what cap or number he wants, but as I said, this Government have set out a points-based immigration system for non-EU immigration, which is aimed precisely at matching our needs to the flow of immigration from beyond the EU.

Mr. Ian McCartney (Makerfield) (Lab): Will my right hon. Friend ensure that ACAS talks not just to Total, but to Alstom, the subcontracting company, which subcontracts again to another company? It is that company that is causing the problem; it has a record of trying to breach the national agreement in respect of agency workers. That loophole was closed through the agency workers directive, and it is critical in this situation that ACAS looks into what is happening with Alstom as well as with Total.

In the coming weeks and months, as this is resolved, and there is a procurement process involving millions of public opportunities, a corporate social responsibility clause should be agreed by the Government to ensure that subcontractors as well as main contractors work to the national agreement, and that there is a commitment to creating local jobs and services in these big contracts, so that communities benefit, not just big companies.

Mr. McFadden: My right hon. Friend has tremendous experience in these issues and his words should always be listened to seriously. With regard to ACAS talking to Alstom, I am sure that it will talk to all the major employers in this field that it can. With regard to the national agreement, Alstom has informed us that it abides by the agreement, but that is precisely why we asked ACAS to look at the issue. A number of claims have been aired in the past few days, and it is right to get ACAS to take a dispassionate and impartial look at those claims, so that we can establish the facts.

Peter Luff (Mid-Worcestershire) (Con): To what extent have skills shortages contributed to the difficulty of filling those British jobs with British workers?

Mr. McFadden: As the Prime Minister has said, we need to do more as a country to improve our skills base, but this is not just about the skills of individual workers, but about the companies that apply to do the work, some of which may do so with a permanent work force whom they deploy to do the work. It is not just about the skill of the individual worker, but about the whole package that a company brings when it bids for a contract.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I congratulate my right hon. Friend on the statement and his comments that he is determined to ensure the robust enforcement of employment rights in this country. Other hon. Members and I attended a meeting a few weeks ago at which we considered the economic climate in this country, in Europe and across the world. Comparisons were made with the difficulties that arose in Europe in the late 1920s and early 1930s in order that we may learn from history and ensure that history does not repeat itself. What we have heard in recent days worries me greatly. We all need to be very temperate in our language and ensure that we do not again see what happened in the late '20s and early '30s and play into the hands of and pander to the extreme right in any country.

Mr. McFadden: I quite agree with my hon. Friend that we should not pander to the extreme right. He refers to history, and that is relevant on two counts. First, in response to an earlier question, a retreat into protectionism would be a mistake for us and for the rest of the world economy if it was repeated in countries elsewhere. He is absolutely right that, since the end of the second world war, the establishment and growth of the European Union has helped to ensure not only peace but far greater prosperity for its citizens, and we should seek to maintain that in the future.

Sir Nicholas Winterton (Macclesfield) (Con): The right hon. Gentleman opened his statement with some so-called statistics about the benefits of the European Union that, in my view, are at the very least open to debate. Does he not accept, as many trade union leaders believe, that there is problem with the labour mobility directives? The UK Government have not on all occasions stuck up for British interests. If he is interested in seeking to reduce tension on this subject, perhaps he will produce a balance sheet of the number of projects that UK companies are carrying out in France, Germany and Italy, for example, as against the number of projects that are being carried out by those countries in the UK. Perhaps that would give people the facts of the case. Will he do that?

Mr. McFadden: I appreciate that for certain hon. Members any positive statement about the European Union can sometimes be difficult to digest. It is very clear that membership has been good for our trade and growth and for the other matters hinted at by my hon. Friend the Member for Dumfries and Galloway (Mr. Brown). The labour mobility rules have been part of the EU for decades—they have not been invented in the past year or two. Labour mobility—the freedom to work throughout the EU in different member states—is one of the basic conditions of EU membership. That is worth bearing in mind in the current circumstances.

Nick Ainger (Carmarthen, West and South Pembrokeshire) (Lab): My right hon. Friend will be well aware that two large liquefied natural gas terminals are being constructed in Milford Haven and that there are Polish and Portuguese workers on those sites, but that they are seen as being in addition to local and UK skilled Labour. Does he agree that something is seriously wrong if, in the case at Lindsey and other cases around the country, the national agreement is being abided by, yet local UK-based companies are not successful in their tenders? My hon. Friend the Member for Great Grimsby (Mr. Mitchell) suggested a meeting with all parties to consider the issue. It is absolutely essential that major clients, main contractors, the trade unions and the engineering construction industry sit down with the Government to work out why foreign companies are able to outbid British companies.

Mr. McFadden: I must take issue slightly with my hon. Friend. What is important is an open and fair bidding process for contractors to win the work. We cannot put ourselves in a position whereby every time a non-British company wins a contract, we say that it is unfair. British companies are operating successfully throughout the rest of Europe and throughout the world. What is important is that the rules are applied fairly and properly.

I agree with my hon. Friend about dialogue and interested parties. It was for precisely that reason that, over the weekend, we established the ACAS process to examine some of the claims. Let us see whether the law has been broken. Let us see whether European rules have somehow been contravened. That is what ACAS is doing, and that is why the first meeting was held today.

John Mason (Glasgow, East) (SNP): It seems to me that much of this depends on Total's statement and what has been said by its subcontractors. Are we expecting ACAS to audit the statement, or should other parties do it?

Mr. McFadden: I believe that ACAS is the right body to examine the statement. I believe that it is perfectly capable and perfectly qualified to do so, and that it is respected by both employers and trade unions. That does not mean that we accept every statement made by everyone at face value. It was precisely in order to establish the facts properly that we asked ACAS to look into the issue.

Mr. William Cash (Stone) (Con): The Minister may know that this morning, on a television programme, Derek Simpson said that the Prime Minister had had meetings regarding the three rulings of the European Court only about a month ago, and that some action was expected as a result of those discussions. He added, in reply to a question, that it appeared that that action had been dropped. Can the Minister tell us what action was proposed, and whether it was in line with what the Secretary of State for Health said on the programme yesterday?

Will the Minister also ensure that if it is impossible to overcome the European Court rulings—which we all know is the case—we will legislate in the House of Commons to ensure that we provide proper and fair treatment for the workers and trade unions of this country?

Mr. McFadden: I am sure that the workers and trade unions of this country will welcome the hon. Gentleman's strong support. I believe that he was referring to a series of European Court judgments issued over the past couple of years on pay differences between posted workers and workers employed locally. If the statements that have been made are true and, in the subcontracting cases that have been cited in recent days, the same pay rates apply throughout the site, it would appear that the issue of a race to the bottom in wages does not apply in this instance. As for the judgments themselves, as I have said, a European Commission body is examining the operation of the Posting of Workers Directive, and a social partners dialogue on the judgments is in progress at European level.

Jeremy Corbyn (Islington, North) (Lab): Does the Minister accept that there are some very nasty undertones to the discussions surrounding the disputes? In times of difficulty, the traditional role of the Labour party, the labour movement and the trade unions has been to oppose xenophobia and discrimination and to try to engender a sense of solidarity among all workers to enable them to face the difficulties together. Will the Minister convey the message that we want people to be united in the face of economic difficulties, rather than some turning against others on the basis of their passports or ethnicity?

Mr. McFadden: I certainly agree that the rules of labour mobility, to which I have referred, and the rights to work across the EU have been in place for decades. I also agree, and have said, that workers from the EU and from outwith the EU have made a strong contribution. I understand that in times of economic difficulty there will always be heightened concerns about jobs. If those concerns include an allegation that the law or rules are being broken, we will look at them, and that is precisely what ACAS has been charged with doing. However, we will not turn our back on trying to reach out, trade openly and grow our wealth through our links throughout the world. We will take a positive stance on world trade and UK companies operating abroad, because that benefits our country.

Mr. Michael Fallon (Sevenoaks) (Con): Given the union complaint that it is the transport and accommodation of these workers that may be unfairly subsidised, will the Minister clarify the Government's position? Is it that he wants to be sure that the directive is not being broken, or is he at all concerned to improve its working?

Mr. McFadden: Our concern is twofold. First, we want to ensure that the domestic employment laws passed by this Parliament are properly observed and enforced. On that subject, we have put increased resources—for example through minimum wage enforcement—in place in recent years. Secondly, we want to ensure that the European rules that apply both to UK companies operating elsewhere in Europe and to European companies operating here in the UK are properly and fairly applied. In recent days, there have been allegations on both counts that that may not be the case, and that is precisely what we have asked ACAS to look at.

Mr. Peter Hain (Neath) (Lab): I agree with the Minister that right-wing anti-Europeanism and protectionism would be disastrous for British workers. Do I understand from his statement that ACAS will investigate the implementation of employment rights in respect not just of statutory minimum standards such as the minimum wage, but the national collective bargaining agreements that apply at all of those sites? The wages there are many times higher than the minimum wage. I still find it puzzling that European companies can bring their labour in, meet all the costs of accommodating and transporting them—both to this country and to and from work—and still claim to abide by national pay rates and conditions of service. That does not seem to add up, and I wonder whether the real answer to that puzzle is to be found in the fact that these subcontractors subcontracted all the way down the line to a point at which nobody really knew whether the workers concerned were being exploited or whether local workers were getting the justice and fairness to which they are entitled.

Mr. McFadden: My right hon. Friend asks several questions, which I will try to answer. He asks about the national agreements setting standards that are higher than the basic minimum wage. He is right about that. Claims have been made that the subcontractors on the Lindsey site abide by the national agreement, and that is a legitimate issue for ACAS to look at. He mentioned the costs involved and I suggest that employers may not always choose the cheapest tender, and that speed or the overall package that a subcontractor offers may be strong factors. The statement issued last night said that the subcontractors did abide by the national agreement, and ACAS will doubtless examine that claim with the employers and the unions involved.

Mr. David Heathcoat-Amory (Wells) (Con): Is it not a sad fact that whatever changes the Government or the House may wish to make to the laws governing foreign contracts or the conditions attached to foreign workers, we are unable to make those changes because they are entrenched in superior EU law? Since that powerlessness is undoubtedly an element in the present frustrations, is the Minister aware that changes are on their way, because my right hon. Friend the Member for Witney (Mr. Cameron) has recently confirmed that it will be

"a top priority for the next Conservative Government to restore social and employment legislation to national control."

Mr. McFadden: The right hon. and learned Member for Rushcliffe (Mr. Clarke) clearly knew what was coming and thought that he had better get out before hearing that statement. If the time ever came when the Opposition were to get into power, I would be interested to see whether the right hon. and learned Gentleman would be able to support the policy that the right hon. Member for Wells (Mr. Heathcoat-Amory) just outlined. The right hon. Gentleman knows that the policy that he outlined—to resile from the European legal settlement that goes with membership—would end in a clash and that, ultimately, it would lead to withdrawal from the

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European Union. If that is his policy, he can defend it. I have set out a policy today of positive membership of the EU and positive trade throughout the EU that brings wealth and employment to our country. Although that can be difficult, it is not something that we will turn our backs on.

Mr. Frank Field (Birkenhead) (Lab): Will the Minister allow me to express my dismay at the way in which he has interpreted the law, which allows European companies to win contracts here and to put up restrictive barriers against employing local people? Can he assure the House that his interpretation is shared by the German, French and Italian Governments?

Mr. McFadden: All the countries are signed up to the European posted workers directive. It is legal under the directive for a company to bid for work and to use its permanent employees as part of the fulfilment of that contract. That is not just a British right; it is part of the directive.

Points of Order

4.11 pm

Mr. David Heath (Somerton and Frome) (LD): On a point of order, Mr. Speaker. I am sure that hon. Members will have noticed today's inclement weather and the transport difficulties it has caused. We should be particularly mindful of the interests of those who work in the House, many of whom made great efforts to be here today and many of whom will have a very difficult journey home this evening. Accordingly, it might help if I notify the House that we intend to conclude our first debate at 6.30 pm this evening and the second debate at 9 pm to enable members of staff to get home safely.

Mr. Speaker: That is very considerate of the hon. Gentleman. The staff of this House have, under very difficult circumstances, come in to look after the House and to enable the Chamber to sit. I am glad that hon. Members are thinking of the staff. I note that the Adjournment debate is very tight and that no one other than the hon. Gentleman who will promote it will be able to contribute, with the exception of the Minister, of course.

Mr. Bernard Jenkin (North Essex) (Con): On a point of order, Mr. Speaker. In your statement on 3 December at the state opening of Parliament, you said:

"From now on, a warrant will always be required when a search...of a Member's office, or access to a Member's parliamentary papers, is sought."

You went on to say:

"Every case must be referred for my personal decision, as it is my responsibility."—[*Official Report*, 3 December 2008; Vol. 485, c. 3.]

However, in your statement made a week ago last Thursday you said that the police need only

"advise the Serjeant at Arms"—[*Official Report*, 22 January 2009; Vol. 486, c. 897.]

and that the Serjeant at Arms would then approach the Member concerned directly. First, why have you changed your view, if you have changed your view? I believe that colleagues would be far more reassured by your first statement than by the subsequent one. Secondly, if it is ultimately to be left to the Member concerned to decide what to do in such circumstances, that might place them under undue pressure. Surely matters of privilege should rest with the House as a whole, according to the statement made by Speaker Lenthall in 1642.

Mr. Speaker: I am grateful to the hon. Gentleman for giving me notice of his point of order. In my statement on Thursday 22 January, I confirmed that, in relation to the visit to the office of the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), the police officer exercised no compulsory powers to enter the office or to require any document to be supplied. It was not a matter that involved the seeking of a search warrant. I also confirmed that, in future, any police officer in the House seeking the assistance of a Member and the staff in a Member's office must advise the Serjeant at Arms, who, in turn, will approach the Member concerned and obtain his or her consent before any action is taken. These requirements are separate from the procedure

laid down in my protocol relating to circumstances in which the police seek to search a Member's office under a warrant.

David Davis (Haltemprice and Howden) (Con): Further to that point of order, Mr. Speaker. I seek further clarification because my hon. Friend the Member for Ashford (Damian Green) has been approached by the Metropolitan police and asked for access to e-mails between him and me as Front Benchers of Her Majesty's loyal Opposition. Has the Serjeant at Arms been notified of this, and does it come under your ruling that such requests will require a warrant and will be referred to you for your personal decision?

Mr. Speaker: Is the right hon. Gentleman saying that, since the occasion on which the office of the hon. Member for Ashford (Damian Green) was searched, approaches have been made to the right hon. Gentleman and the hon. Gentleman to release certain information?

David Davis: That is exactly correct. I understand that a request has been made for electronic communications—e-mails—between me and my hon. Friend, presumably relating to the time when he worked under me on the Front Bench of the loyal Opposition.

Mr. Speaker: I thank the right hon. Gentleman for bringing this matter to my attention. This is news to me, and I will investigate whether the proper protocol and the procedures that I have laid down for situations without a warrant have been gone through. I will report back to the right hon. Gentleman and, indeed, the House.

Mr. William Cash (Stone) (Con): Further to that point of order, Mr. Speaker. In your statement, and in the protocol, there is reference to search warrants. Will you take advice on whether—as has been indicated to me—the Police and Criminal Evidence Act 1984, on which any search warrant might be based, applies to this House, for the reasons that have just been given? Will you confirm that this is a matter for the whole House and, furthermore, that the Police and Criminal Evidence Act does not apply and that a search warrant issued under that Act would be void and invalid?

Mr. Speaker: I will have to deal with that point of order in the same way; I will look into the matter and get back to the hon. Gentleman.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Further to that point of order, Mr. Speaker. I am glad that you are investigating this matter. When you have spoken to my hon. Friend the Member for Ashford (Damian Green), will you consider whether you and he should put in the public domain all the information that the police are requesting from Members' computers that relates to other Members of this House?

Mr. Speaker: The right hon. Gentleman knows that a resolution of this House says that, while criminal charges are proceeding, the matter should not be discussed— *[Interruption.]* Order. Mr. Penning, try not to do my job. We have just spoken a few minutes ago about how trade unionists should be trade unionists, and one thing that we do not do is try to do the Chairman's job for him when we are Back Benchers. I was saying that there is a resolution of the House that deals with criminal proceedings, and that I am bound by that resolution. That is the spirit in which I reply to the right hon. Member for Hitchin and Harpenden (Mr. Lilley).

Mr. Jenkin: Further to my original point of order, and to the subsequent comments that have been made, Mr. Speaker, I am grateful for your clarification. With the greatest respect, may I put it to you that there are people outside the House who do not attach sufficient importance to what you have said? Until the House has debated these matters, and referred them to the Privileges Committee for proper consideration before bringing them back to the House to be resolved, we are pulling our punches and the police are failing to respect your word. That is a serious slight on this House.

Mr. Speaker: My responsibility is to this House. What goes on outside the House is another matter.

Opposition Day

[3RD ALLOTTED DAY]

Government Capital Expenditure

Mr. Speaker: I inform the House that I have selected the amendments in the name of the Prime Minister for both debates.

4.20 pm

Dr. Vincent Cable (Twickenham) (LD): I beg to move,

That this House notes that the International Monetary Fund believes that the UK will suffer the worst economic contraction among advanced countries; notes with alarm that the Pre-Budget Report 2008 announced an effective 16.5 per cent. decrease in public sector net investment from 2012-13; further notes with concern that the Learning and Skills Council has decided to halt funding decisions for college rebuilding; expresses concern that there are currently 1.77 million people on the social housing waiting list, an increase of 100,000 on last year; further notes that only £400 million has been brought forward out of £8 billion to spend on social housing; notes how little investment the Government has made to ensure that homes are energy efficient and well-insulated; believes that the Government has neglected the current opportunity to invest in expanding the rail network; and calls on the Government to immediately bring forward funding for capital projects, particularly for schools, colleges, social housing, public transport and environmental works, all of which will create assets for the taxpayer and generate future income as well as countering recession in the short run.

The ministerial statement set out the chilling context in which this debate takes place. We are dealing with rapidly rising unemployment, much of it centred on the construction industry, and the situation is bitter and divisive. We shall try to suggest a positive approach to the problem through fiscal stimulus from capital spending.

I wish to make three simple points. First, fiscal stimulus is necessary, and the best way of providing it is through properly targeted public investment. Secondly, despite the Government's claim to be bringing forward capital investment, that is not happening. There are severe problems in the public investment area, and the situation is complicated by the virtually complete collapse of private finance initiative projects. Thirdly, if we are to have public investment in an environment where there are growing anxieties about public debt, we need a mechanism for proper evaluation of such things in a way that does not happen now, because much of it takes place in the framework of the commercial secrecy that surrounds PFI projects.

Let me develop each of the points in turn. First, like most western Governments, we believe—and the Government say that they believe—in the need for a fiscal stimulus. Despite the severe financial constraints on the public sector, we believe that such a stimulus is right and necessary, and that the best way of bringing it about is through properly targeted public investment rather than, as has happened, the value added tax reduction. A few weeks ago, we proposed in the House that, assuming a belief in the fiscal stimulus, a much better use of that £12.5 billion would have been to introduce a series of public investment measures aimed at, for example, home insulation, social housing projects and public transport. We remain of the view that that would have been the correct way forward.

Why is public investment so important in a recession? Partly because it creates employment. There is a big opportunity cost to the alternative of not investing: people remain unemployed. Some 100,000 construction workers have already been laid off in this recession. The figure was 300,000 at the peak of the last recession in the early 1990s, and there is a reasonable expectation that the number of unemployed construction workers in this recession will be even bigger than that.

Mr. Paul Burstow (Sutton and Cheam) (LD): My hon. Friend is talking about the absolute importance of fiscal stimulus through capital investment. Does he share my concern about local authorities that put together capital programmes which rely partly on anticipated receipts on capital sales and the disposal of assets? Such local authorities are finding it increasingly difficult to make their programmes add up, as the opportunities for disposing of assets at a reasonable price dry up because of the recession. Does he agree that if the Government want the economic stimulus and local councils to deliver better street lighting, and improvements in schools and various other assets that councils hold on the public's behalf, they need to find ways to bridge the funding gap to allow councils to make the capital investment today?

Dr. Cable: My hon. Friend makes a good point that I shall develop later. He is absolutely right that in the current environment trying to finance projects by selling off assets cheaply in highly depressed asset markets is not efficient, and that is one of the reasons why the Government's own programmes are in considerable difficulty.

Let me finish my central point about the importance of public investment. Of course, it is important for employment generation, but it also generates an asset. If it is properly constructed, it generates a stream of income and environmental and social benefits. That is why we presented our series of proposals before Christmas.

My second basic point is that, despite the Government's commitment in principle to accelerating public investment, a growing amount of evidence—anecdotal so far, but I hope that the Government will clarify the matter—shows that many of their enhanced public investment projects are not happening or are severely delayed. Let me enumerate some of the difficulties that we hear about from councils, parliamentary questions and elsewhere.

In the middle of last week, we heard about the serious problems that are beginning to arise with the large capital works programme for further education colleges and adult colleges. Two in my constituency are affected. Twenty-two advanced projects have been put on hold and a long pipeline of more than 100 others has been put into abeyance. There may be good technical reasons for re-examining the projects—for example, some depend on asset disposal, as my hon. Friend the Member for Sutton and Cheam (Mr. Burstow) said. However, many do not. The adult college and the tertiary college in my constituency do not have that problem, or the other problems that are supposed to be associated with the building programme, and cannot understand why the projects are being held up. They say that they may have to retender. The process will take a long time—they will have to renegotiate bank loans, which will cause serious delay. Some of the colleges, which are being held up by what appears to be merely a

three-month delay, say that it will retard construction by up to two years. When they come on stream, the recession may have passed, though perhaps that is an optimistic interpretation.

Annette Brooke (Mid-Dorset and North Poole) (LD): I visited Bournemouth and Poole college on Friday to learn that a project of £150 million had to be divided in two. Half has been deferred for at least 24 months and half is faced with general uncertainty. Does my hon. Friend believe that the Government should give a clear explanation for the hold-up and the possible waste of money for up-front expenditure, and a timeline for tackling that? My local college has already spent £11 million and it is faced with total uncertainty and antiquated buildings.

Dr. Cable: My hon. Friend makes her point well. Indeed, hon. Members of all parties made similar points last Thursday during Innovation, Universities and Skills questions. The problem is not only wasteful and exacerbates delays, but it affects a specific form of public investment, which, as the Government have demonstrated, is of great benefit. The colleges that have been built in the existing programme have produced quick returns in accelerating apprenticeship training and other useful activities.

Mr. John Hayes (South Holland and The Deepings) (Con): The only explanation for the circumstances that the hon. Gentleman describes is either that the Learning and Skills Council overcommitted and led people to believe in an outcome that was never on the cards, or the Treasury has put a stop on the projects and blocked the pipeline. The cause of the problem was not clear from Innovation, Universities and Skills questions. Will he speculate on the answer?

Dr. Cable: I do not know the answer. The Financial Secretary is here and I am happy to take an intervention from him, but I am sure that he will give a proper explanation in his speech. Having talked to my local learning and skills council, I have a sense of Treasury involvement, but I do not know whether it is exclusively responsible.

In addition to the problems that affect colleges, other bits of the advanced investment programme are running into difficulties. I was recently shown a summary of a meeting of council leaders in the south-west. It reported repeated appeals to the Department for Transport to say whether the advanced projects that the Government had flagged up would happen and simply never getting an answer. The projects are not moving ahead. If that is happening in the south-west, I am sure that it is happening everywhere else.

There are particular problems with social housing. In the past year, my colleagues and I have asked the Government about the obvious things they can do in the face of the collapsing housing market, such as investing in social housing, both in new build and in acquiring unsold properties. The Government have responded in a general sense, but only very little is happening.

The Government had approval, within the envelope of the spending review, to spend £1 billion on social housing. As far as we can establish, only a tiny fraction of that has been committed. One of the reasons is that public housing projects—social housing—whether undertaken by councils or by housing associations, depend on agreements with developers and section 106 money. Private development has largely ground to a halt and section 106 money is not available, so public sector housing is not proceeding either. We also know that many social landlords have collaborated with developers, and many of them overcommitted themselves with bank borrowing. There is about £50 billion of borrowing by social landlords—certainly by the registered social landlords. Many of them are now paralysed and unable to proceed with developments.

The ambitious targets for social housing are not being met at a time of growing housing need. Moreover, in the middle of a recession, one of the things that the Government concretely can do, and which we all agree is an imperative, is simply not happening. I would be interested to hear exactly what is happening on that front. We have repeatedly asked the Government. As far as we can establish, virtually no money is coming out of the appropriate Department to develop social housing when it is most needed.

Sir Nicholas Winterton (Macclesfield) (Con): The hon. Gentleman is advancing a sound case. Does he believe that because of the seriousness of the credit crunch and the financial crisis, there should be more genuine co-operation, contact and communication between the Government and the Opposition parties, to see whether there could be co-operation in bringing about a solution to the extremely serious problems that we face?

Dr. Cable: I am certainly up for constructive discussions. I was last invited into the Treasury in October. I always welcome a good chat with the Chancellor, and I am sure it will happen.

Simon Hughes (North Southwark and Bermondsey) (LD): Over the past couple of weeks, Ministers, including the Prime Minister, have accepted the case that my hon. Friend makes and the need to get things going in the social housing, housing association and housing trust sector. Will my hon. Friend seek to elicit from the Government today a commitment, first, to draw down more money from the new Homes and Communities Agency—it says that it has lots of money that it is willing to spend, and that could plug the gap—and, secondly, to call in local authorities with a large social housing programme that is currently blocked, so that the money can be released? The sites are there, planning permission has been granted, and there are people queuing up waiting for the homes. Something could be done if the Government gave the matter urgent attention.

Dr. Cable: The idea of getting the councils in to talk to the Government about what can be done is right. It should also be possible to bring in some of the developers and get them to work together. There should not necessarily be a public/private sector demarcation. My hon. Friend is right. Although I think the failings are largely in the Government, they are not entirely in the Government. The new agency is probably highly conservative in its approach. I get a sense that it is reluctant, for example, to encourage the buying up of empty stock because it says that it is the wrong quality and cannot be used for public sector housing, so housing stock just sits there

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empty when many people are desperate. There is a conservatism and a reluctance to act across the board. If my hon. Friend's suggestion is taken seriously, the Government should get all the parties round the table, bang their heads together and get some action.

Julia Goldsworthy (Falmouth and Camborne) (LD): Does my hon. Friend agree that a key barrier preventing many councils from investing in more social house building is the continuance of the housing revenue account system? While that is under review, should not everything be done to bring forward the review, so that we can see changes sooner rather than later?

Dr. Cable: I very much agree. Until recently, the assumption was that only housing associations should do social housing, but of course councils have a key role in that, and they cannot perform it while such an archaic and irrelevant formula persists. My hon. Friend is right about that.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): My hon. Friend is right about everything he says, but is he aware that in Scotland the situation has been made even worse by rule changes imposed by the Scottish Government which require housing associations to borrow much more money from the private sector, so causing small housing associations in rural areas to have to suspend their house building programmes in many cases? Does he agree that the Scottish Government, as well as the Westminster Government, should be making changes?

Dr. Cable: Unlike Treasury Ministers, the Scottish nationalists are not here to answer for themselves, but we shall take it that my hon. Friend's point is entirely correct.

My final point on the way in which existing programmes are not working relates to the developing PFI crisis. In the past six months, only one PFI project—as it happens, the M80 motorway in Scotland—has been able to proceed. All others have ground to a halt, as I understand it. The Financial Secretary shakes his head; if he can encourage us with some good news, I would be delighted to hear it. The PFI process is in considerable difficulty because commercial partners will not come forward, and the number of banks willing to participate has drastically contracted, mainly because of the credit crunch. It was always a rather questionable financial mechanism, and it is now in the deepest difficulty.

I have made several points about the difficulty that the Government are having in making capital investment take place. The problem is that the context is one of a crisis that is far worse than we knew it to be even three months ago. One of last week's revelations was the fairly clear indication from independent outside bodies, such as the International Monetary Fund, that the crisis in the UK is significantly worse than that of almost any other developed country. It is worth reflecting briefly on why that is the case.

There are two major reasons why the British recession is likely to be much worse than in other developed countries. The first is that the bubble in the housing market and the growth of personal debt were more extreme than they were in almost any other developed country, except for Ireland and possibly Spain. The blame for that is quite widely distributed, but it is partly down to a failure of regulation: the deregulations of the 1980s and the liberation of the building societies that allowed them to become banks. It is partly due to failures by the Financial Services Authority, and partly due to a failure of monetary policy. Much of the responsibility for the failure to spot the bubble in the housing market lies with the Government, but also with irresponsible lending by the banking system. That was exceptional in the UK.

The second reason, and the full significance of this point is only now becoming fully apparent, is that Britain will suffer severely because we are host to some of the world's largest banks. Of the largest five, three are in the UK, and they are ultimately the responsibility of the British taxpayer—not counting Lloyds HBOS, which is not far behind them. The City of London hosts those enormous, universal banks that are now in extreme difficulty, and the effects are rippling through our economy. That is happening because banks are rapidly—to use an ugly phrase—deleveraging, which is showing up in a contraction of credit to British companies, and because of the loss of revenue from the City on which the Government hitherto relied. A factor that has not yet come through, but which could be of enormous magnitude, is the big losses that the banks will accrue, much of which will end up with the Treasury. We do not know how much, but the amount will be large.

The context of the debate is one in which we understand that the recession in Britain could be much worse than it is everywhere else. Therefore, Government action, including fiscal stimulus, is all the more important.

Mr. Andrew Tyrie (Chichester) (Con): I wonder whether the hon. Gentleman could give us a clear indication of the size of the fiscal stimulus for this year, and the next two full years, if he thinks that it is appropriate to announce it at this stage. The automatic stabilisers constitute more than 80 per cent. of the current stimulus package, given the fall in tax revenues and the rise in public spending, and less than 20 per cent. of the package will come from measures in the Government's announcement.

Dr. Cable: Although £12 billion is a lot of money, the Government's fiscal stimulus is not large in terms of the British economy. It is less than 1 per cent. of the economy, which is a much smaller proportion than in the United States. We have supported that measure, but we suggested a different mechanism for going about it.

A problem arises from the fact that we have growing budget deficits and growing public debt, which may have the effect of squeezing out any future public investment, which will be crucial in providing a continued fiscal stimulus.

Mr. Tyrie: The hon. Gentleman is very thoughtful on these subjects. Can he now say what is Liberal Democrat party policy? How big a fiscal stimulus is it recommending?

Dr. Cable: I do not think that that is the right way to approach the problem. There is a great difference between a public investment such as a stadium or sports arena, which provides no return, and a public investment in

the form of, say, social housing, which generates a steady stream of income and is justified in economic terms.

Mr. Graham Stuart (Beverley and Holderness) (Con): How much?

Dr. Cable: Why have an artificial cap on sensible public investment that produces a return to society? It should be justifiable in its own terms. Capital rationing, which is the approach that Conservative Back Benchers seem to be advocating, is a narrow approach to a big problem, and that is completely wrong.

Rob Marris (Wolverhampton, South-West) (Lab): I am intrigued by what the hon. Gentleman is saying. I think that there is a need to build hundreds of thousands of social housing units in the United Kingdom, to deal with the 30-year backlog. I also think that, in order to meet our climate change commitments, there is a need to insulate homes and so on, to which the motion refers. However, I understand him to have just said that if something is worthy, there should be no cap on it. That seems to be an extraordinary approach for a Government to take towards capital spending. Will he clarify that? If he agrees with me that we need, say, 1 million more social housing units, does he think that we should start building them immediately, with no capital caps? Is that what he is really saying?

Dr. Cable: The hon. Gentleman knows perfectly well that when the Treasury evaluates a project, it takes account of the scale of the problem and the amount of spare capacity available, and that affects the economics of the project. In recent years, the Government have made public investments amounting to something in the order of 2 to 3 per cent. of GDP. That is the order of magnitude that we are talking about. My concern is that that should continue, but the danger in the current budgetary crisis is that it will simply stop. My concern is how we create a mechanism to ensure that it continues.

Mr. Graham Stuart: For those of us who are less economically capable than the hon. Gentleman, can he give us a rough guide to how much money we are talking about, if we take his figure of 2 to 3 per cent.? He is not being tied to this figure, but to give us some idea of the scale that we are talking about, if we take the figure of 3 per cent., how much more is he suggesting that the Government should be spending?

Dr. Cable: I thought that I had just answered that. If we can sustain that level of public investment, it will be an important achievement in itself. The danger is that that investment will simply stop. If we look at what the Government have done in their public investment programme, we can see that they have brought investment forward; I think that the figures are £365 million for the current financial year—that probably will not happen—and £2.5 billion for the next financial year. After that they want a big cut of £3 billion in public investment in the following year. That assumes a short, minor recession, which seems utterly foolish in the current context.

I want to ensure that a steady programme of public investment of the kind that the Government had built up, albeit artificially, in many cases through private finance initiatives, is sustained. I have given the hon. Gentleman an indication of the magnitudes that we are talking about. Many of those projects will be justified in any event by the economic returns—they will produce a return to the taxpayer. Those projects will, of course, be costly and involve public borrowing in the short run, but in many cases they will pay for themselves and reduce debt in the long term. That seems to be basic common sense. I am not sure why he is wrinkling his brow in such a confused way, because I think that I am making the point very simply.

Mr. Stuart: I am just checking, but the hon. Gentleman seems to be suggesting that those public investments will provide a long-term return on expenditure by the Government, who are not going to be subsidising houses, but making a great profit on them. Can he clarify that?

Dr. Cable: There may be a subsidy, which of course has to be weighed against other elements of current spending, but that is a separate argument. However, good public investment may well produce a return for the taxpayer, which has to be factored into all our calculations. Anybody who has read about what the American Administration argue on public investment, and anybody who has looked back to the 1930s and the role that public investment played in hauling western economies out of that slump, would not have difficulty with the obvious point that I am trying to make.

The Financial Secretary to the Treasury (Mr. Stephen Timms): I am listening with interest to what the hon. Gentleman is saying. He talked about the International Monetary Fund projections published last week. Of course, as he knows, another projection was published by the Institute for Fiscal Studies. It argued that the UK would avoid a long and protracted downturn, not least because of the effectiveness of the VAT cut. I wondered what he made of the arguments that the IFS set out.

Dr. Cable: I am baffled that the Minister—or, indeed, the IFS, if that is what it said—thinks that the VAT cut made a major difference to the UK economy, because it was less than 1 per cent. of GDP, and a substantial fraction of it flowed straight out to imports. I think that we all know, from the experiences of our local shopping centres, that much of it was completely lost. Most of that VAT cut finished up in increased margins for retailers, which of course has some kind of indirect economic consequence, but not very much. It is difficult to see how it could credibly be argued that the cut had a major impact in staving off recession; I simply do not believe it.

John Bercow (Buckingham) (Con): The motion before the House, and the hon. Gentleman's speech, are properly focused on capital expenditure through the public sector, but I hope that he agrees that that need not be to the exclusion, or even to the detriment, of means by which to stimulate effective consumer demand. In that context, and focusing at least in part on private expenditure, what view does he take on the merits of a marked increase in the national minimum wage to stimulate consumer expenditure, particularly among people on notably low incomes?

Dr. Cable: There are many ways of stimulating spending, and to be frank, the one that the hon. Gentleman suggests is probably the least helpful in the short run, for the simple reason that it would make it difficult for a

[Dr. Cable]

lot of employers who are currently struggling to hold on to their labour force. As a general social objective, I support the principle of the minimum wage, and would like it to be improved, but I do not think that that would help us better than many of the mechanisms that I have described. What does have to happen is the expansion of credit; that, of course, is the key. This debate is not about the role of the banks and monetary policy, but that is the key element in reviving demand and spending. However, it is a debate for another day.

Chris Huhne (Eastleigh) (LD): Is my hon. Friend as astonished as I am at the surprise that Conservative and Labour Members are showing towards the principle that he is proposing, given that that principle is put into practice by the most fiscally conservative Government in Europe, namely the German Government, who call it the golden rule? Matching borrowing with capital spending is a sound principle of public finance.

Dr. Cable: That is certainly right, and of course although the Germans were prayed in aid a few weeks ago in arguments against stimulating the economy, they have done exactly that—stimulated their economy—and have done so very much along the lines that we advocate.

Richard Younger-Ross (Teignbridge) (LD): Does my hon. Friend agree that if some long-overdue infrastructure projects, such as the dualling of sections of the A303 and the Kingskerswell bypass, were brought forward, it would not only create employment in construction and subsidiary industries, but benefit the south-west economy in the long term?

Dr. Cable: My colleague will have heard me say a few moments ago that the south-west councils have already expressed frustration at the fact that earmarked road projects, perhaps including the one that my hon. Friend mentions, were not proceeding as the Government said they would. I am sure that that is part of the problem.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I have some sympathy for the argument that if shifting forward investment creates a problem a year or two on, that gap ought to be filled, but of course the classic argument in opposition to that is that a further build-up of debt will bring into focus the value of the currency. The hon. Gentleman refers to the United States, but its currency is, of course, the reserve currency, and is somewhat protected. Are there any concerns among Liberal Democrat Members about the possibility that our currency might be threatened?

Dr. Cable: Of course, any responsible person has to worry about that risk, which, although probably not large, certainly exists. I am surprised that the hon. Gentleman is reinforcing the rather hysterical approach taken by the Conservatives, who think we are on the edge of a major currency collapse and all that will follow from it. Nevertheless, that risk has to be taken into account.

To answer the hon. Gentleman's question and to put the British financial position into context, we started the recession with the Government in a position where public debt was about 40 per cent. of gross domestic product—we can argue about whether they were concealing one or two percentage points, but it was of that order of magnitude and it was less than the figure for the United States, Germany or France. I am always happy to concede that. The worry is that public debt is growing very rapidly and that within two to three years it may well have reached 60 per cent., by which time other developed countries will also have increased their public debt as a share of GDP.

It is worth while putting that in the wider context and considering the extreme cases, such as those of Italy and Japan. As far as I am aware, Japan has not had a currency crisis, yet it has public debt of well over 100 per cent. of GDP. It finances that comfortably by patriotic saving on the part of the Japanese and their lending their money to the Government. Its high levels of debt are way beyond what we are currently contemplating and do not, by any means, necessarily create the kind of problems that some hon. Members are worrying about, but clearly we must be cautious. That is why any public investment programme has to be carried out in a disciplined way.

The problem relating to public debt arises not from excessive public investment, but from the fact that over the next two to three years the expected deficit will be very large compared with other western countries—8 to 10 per cent. of GDP is the relevant figure and it is a major worry. This situation is partly to do with the cycle and partly to do with a structural deficit, and it has emerged partly because of the collapse in the housing market and the revenue associated with it, and partly because of the collapse in the City and the revenue associated with that. The Government, the Conservatives and the Lib Dems—all of us—will have to face the fact that over the long term there is a structural deficit problem that will have to be dealt with, come what may. It is fair to say that none of us have yet come up with a convincing explanation of how that structural deficit will have to be addressed, but that is the nature of the problem—it is not, by any means, about excessive public investment.

Kelvin Hopkins (Luton, North) (Lab): Deficits have two factors: spending and income. Our problem has been a failure to collect the taxes that were due and because we have a very low level of tax on the rich—we have tax concessions to the rich. If we just collected a little more tax, we could afford to spend more. Taking such an approach might move us a little in the direction of Sweden—a successful economy that has a much higher tax-take and a much higher level of public spending—and we could live in a much more civilised society.

Dr. Cable: If the hon. Gentleman reads my article tomorrow morning in his favourite newspaper, he will discover that we deal with tax havens—*[Interruption.]* Not the *Morning Star*.

To round off my comments, I acknowledge, as has been pointed out clearly in interventions, that we operate in an environment in which, although the British public finances are not in quite the desperate state that they are sometimes portrayed to be, there is a legitimate source of anxiety. Therefore, any public investment cannot be undertaken indiscriminately; it must be very carefully vetted. At the moment, we have no mechanism for

doing that, because public investment has largely been undertaken through private finance initiative projects, which are subject to commercial confidentiality. Through the Public Accounts Committee we know very approximately and many years later whether such projects were good or bad ones, but there is no system for assessing in advance, publicly and openly, what are good projects and what are bad projects. We have to set such a system in train.

Mr. Love: Siren voices are coming from Europe suggesting that adopting the euro might be a fit and proper decision to take at the current time. Can the hon. *Gentleman reassure us that that is not the official* position of the Liberal Democrats?

Dr. Cable: I do not think that the hon. Gentleman will find any of those siren voices on the Liberal Democrat Benches. We have very carefully stated our position; our leader wrote an excellent article in another broadsheet last week explaining precisely how the joining the euro now should be opposed. We remain in favour of the principle, because we think it would be good for the British economy, but the worst possible time to make such a move is in the middle of a major financial crisis, in an environment of panic. We think it quite likely that after two or three years in which the weaknesses of the British economy have been brutally exposed, people in this country will consider the matter in a fresh and more positive way, but that debate remains to be had.

We have a very serious recession, much worse than we believed we were likely to have and almost certainly much worse than in other developed countries, and the Government will have to play a major role in countering it. Public investment has a key role, and we have set out a series of proposals on social housing, transport and environmental projects to fulfil it. The public need to be given hope that we are getting through this recession, and such investment is one of the best ways in which the Government can do that. We are seriously concerned that because of drift, difficulties with PFI and other problems, that is simply not happening.

4.55 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I beg to move an amendment, to leave out from "House" to end and add:

"notes the substantial investment over the last decade in frontline public services in every region of the country; notes that the Government paid down debt over the last 10 years, reducing it from 42.5 per cent. to 36 per cent. of GDP over the last economic cycle, before the global credit crunch hit Britain; further notes that public sector net investment was only 0.6 per cent. of GDP in 1997-98 but was 2.1 per cent. of GDP by 2007-08, supporting sustained increases in investment in schools, hospitals and other key public services; welcomes the action the Government has taken in response to the international financial crisis both to support financial stability and to provide help for people and businesses at the time when they need it most; notes that to support the economy in the short term the Government's fiscal stimulus includes public sector net investment rising to 2.7 per cent. of GDP by 2009-10 and a value added tax cut putting over £12 billion into the economy throughout 2009; further notes the Pre-Budget Report 2008 measures to bring forward £3 billion of capital investment from 2010-11 to 2008-09 and 2009-10 which will support a number of different industries and jobs and directly improve key public services including schools, transport projects and social housing; welcomes the Government's commitment to ensuring that the overall level of capital spending is sustainable and protects investment in public services; and believes that action now to support the economy will enable Britain to take advantage of Opportunities arising as global growth resumes."

I shall disagree with a number of points that the hon. Member for Twickenham (Dr. Cable) has just made, but I welcome his thoughtful and interesting contribution to the debate.

When the Government came to office in 1997, we put in place a fiscal framework to bring some much-needed discipline to the public finances. The robust new framework that we introduced was extremely effective. Public debt fell from 42.5 per cent. in 1996-97 to 36 per cent. in 2006-07, as the hon. Gentleman acknowledged. That meant, for example, that when we received more than £20 billion from auctioning licences for third-generation mobile phone services in 2000, we used the proceeds to pay down debt. The Nobel prize-winning economist Joseph Stiglitz said when I was on "Newsnight" with him last Wednesday:

"We look at Britain as an example, in times in which the economy was good you did the right thing."

Mr. Tyrie: The right hon. Gentleman began by saying that Labour brought in fiscal rules to introduce fiscal discipline and sort out the public finances. Can he name any serious commentator who believes that the fiscal rules are any longer worth the paper that they are written on?

Hon. Members: Stiglitz.

Mr. Timms: Indeed, I have just named Joseph Stiglitz, who made the point that Britain did the right thing when the economy was good, thanks to the rules and framework that we introduced in 1997. That fiscal responsibility explains why we can afford to borrow more now to support our economy through these difficult times.

Mr. Mark Hendrick (Preston) (Lab/Co-op): My right hon. Friend will be aware that Joseph Stiglitz chairs a UN commission looking into the financial needs of many developing countries. One thing that it has said is that the depreciation of sterling and other currencies is having a big impact on the amount of aid that we can give the developing world. We know what is happening in Africa, Gaza and elsewhere, so is there not a strong case for revisiting our commitment to development aid?

Mr. Timms: We must certainly reflect on the interests of developing countries and the developments within them, and we will do that in the G20 discussions leading up to the summit in London in April. It is clear that the downturn is affecting not just developed countries but developing ones, and some investment is being withdrawn from developing countries. We need to consider that matter.

Mr. David Gauke (South-West Hertfordshire) (Con): The Minister has boasted about the Government's record on public finances since 1997. Is he aware of the quotation from the Institute for Fiscal Studies last week? It states:

"Labour entered the crisis with one of the largest structural budget deficits in the industrial world and a bigger debt than most OECD countries, having done less to reduce debt and—in particular—borrowing than most since 1997."

Mr. Timms: I hope that the hon. Gentleman also noticed what the IFS said about the effectiveness of the VAT cut as a stimulus to the economy. When he or the hon. Member for Runnymede and Weybridge (Mr. Hammond) speak later in the debate, as I hope they will, I would welcome clarification of their view about the fiscal stimulus that has been announced in the USA. The shadow Chief Secretary, the hon. Member for Runnymede and Weybridge, told us in a debate a couple of weeks ago that there was an emerging consensus that there should be no fiscal stimulus in circumstances such as ours when there is a deficit. He will by now have noticed that this emerging consensus does not extend to the incoming US Administration. As the hon. Member for Twickenham rightly said, the US has higher debt than us and a larger deficit, and it is planning a larger fiscal stimulus. It would be very helpful if the Conservative Opposition could confirm to us their apparent view that there is a consensus that President Obama should abandon the central economic policy proposal he has put to the American people. This underlines just how isolated and out of touch the Conservative party is.

Mr. Graham Stuart: Will the Minister give way?

Mr. Timms: I will gladly give way to the hon. Gentleman in a few moments, after I have made a little progress.

At the same time as reducing our public debt, as we did, the fiscal framework has allowed us to protect public investment. The last Conservative Government allowed public investment to shrivel: it hit a low of 0.3 per cent. of GDP in 1988, and in 1996-97—the last year for which they were responsible—it was just 0.6 per cent. That abysmal record of under-investment left a legacy of decaying public services and infrastructure that every Member of this House will remember all too clearly in their own area.

Rob Marris: Does my right hon. Friend also recall that under the last Conservative Government of 1992-97, with their woeful investment record to which he has just referred, the national debt doubled, and that this Government started to pay that down? Can he also tell us what are the accumulated national debts as a proportion of GDP of other leading industrialised countries, compared with that of the United Kingdom?

Mr. Timms: My hon. Friend is absolutely right, of course, and I can tell him that every G7 country apart from Canada has a higher level of net debt as a proportion of GDP than us, and that our level is therefore comparatively low and puts us in a very good position for taking the measures we now need to take.

Under this Government, investment has grown by more than three times the 1997 level, to 2.1 per cent. of GDP this year. Next year, at 2.7 per cent. of GDP, public investment will be at a higher level than at any time in the last 30 years.

Chris Huhne: Given the case the Minister is making, is he as concerned as I am that the net worth of the UK public sector—not just the debt position, but that taken together with the asset position—is very much lower today than it has been historically, and that that deterioration has taken place under both his Government and the Conservatives?

Mr. Timms: I am not sure what data the hon. Gentleman is referring to, but I can tell him that sustained investment over a long period has enabled us to repair a lot of the damage caused to schools, hospitals, transport and other national infrastructure. In the health service, for example, in 1997 half of NHS buildings predated the national health service; that proportion is now down to 20 per cent. I therefore think the statistic the hon. Gentleman cited is a bit misleading.

Mr. Burstow: Will the right hon. Gentleman respond to a question I earlier asked my hon. Friend the Member for Twickenham (Dr. Cable) about the difficulty local authorities face in financing their capital programmes? In making good at the local level—through investment in their housing stock and schools—the damage that the right hon. Gentleman is talking about, how can they now bridge the gap caused by their not being able to realise receipts? My local authority is partly funding its programme from £12 million of receipts that it now does not anticipate will come about.

Mr. Timms: I will come to that point. There certainly is a challenging market environment for private finance initiative deals at present, but a number of them have been agreed recently; I am thinking of the Forest Gate housing project in my own area, for example—which was, I think, agreed last week—and Building Schools for the Future projects, and not only of the project to which the hon. Gentleman referred.

We have been able to put right a lot of the damage caused by previous years of chronic under-investment. Today, we are in a recession—the first to hit the UK since the early 1990s and face some of the harshest economic conditions for decades, and perhaps for a century. The nature of this downturn is fundamentally different from those the UK suffered in the past. In the late 1980s, UK GDP growth was allowed to rise to 6 per cent., well above the economy's growth potential. As a result inflation rose to double digits and interest rates followed in an effort to control inflation. Domestic policy mistakes caused the economy to enter recession in 1990 and unemployment to rise above 3 million for the second time in 10 years.

Today, things are very different. The problem we face is global, with many forecasters now expecting the world economy to contract for the first time since the second world war. Bad decisions at the heart of the international financial system have meant banks losing confidence in each other and, therefore, global credit markets to freeze up.

Mr. Graham Stuart: Does the Minister share my view that the Prime Minister was wrong to suggest that the UK was uniquely well placed to deal with a recession, especially in light of the IMF's damning judgment last week that this year the country would have the greatest reduction in GDP of any of the major developed countries?

Mr. Timms: No. I agree with the Prime Minister's assessment and there are two reasons: first, as we have already discovered in this debate, we go into the recession with a low level of debt compared with other G7 countries and, secondly, we go in with a high level of employment; indeed, for several months last year more people in the UK were working than ever before. We

have gone into the recession in good shape but the effects of the downturn are now being felt everywhere around the world. Trade and manufacturing have contracted sharply in America, Europe and Asia as companies have been unable to access the credit they need, so economic forecasts for growth in 2009 have been revised sharply downwards.

Richard Younger-Ross: The Minister is exactly right in his point that the circumstance is unique and that the recession is being felt not just in the UK but in Europe and America. In the downturns of the 1980s and 1990s, the construction industry was able to take some work abroad; people moved abroad—for example, lift manufacturers took projects abroad—but at present, they are unable to do so. Does that not mean that there is greater need for investment in construction projects and the construction industry to mitigate this special and—for the construction industry—very deep downturn?

Mr. Timms: I largely agree, which is why we have taken the measures that I shall be setting out in a moment, although there are still opportunities overseas—in China, for example. We have been talking with Premier Wen today about the Chinese economy, which will grow significantly in the coming year, although not at as high a rate as in recent years.

Mr. Tyrie: The right hon. Gentleman is being very generous in giving way. If I heard him correctly, I think he said that Britain now faces an economic crisis that is perhaps the worst for a century. Is he suggesting that what we may be facing is worse than the great depression of the 1930s?

Mr. Timms: I am suggesting that the world economy is facing a situation that is certainly the worst in decades—looking at the world as a whole—and some people are saying that it is the worst for a century.

Rob Marris: Will my right hon. Friend take this opportunity, verbally, to give the bankers a kicking? Around the world, they have caused hundreds of thousands, if not millions, of people to lose their jobs and there is general recognition that, very sadly, that situation will get worse. The bankers, some of whom are now fortunately former bankers, have created a terrible situation, so will my right hon. Friend give them a verbal kicking instead of—as politicians too often do—letting those charlatans and mountebanks off the hook?

Mr. Timms: My hon. Friend may have heard me refer to bad decisions at the heart of the international financial system, which I think is an accurate account of what happens. I very much sympathise with the point he makes.

Key to solving the global problem will be a global response. Working with international partners, we are taking a leading role in developing, agreeing and delivering that global response. As I said, the Chinese Premier is in London today and the Prime Minister and other Ministers are in regular contact with leaders around the world. We took a leading role in the G7 autumn discussions in Washington and the five-point action plan produced there was largely based on the UK's then recently implemented financial stability measures. Both the Prime Minister and the Chancellor were at the Washington summit in mid-November. We hold the G20 presidency this year, and it is increasingly recognised, as Stephen Green of HSBC was saying last week, that the G20, in bringing together the biggest developing as well as developed countries, is the right group of nations to bring together to formulate solutions. My hon. Friend the Member for Preston (Mr. Hendrick) rightly expressed concerns earlier about developing countries, which underlines the importance of the G20. Through our presidency, we are driving an ambitious work plan to help tackle the problems.

The Prime Minister presented a paper to the European Council in October, outlining five key principles to improve regulation and supervision, and setting out reform of the International Monetary Fund and the World Bank. We know that there are major lessons to be learned there. It is clear that existing international systems of regulation failed to adapt to the challenges of this new, highly globalised world; we need to co-operate internationally to make major changes so that those mistakes cannot be repeated.

International action needs to be accompanied by a decisive domestic response. Our response has been threefold. First, we had the comprehensive package of support for the banking system announced in October, which has been widely replicated around the world since. Secondly, there were announcements in the pre-Budget report of a major fiscal stimulus package to support the wider economy; the measures we are discussing today are an important part of that—and I shall say more about it in a few moments. Thirdly, there was a package of measures last month to begin to replace the lending capacity lost by the withdrawal from the UK of foreign banks and other institutions and to address the barriers preventing UK banks from expanding lending, to support stability and to restore certainty in the banking sector.

Chris Huhne: I am very supportive of the fiscal stimulus, but one issue greatly concerns me—the slimness of the evidence of whether anything is actually happening on the ground. Let me provide the example of two projects in my own constituency, both of which are Barratt developments that have now been mothballed. They could be picked up and got going; they could employ construction workers immediately by building flats that were initially aimed at the private sector, but could be brought into social housing. That could be got going immediately. Why is the Treasury not getting the biggest four or five developers together in a room and actually doing a deal with them to proceed with those sort of projects? Why do we not get some action on the ground?

Mr. Timms: Some resources—a substantial sum—have been allocated to the agency to enable it to take forward purchases of that kind.

Let me set out the measures that we are taking. Of course, the global, macro-economic action that I have described takes time to benefit the firms and individuals being hit. That is why we are taking action now with the business payment support scheme to allow firms to spread tax payments over a timetable they can manage. More than 34,000 businesses have reached agreements since that was announced at the time of the PBR. We have provided extra capacity for Jobcentre Plus; we have expanded schemes to enable those losing their jobs

[Mr. Timms]

to stay in their homes with support for their mortgage repayments; and there is also the VAT cut. I very much welcome what the Institute for Fiscal Studies said last week about the effectiveness of that as a stimulus measure. I think that the mistake of the hon. Member for Twickenham is his apparent belief that the effectiveness of the VAT measure is about what happened in the past, but I think that the measure will, as the IFS pointed out, prove increasingly effective as the year progresses and as the subsequent increase back up to the original rate approaches on 31 December.

We are increasing household income next year by putting an extra £145 in the pocket of every basic rate taxpayer; we have given all pensioners a bonus £60 one-off payment, and the basic state pension for a single person is going up very sharply from £90.70 to more than £95 a week in April. We are supporting families by permanently increasing child benefit to £20 a week with effect from last month instead of April, and we are increasing child tax credit by £75 a year in April, which is above inflation. So, unlike the Conservative party, we agree with the Governments of every major economy in the world who are increasing public spending now. I agree with the hon. Member for Twickenham that bringing forward major capital spending on our national infrastructure is a vital way to preserve jobs and boost our economy through this period.

Derek Twigg (Halton) (Lab): On new projects, it is obviously important to get projects moving as quickly as possible for the next year or so, but there are some huge capital projects around, particularly the Mersey Gateway bridge, which is in my constituency, worth some £700 million and might be ready in the next two or three years, following a public inquiry this year. Does my right hon. Friend agree that it is important not only to get projects on the move this year, but to plan for the next two or three years? A project of that size—£700 million—will provide thousands of new jobs and stimulate the local economy in Cheshire, Merseyside and the whole north-west.

Mr. Timms: Indeed, and I think that the total amount of transport investment being brought forward is about £700 million—a substantial contribution, with the kind of benefits that my hon. Friend describes. We have brought forward a total of £3 billion-worth of capital projects on housing repairs and insulation, school extensions, health centre refurbishments and transport improvements to provide jobs now, when the economy is under pressure, and to improve services.

Bob Russell (Colchester) (LD): The debate is about capital expenditure during the recession. Does the right hon. Gentleman agree that, when we consider existing public assets, we should be looking for renovation and restoration before demolition and new build? Surely, the existing capital could be spread further to get more projects not by destroying what we already have, but by restoring and renovating it.

Mr. Timms: It depends on the circumstances. Certainly, there is a big commitment in the programme for housing repairs and refurbishment—for example, under the decent homes programme—but new build is needed elsewhere.

Joan Walley (Stoke-on-Trent, North) (Lab): Will my right hon. Friend tell the House a little bit about how the Treasury is working with other Departments, the Cabinet Office and regional Ministers to make sure that, where it is urgent to ensure that the capacity exists to pursue capital projects in different regions—as in north Staffordshire and Stoke-on-Trent, as I am sure he knows—we can do so quickly? He can ensure that we have a joined-up government approach to make sure that, for example, investment in new sixth-form colleges, social housing and so on goes ahead as quickly as possible.

Mr. Timms: My hon. Friend is absolutely right about the importance of the Treasury and all the Departments affected working together, and we are doing so through the National Economic Council and the regional economic councils, and by enabling Departments to look at such issues in the round, exactly as she says.

Let me pick up the issues raised by the hon. Member for Twickenham in the motion and in his speech. First, there simply is no freeze on the capital funding programme for further education colleges. Investment in college capital projects will amount to £2.3 billion between 2007-8 and 2010-11. That programme is steaming ahead. Incidentally, the equivalent programme in 1997 was zero—there was no capital investment at all in FE in 1997. More than 250 projects are under way, funded by the Learning and Skills Council, helped by the recent decision to accelerate £110 million in the current year from future budgets to help beat the downturn; 154 of those projects are due for completion this year. There has been some disappointment that a number of projects have not gone ahead as quickly as was hoped, but the programme is proceeding on precisely the scale that we said that it would, with a very large number of colleges benefiting as a result.

Julia Goldsworthy: In an earlier intervention, co-operation between the Treasury and other Departments was mentioned. What co-operation was there between the Treasury and the Department for Communities and Local Government, which vetoed any English region from applying for extensions that would have brought in an extra £671 million-worth of EU funding? Why were the regions not allowed a say on that? Was the Treasury involved in that decision?

Mr. Timms: I am not sure which programme the hon. Lady means. If she will drop me a line, I shall be happy to tell her what happened in that specific instance. I can assure her, however, that we are working very closely with all the spending Departments. In the case of the Department for Communities and Local Government, it is true that there is pressure on social housing, but we have set ambitious targets to increase provision, and over the next three years we are investing about £6.5 billion to deliver on those targets. That will include acquired and refurbished homes as well as newly built ones.

We have taken major steps to guarantee that homes are energy-efficient and well insulated. Since 2000 the Warm Front programme has helped more than 1.7 million households, and the £50 million that is being brought forward from the year after next to next year following the announcement in the pre-Budget report will improve energy efficiency and heating in some 20,000 homes. The Warm Front programme will provide 112,000 insulation measures this year, and another 108,000 next year.

Mr. Hendrick: I join my right hon. Friend in congratulating Eaga Partnership on the excellent performance of the Warm Front programme, from which 7,000 homes in my constituency have benefited, but may I return him to the subject of capital expenditure on colleges? As he may know, the principals of Lancashire colleges visited Westminster last week. They are anxious for the Learning and Skills Council to release money quickly for many capital projects that are currently being held up. People are being asked to leave building sites and architects are being asked to stop works because of the delay, and those principals are very concerned about the impact that that will have.

Mr. Timms: As my hon. Friend knows, our right hon. Friend the Secretary of State for Innovation, Universities and Skills has commented on the issue. I know that some projects have not proceeded as quickly as was hoped, but the programme is going ahead on precisely the scale that we predicted: a great many projects are proceeding.

Alistair Burt (North-East Bedfordshire) (Con): The Minister must be careful in his choice of words. He is giving the impression that the hold-ups experienced by schools and colleges such as Shambrook community college in my constituency, which was told at Christmas that there was a freeze on capital decisions by the LSC, in some way constitute a planned freeze, and that everything is, in his words, steaming along. In common-sense terms, what he has described, what has happened in my constituency and what others have mentioned is a freeze. Perhaps he could explain the distinction between a freeze—which is what everyone thinks is going on—and steaming ahead.

Mr. Timms: I think we have all had some experience of what a freeze is like today!

As I said, a great many projects are going ahead; there are 250 altogether, of which more than 150 will be completed this year. It is true that some proposed projects have not been given the go-ahead because the resources available have been committed to projects that are going ahead, but it is not the case that the programme has been frozen. It is going ahead, and a large number of colleges will benefit as a result.

On the rail network, £10 billion has been committed to enhancing capacity between 2009 and 2014. Overall Government support for the railway over that period will be more than £15 billion. My right hon. Friend the Chancellor announced in the pre-Budget report that we would provide £300 million for the purchase of new rolling stock. The contract for those new carriages will be awarded by April this year, and the stock will be in place from 2011. I therefore hope that the House will accept that the true picture is very different from the one sketched in the Liberal Democrat motion.

Annette Brooke: I am grateful for the news that many projects are being brought forward, but why are further education projects being frozen when college principals had felt that they were well down the line towards full approval, and vast sums had already been invested? College principals need to know the time line for decision making, and the Treasury has a role to play in that.

Mr. Timms: As the hon. Lady knows, Andrew Foster has been brought in to look at those issues and he will report as soon as he is able to do so.

The Liberal Democrat motion is also wrong to criticise the fact that we have set out in our plans a fiscal consolidation in the period ahead. We have set out how we will get back to balance in the medium term, and I make no apology for that. We need to get back to balance and to set out plainly how we will do that. Indeed, that is what we did in the pre-Budget Report. I think that we are the only country to have set out the trajectory that we will follow to do that, and it is the right thing to do. It will involve, when the upturn comes, a level of public sector net investment that will be lower as a proportion of GDP than it will be next year—but at 1.8 per cent. of GDP it will still be three times as big as in 1997.

Mr. Love: My right hon. Friend mentioned the upturn and when it will come. The recent evidence from the IMF and other forecasters is that the recession may last longer. If the recession is likely to last longer than until the end of this calendar year, will Ministers, when they make the Budget projections, consider putting in place a further fiscal stimulus and bringing forward investment so that we do not have a deeper recession than is necessary?

Mr. Timms: As my hon. Friend knows, we will set out new forecasts at the time of the Budget, and of course we will reflect on the lessons from them. However, the IMF forecast is for growth for the UK for the next calendar year. Interestingly, it also forecasts a shorter period of negative growth for this country than for several other G7 countries.

As I was saying, our increase in public investment compared with the Tory years will be sustained not just through the current downturn but through to the other side of it as well. Of course, paying for the fiscal stimulus, and for the steps that we are taking to support British businesses and households, will require Government borrowing to increase. We are starting from a strong position. According to the OECD, the UK had the lowest net debt of any country in the G7 apart from Canada—the point that Joseph Stiglitz rightly underlined on "Newsnight". That is the point that the Conservatives have failed to recognise. It would be helpful if the hon. Member for South-West Hertfordshire (Mr. Gauke) confirmed, when he speaks later on behalf of the Conservative party, whether it is his party's view that President Obama should abandon his central economic policy proposal because of what they think is an emerging consensus, although it does not even appear to be a consensus in the shadow Cabinet, given some of the remarks that have been made by its members.

Of course debt in the UK will rise in the period ahead, as it will rise in the other major economies. Every advanced country in the world is increasing Government borrowing in response to the downturn. The latest OECD forecast shows not only that UK net debt was the second lowest in the G7 when the shocks began, however, but that our net debt will remain below that of most other G7 countries right the way through this downturn.

[Mr. Timms]

Some hon. Members would have us believe that we cannot afford to take measures to counter the effects of the global downturn in Britain. Their view is that we should do nothing, let the recession run its course and turn our backs, as the Tories did with such disastrous results in the recession of the early 1990s. We strongly disagree. Because of our responsible handling of public finances over the past decade, we can act now to preserve British jobs and boost our economy. These steps will ensure that Britain comes through the global downturn sooner and stronger than would otherwise be the case.

As the Institute for Fiscal Studies said last week, the cost of doing nothing would be greater than the cost of acting. Others in the House have today urged us to spend more—in effect, to throw sustainability in the public finances to the winds. We are not going to do that either. We will always live within our means. In that way, we will navigate a path that gets Britain through in the best possible shape. We will do that in a way that is fair to everyone, and make sure that we are in a position to grow again when the new opportunities of the upturn emerge in due course.

5.30 pm

Mr. David Gauke (South-West Hertfordshire) (Con): It is a pleasure to speak in this debate. The Liberal Democrats have proposed an interesting motion, which is very helpful to the House in one sense—it highlights an inconsistency in the Government's approach. We hear how the Government are engaging in a fiscal stimulus through public works and additional spending to help people out of the recession, but almost daily we read that public expenditure is being held back and that capital projects have been cut. A number of those points have been raised today by hon. Members, including by the hon. Member for Twickenham (Dr. Cable).

The Minister, in a carefully worded response, stated that 250 further education college projects are under way and that there is some disappointment about what is going forward. However, it appears that there is a freeze on new projects, and that is the reality that Members are finding in their constituencies. It has not been made up—we are hearing about it, our constituents are telling us about it daily. We see frequent newspaper reports of PFI projects being put on hold. *The Times* tells us that more than 100 school and hospital projects are being delayed. The Government have announced that many of the proposals, such as the widening of the M25, are to be held back for budgetary reasons.

We know that there is a crisis in social housing. It is a long-standing fact that less social housing has been built in every year of this Labour Government than was built in every year under the last Conservative Government and that the number of households on local authority waiting lists for social housing has increased from 1 million to 1.8 million.

The Government say that they are trying to spend their way out of a recession, but in reality they faced the difficulty of the unsustainable nature of their public finances, and they are unable to deliver. I am grateful to the Liberal Democrats for highlighting that point. However, we are not entirely sympathetic with the Liberal Democrat policy that underlies the motion, which is to try to deal with the recession through expenditure on public works. I think that that was essentially what the hon. Member for Twickenham outlined.

Bob Russell: Irrespective of the merits of capital expenditure, does the hon. Gentleman agree that if there is to be public expenditure, in order to get value for money and to spread the money to as many projects as possible, renovation and restoration of the existing capital plant owned by the public should be considered before demolition and rebuilding?

Mr. Gauke: There is always an argument for considering existing infrastructure and not demolishing it if it would be more worth while to keep it. That is a truism and I will not disagree with it.

It might be worth highlighting the evolution, to put it kindly, of the Liberal Democrats' policy. It is now their policy that the country needs more spending and that that is the way to get out of the recession. Last May, the leader of the Liberal Democrats stated that they would

"focus all our attention on cutting taxes"

and that

"We must get away from the Labour notion that if the Government is spending more it must be doing better."

In his September 2008 party conference speech, the hon. Member for Twickenham, said that there was now

"a mood of austerity"

and

"an intolerance of…binge spending by government".

As recently as 10 November 2008, in another Opposition day debate on the economy, the Liberal Democrat motion set out a number of measures that the country required, but nowhere within it was there a proposal for a large, unfunded fiscal stimulus to be spent on public works.

Lynne Featherstone (Hornsey and Wood Green) (LD): Does the hon. Gentleman not agree that binge spending on identity cards would be a waste of Government spending?

Mr. Gauke: Yes, I do agree with the hon. Lady, and if the Liberal Democrats' policy is simply to identify wasteful spending, I am certainly with her. We welcome the Liberal Democrats to that cause.

In the debate on 10 November, the hon. Member for Twickenham made a thoughtful and interesting speech, as always, and, to be fair, he addressed the greater need to free up local authorities to expand their social housing. However, he argued against a large fiscal stimulus, initially in the context of tax cuts, saying:

"There are dangers in doing what I believe the Government propose, which is to have an unfunded tax cut, which I understand would be financed by Government borrowing. However, Government borrowing ultimately has to be paid for—it is deferred taxation or inflation, and that is not a satisfactory way forward either."

We would certainly agree with that. The hon. Gentleman concluded by saying:

"We need a stimulus that will be funded".

The hon. Gentleman's colleague, the hon. Member for Taunton (Mr. Browne), taunted the Conservatives for being a high-spending party, saying:

"You do not have to remain trapped in the high-tax, wasteful spending box into which your shadow Chancellor has locked you".—[*Official Report*, 10 November 2008; Vol. 482, c. 499, 543.]

However, only a few weeks later, the Liberal Democrats are calling for higher spending, and are not calling for any tax cuts.

Chris Huhne: The hon. Gentleman is describing the evolution of our policy over a period that has seen a dramatic worsening of the economic outlook, not only in this country but more broadly. The great Liberal, Lord Keynes, pointed out that, when circumstances changed, he changed his mind. Sadly, that does not seem to be true of the Conservatives, who always seem to say the same, regardless of the circumstances.

Mr. Gauke: I am grateful to the hon. Gentleman for noting our consistency. I have to say that there has been a pretty dramatic change since 10 November, and I remind the House that, during the debate from which I quoted, the hon. Member for Twickenham said:

"Government borrowing ultimately has to be paid for—it is deferred taxation or inflation, and that is not a satisfactory way forward either."

We share that view. I think that the hon. Gentleman shares that view in the context of tax cuts, but not in the context of public works.

Dr. Cable: Has the hon. Gentleman not yet understood the central point that lies behind the interventions by all western Governments—namely, that if people are unproductively unemployed and out of work, instead of being productively employed in public investment, that itself constitutes an unfunded public spending commitment? We are concerned with the alternative, which is that resources remain unemployed.

Mr. Gauke: The hon. Gentleman is making the Keynesian, expansionary argument, and I will address that. I merely point out that, in early November, the Liberal Democrats were the party of fiscal conservatism and that they now appear to be outflanking the Government in their desire for fiscal expansion.

Rob Marris: May I gently caution the hon. Gentleman? In late November, there existed a Government who were against fiscal stimulus. Last Tuesday, that Government introduced a budget that will involve a fiscal stimulus of 3.2 per cent. of gross domestic product over the next two years. That represents quite a turnaround in just a few weeks. They are a capital-"C" Conservative Government: the Conservative Government in Canada, led by the Conservative Prime Minister, Stephen Harper, and the Conservative Finance Minister, Jim Flaherty, who have, in the past few weeks, fallen into line with the rest of the world. They have recognised that the world has changed in those few short weeks, although they were a bit late in getting there. I suggest that the hon. Gentleman should follow his Conservative colleagues in Canada and go for fiscal stimulus.

Mr. Gauke: The hon. Gentleman always cautions gently. I say to him that there are different circumstances in different countries. I return to the Institute for Fiscal Studies quotation that I cited earlier to the Minister:

"Labour entered the current crisis with one of the largest structural budget deficits in the industrial world and a bigger debt than most OECD countries, having done less to reduce debt and—in particular—borrowing than most since 1997."

Our position is precarious and difficult. According to the IFS, our debt as a percentage of GDP will go up to 62.1 per cent.—even the Government acknowledge that it will be 57.4 per cent. According to the IFS, debt will not reach 40 per cent. of GDP for another 20 years. It will double over the next few years, with the danger that the cost of borrowing will go up. That puts us in an extremely difficult position. It would be splendid to be able to afford to cut taxes or fund public expenditure, but the fact is that over many years the Government have failed to put the country in the strongest fiscal position.

Several hon. Members *rose*—

Mr. Gauke: I will give way, but I shall just make this point. The hon. Member for Twickenham mentioned the structural difficulties created by the collapse of our housing market and financial services, but the problem goes back further than that. Essentially, it goes back to the reckless running of the public finances in the early part of this decade, when during boom years we were still borrowing huge amounts and organisations such as the International Monetary Fund were warning the UK Government that the fiscal position was unsustainable.

My party was making that point; my right hon. Friend the Member for West Dorset (Mr. Letwin) made it as shadow Chancellor. Indeed, we entered the 2005 general election making that warning—I am not sure that it did us much good, but none the less we made the case. At the time, the Government and the Liberal Democrats dismissed it. The hon. Member for Twickenham said:

"We should not be panicked by the IMF into early tax increases or expenditure cuts, which would be damaging in the short term."

Chris Huhne: I am grateful to the hon. Gentleman for giving way again. His case on the detail of the UK public finances is there, and we can examine the record. However, I am intrigued. Clearly, the United States is the most important global economy, but it has a higher level of borrowing to GDP and public debt to GDP than we do and its banking system is worse placed than ours. Does the hon. Gentleman therefore advise President Obama to shelve his plans for fiscal stimulus?

Mr. Gauke: The US has a reserve currency; it does not have the same risk of a run on its currency as the UK does. The important distinction is that its automatic stabilisers are much smaller than the UK's. A lot of the fiscal stimulus that is going to occur in the UK would happen automatically, and the same does not happen to the same extent in the US. At the point where our respective economies entered into recession, the US was borrowing less than we were.

Chris Huhne: Will the hon. Gentleman give way on that point?

Mr. Gauke: I shall. I know that the hon. Gentleman is very keen to be shadow economic spokesman, and I shall give him that opportunity again.

Chris Huhne: I am certainly not keen to be shadow economic spokesman; I cannot imagine anybody doing the job better than my hon. Friend the Member for Twickenham (Dr. Cable).

Let me make a point to the hon. Gentleman about the reserve currency issue and see whether he has a response. In fact, economic history tells us the exact opposite of the point that he has just made. Reserve currencies are, in fact, most vulnerable to crises. The great sterling crises in our economic history happened precisely because we were unwinding our reserve currency role. The hon. Gentleman's point is exactly, 180°, wrong.

Mr. Gauke: I do not agree with the hon. Gentleman, but I will not get into a lengthy debate with him. I appreciate that he does not want to be the economic spokesman for his party—he is aiming somewhat higher than that.

Mr. Hendrick: If the hon. Gentleman agrees with the International Monetary Fund that the recession will hit this country harder than most other countries, why do Conservative Members oppose a stimulus? What would they do to alleviate the suffering that job losses, business failures and everything else that is associated with a deep recession causes?

Mr. Gauke: Essentially, we have a credit crunch and a monetary problem, and we believe that we should focus on monetary policy. That view is also held by, for example, Christina Romer, President Obama's chief economic adviser. The mainstream view is that monetary policy is the most effective way of tackling the problems. Given the UK's fiscal position—thanks to the Government—we do not have a realistic option.

The Exchequer Secretary to the Treasury (Angela Eagle): The hon. Gentleman claims that the Opposition believe that the problem is monetary, and strongly implies that the only reasonable solution is monetary. If interest rates get as low as they have done in Japan and the US, where is monetary policy then? Is he asking for quantitative easing?

Mr. Gauke: We have been asking for a national loan guarantee scheme, which will get lending going again and help get money flowing through the economy.

Dr. Cable: Let me follow up the Exchequer Secretary's question. I agree that monetary expansion is an important part of the package, but quantitative easing is now the only way of achieving that. I understood the shadow Chancellor to say a few weeks ago that the Conservatives categorically oppose that policy. Will the hon. Gentleman clarify that?

Mr. Gauke: Our position on quantitative easing is that it is the last resort. We have consistently said that it cannot be ruled out. However, for months, we have called for an effective national loan guarantee scheme. This country needs that. *[Interruption.]* The Exchequer Secretary says that that is not monetary policy, but it is. It is about getting money flowing through the economy and giving credit to businesses. That is a monetary policy, which we need, and that answers the intervention of the hon. Member for Preston (Mr. Hendrick).

Susan Kramer (Richmond Park) (LD): The hon. Gentleman is generous in giving way. Does not he agree that, at least in my constituency, banks are not lending, not because they perceive companies as too high a risk—it is not a guarantee issue—but because they simply refuse to lend? Perhaps the reason for that is that they are not aware of the bad assets on their books and they cannot tap the broader financial markets.

Mr. Gauke: There is an issue about greater transparency in the banking system—I agree with the hon. Lady to that extent. However, it is vital that we restore confidence if we are to get the economy working again. The amount of debt and borrowing into which the Government are taking us will not restore confidence for a long time.

The Financial Secretary cited the Institute for Fiscal Studies report approvingly. I do not have time to go through every detail, but it is extremely gloomy about the public finances. It states:

"The government's ballooning budget deficit will soon require it to issue debt on a scale last seen at the end of the second world war."

In the context of perceiving the fiscal stimulus as an enormous help, it is interesting to examine the work undertaken by Oxford Economics, which believes that the fiscal stimulus means that 35,000 fewer jobs will be lost in 2009 than would otherwise be the case. However, it also states that the VAT rise, which will occur to return VAT to its previous level, will cost 30,000 jobs in 2010 and lead to a neutral year in 2011, and that the increase in national insurance will cost 91,000 jobs in 2012 and 84,000 jobs in 2013. This is a short-term measure that leaves the UK in a vulnerable position.

I return briefly to the subject of public works—

Mr. Tom Harris (Glasgow, South) (Lab): Will the hon. Gentleman give way?

Mr. Gauke: I ought to press on as this is a curtailed debate, but the hon. Gentleman has asked so nicely.

Mr. Harris: I am grateful. The hon. Gentleman has explained in careful detail what his party is against. The only policy that he has come up with in order to alleviate the current recession is a loan guarantee scheme. Is there anything else? Is that it? Given that his party has fulminated against the problem of debt, is the only solution that he is offering a system of lending people more money?

Mr. Gauke: We have set out a series of policies to help small businesses, such as a VAT deferral, which the Government have to some extent taken up. We have set out proposals for national insurance contribution cuts and a council tax freeze. The essential problem is to get lending going again.

Mr. Graham Stuart: Will my hon. Friend give way?

Mr. Gauke: I should be grateful if my hon. Friend let me proceed. Very well, I give way.

Mr. Stuart: I am grateful to my hon. Friend. It is an extraordinary position, is it not, that the Labour Government came into power on the basis that finally the Labour party had understood the need for fiscal responsibility—that they could spend only the money that they had coming in? Prudence was their watchword, when they first came in, to restore confidence, but now they have reverted to type. They are making the country run out of money and they think the only response to

any problem is to throw money at it. That undermines confidence, which is the single most important thing we need to restore the economy of this country.

Mr. Gauke: I agree with that intervention. It appears that this is a Labour Government in reverse. Normally they come in, are reckless, and are forced to take more conservative measures. The present Government appear to have done the reverse.

I return to a further point about public works, which is essentially a practical argument. I will not develop the argument in great detail, but all parties would agree that where, within existing budgets, it is possible to bring forward projects, given that land and labour are relatively cheap and available at present, it is sensible to do so. Indeed, on the subject of social housing—the point was made earlier—where there are no rigid rules preventing private housing development which has been mothballed from being taken into social housing use, there is a strong argument for considering that.

There may well be merit in the proposals set out by the Liberal Democrats, but they are not a response to the recession. They are not a way of pump-priming the economy. For example, one of their proposals is a five-year programme to insulate schools and hospitals. That may be a sensible policy, but it is not a response to the recession. They advance an argument for improving railway infrastructure. There may be something to be said for that. I looked at the set of schemes that they proposed, the various lines that would be improved or doubled, and the destinations and areas that those serve.

The list is interesting. Can the House spot a link? It includes Oxford, the Lake district, Lewes, quite a few destinations in the west country, Southport, Chesterfield, Hazel Grove, Cheltenham, Colchester, and a double whammy—the line from Eastleigh to Romsey. *[Interruption.]* The list is not exclusive. I did not see any reference to Wolverhampton, but perhaps that is the least of the worries of the hon. Member for Wolverhampton, South-West (Rob Marris). The policy is not focused on the recession. It is focused on the "Focus" leaflet.

The problem of getting public works expenditure to tackle the recession is not unique to the UK. It is worth quoting what the US congressional budget office found when it examined the $356 billion spending proposals as part of the fiscal stimulus in the US. It concluded that only 7 per cent. would be spent in 2009 and 31 per cent. in 2010. There is a practical point—planning permission and various details need to be dealt with. It is not easy to do that quickly.

Mr. Philip Dunne (Ludlow) (Con): On public spending, does my hon. Friend recognise this critique of the relevance of public spending, which was issued barely three months ago, when an hon. Member said that

"it is entirely wrong for the Government to assume that the economy should be stimulated by yet more public spending rather than tax cuts"?

That was said by the hon. Member for Twickenham (Dr. Cable) on the BBC.

Mr. Gauke: I am sorry I missed that one, so I am grateful to my hon. Friend for highlighting it. Let me match that quotation from one Liberal sage to conclude with a quotation from another Liberal sage—the Liberal sage, Lord Keynes—who wrote in 1942:

"Organized public works, at home and abroad, may be the right cure for a chronic tendency to a deficiency of effective demand. But they are not capable of sufficiently rapid organisation (and above all cannot be reversed or undone at a later date), to be the most serviceable instrument for the prevention of the trade cycle."

That is the problem with the proposals from the Liberal Democrats, and that is why we will not support them, despite the fact that there is much merit in the motion.

5.57 pm

Mr. Ian McCartney (Makerfield) (Lab): I support my right hon. and hon. Friends on the Front Bench. Irrespective of the crisis that we face in international banking and the financial sector, the strategy of co-ordinated investment in social and economic regeneration over the past decade has worked and continues to work. Without it, communities such as my constituency would still have Dickensian schools, hospitals and GP surgeries, and we would have had construction workers on the dole for the past decade and more. If we are serious about regenerating communities and engaging the private sector to reinvest in communities, the public sector requires a co-ordinated approach to replenishing the public realm.

I invite my right hon. Friend the Financial Secretary to visit us in my area of Wigan. For the past decade, we have worked with the private sector to reinvest in our townships, abandoned by the last Conservative Government, and our pit villages and our textile communities, left almost overnight with no economy and a disinvestment in our public services. That caused great social and economic dislocation. Some parts of our community are still grappling with the consequences a decade or more later.

It is important that we do not look for merely a short-term fix to get us out of our fiscal difficulties because of the failure of the American and other banking systems. We must sustain our investment for social and economic good. If we are serious about re-skilling and up-skilling our work force and giving every kid in Britain the right to be the best they can be, we need a co-ordinated approach at local level, with public investment linked to engagement with the private sector in order to develop our infrastructure and encourage investment in communities where previously the private sector had disinvested for a decade and more.

In our community, the local authority worked with the private sector to encourage the creation of public sector campuses in our small townships and our larger ones. We want the Government to utilise capital investment in the NHS, the education system, housing and local government, and to bring those investments together, instead of allowing investment by individual Departments to be made in a pepper-pot way. We need to bring forward those investments to ensure a better-resourced outcome from public investment.

During this crisis, the Government have established a National Economic Council. Before Christmas, we in Wigan met the banks, building societies and private sector developers to create our own economic council to ensure that work introduced at the top line happens locally, on the front line. I say to the Exchequer Secretary that when top-line announcements are made, we must have the capacity to ensure that they are followed through at a local level. We will be judged by communities when they can see what we talk about in this place

[Mr. Ian McCartney]

making a difference in their everyday lives. When we say that we will invest in schools and colleges, we have to ensure that that investment is set out in an effective way over the next two or three years, and that we are certain that local authorities can invest in them. We have to be sure about investment in housing, whether it is social housing or public-private investment to bring back private sector housing into public use, such as old stock that needs refurbishing, or new stock that cannot be sold in the marketplace today. We need a time scale that ensures that people can see the differences made.

It is important that alongside those public investments, we ensure that the banking system generates enough resources, so that where public investment with the engagement of the private sector is needed, the private sector can work in sync with us. That is critical to the LIFT—local improvement finance trust—strategy for NHS investment, particularly in primary care. We can get an agreement with the national health service, but without investment to encourage the private sector to engage in big infrastructure projects, and without banks agreeing to participate with private sector developers as part of the LIFT company, some of the Government's priority projects will be delayed. It is important to listen to voices at ground level to ensure that top-line announcements by Ministers are delivered on the bottom line, in the local community.

We must not allow the Conservatives to get away with what they have attempted to get away with tonight. They have made it absolutely clear that there would be immediate removal of capital investment in this country under a Conservative Government, leading to dislocation for the private and public sectors. The consequences for public services, and private sector companies engaged in public services, would be double what they were under the last Tory Government during the 1980s and 1990s. It is not rocket science. The policies advocated by the Tory Front-Bench spokesman, the hon. Member for South-West Hertfordshire (Mr. Gauke), were those pursued by the last Conservative Government during two recessions. At that time, the consequence of those policies was a laying waste of my community and its public services. We were trying to provide public services in our community at a time when nine out of 10 people on council estates had to rely on some form of state benefit. That was the level of dislocation caused the last time the Conservatives put into practice the policies that the hon. Gentleman advocated in relation to this recession. These are siren voices: they were wrong then, and they are wrong now. It is important, in arguing our corner, that we do not just become administrators of Treasury policies. We should be enthusiastic and tough in arguing our corner on public service investment.

My final point is about the banks, and it is not an easy hit. It is important, having rightly saved the banking system from meltdown, that the system does not revert to type. We saved the banking system for a simple reason: to protect the long-term future of business and commerce, and to protect pensions and other assets. It is no job of ours to sit back if a bank allows 12,000 jobs to go to the wall, as one bank in my constituency is doing. Why is that happening? Because the bank will not implement the strategy that the Government rightly outlined weeks ago. It is our task not only to ensure that public services invest in the way we want them to, but to make sure that the banking system fulfils its side of the bargain. Good businesses in our constituencies are going to the wall not because they have failed—they have not—but because they need support from the banking system to get them through this recession into better days.

I hope that, in her response, my hon. Friend the Exchequer Secretary gives a clear indication of how the Government are ensuring, alongside local authorities, that public sector investments will take place in a time scale that will make a difference. They must take further action, if necessary, to protect individual companies when the banks are acting inappropriately and putting those businesses at risk.

6.5 pm

Bob Russell (Colchester) (LD): The debate has been global and national, with interventions of a constituency nature. I shall make some brief remarks.

The Financial Secretary said that the colleges programme is steaming ahead, but oh no, it is not. If the Exchequer Secretary does not believe me, I invite her to come to Colchester, where phase 1 of the Colchester institute is about to finish. In a few weeks' time, the entire work force will leave the site to join the dole queue because the much-promised phase 2 does not have the necessary finance. Given some of the interventions we have heard, I imagine that that story is being repeated in other constituencies.

I made two interventions on those speaking on behalf of their Front-Bench teams, when I asked about renovation and restoration before demolition, and about new build. Let me set out the significance of those comments. I welcome public investment in my constituency whether it is £100 million or £150 million, as promised by the Conservative-led Essex county council for new schools—or at least I welcome part of it, because some of it will not provide value for money. One of the aspects that will not provide value for money is the demolition of a perfectly good secondary school opposite the Colchester institute. The people of Colchester want phase 2 of the institute to be built before we start demolishing buildings to provide new ones. We need a bit of joined-up government.

Many hon. Members will know that I have been badgering the Government for 12 years about the resumption of council house building. It is a fact that Conservative Governments have built more council houses since the second world war than Labour ones. I made that point to Brother Blair and to the then Deputy Prime Minister, and I have made it to the current Prime Minister. We need to invest more in existing housing stock that stands vacant. In my constituency, the Government have in excess of 200 houses standing empty, for which they are paying rent approaching £750,000. Those 200-plus family houses could accommodate some of the families for whom the waiting list has virtually doubled under Labour. The houses are under the control of the Ministry of Defence, and I make a particular plea for the Government to engage in a bit of joined-up thinking, so that some of those families can move into houses that currently stand empty. I am sure that there are other houses standing empty across the country which should be brought back into use, and we could also buy up houses in new developments—but not flats, please. We need family houses, and I urge the Government to take that line.

6.8 pm

Mr. Andrew Tyrie (Chichester) (Con): I shall be brief. I do not know how long the winding-up speeches are going to be, but I am sure that someone will signal to me when they want me to sit down. I will do my best to make a few comments until then.

I would like to clear up a point that was made as a result of an intervention by the Exchequer Secretary. I think that she said something to the effect that we did not have any monetary policy tools left to deal with the crisis now that interest rates were so low.

Angela Eagle: I did not say that.

Mr. Tyrie: If that was not the case, I would be grateful if she clarified exactly what she did say.

Angela Eagle: I was asking the hon. Member for South-West Hertfordshire (Mr. Gauke) a question about monetary policy, should we get to the stage where interest rates in this country are as low as they have been in Japan and the USA. I was talking about a hypothetical situation, not one that is in existence, because, as the hon. Member for Chichester (Mr. Tyrie) knows, interest rates are currently 1.5 per cent.

Mr. Tyrie: I think that the hon. Lady is labouring under a massive misapprehension about monetary policy and the main tools available to the authorities. I hope that that misapprehension is not informing the higher reaches of policy making in the Labour Government, because if it is, it must be partly responsible for the talk about using all sorts of other tools, which in my view is probably premature.

At least three monetary tools are still available. The first, as the hon. Lady correctly implies, is 1.5 percentage points of interest rate cuts. Secondly, there is the use of funding policy. I find it quite baffling that the Government should be allowing the Debt Management Office to issue so much long-dated stock, when they should be asking it to fund at least part of the deficit at the short end, thereby generating some further monetary easing. The third tool is the exchange rate, which she has ignored completely. The dramatic fall in the exchange rate is by far the biggest event to have taken place in monetary policy—bigger even than the fall in interest rates that we have seen—and it will have considerable effects. However, those effects will take some months to come through. Until they do, monetary policy needs to be given a chance to work.

Fiscal policy is broadly working—that is, the fiscal stabilisers are already operating as they should. It is monetary policy, and in particular that part which pertains to banks and the credit system, that needs a good deal of Government attention. However, they have been remiss in not acting on that earlier, first, by not underwriting the banks with recapitalisation, and then, when they did, by recapitalising the banks in a way that encouraged them to strengthen their balance sheets at almost any cost, thereby negating part of the purpose of the recapitalisation in the first place.

Given that so little time is available and given the fact that we are going to hear a couple of Front-Bench speeches in a moment, let me quickly make one or two further points. *[Interruption.]* I am getting a signal that it might be helpful if I make only one further point, so I will do that, and in only one minute, too. It might be misrepresented as being party political, but the point that I am going to make, which is almost universally accepted by all dispassionate observers of economic policy, is that there is absolutely nothing left of Labour's economic policy at all.

The policy that was put together a decade ago has been completely dismantled. The idea—the rhetoric or the mantra—of so-called spending to invest was long ago replaced by spending to consume. Indeed, the use of the word "investment" for current spending in the public sector has devalued the term, which has been damaging. The fiscal rules were consigned to the dustbin at the time of the Northern Rock episode—it was the first time that they were seriously tested, and they collapsed. Then there was the Chancellor's autumn statement, which tore up all the Labour Government's remaining pledges on taxation—the pledges that they used to try to persuade middle Britain that the economy was safe with them.

It is against that backdrop that in just over a year we will hold an election. The conduct of economic policy will be central to that election. I leave the House with one thought. When they go to the polls, the electorate will have in their mind a simple question. When looking at the Prime Minister and the running of the economy over the previous decade or so, will they be able to say well done?

6.14 pm

Sarah Teather (Brent, East) (LD): This has been an interesting, albeit short debate. I am aware that I have very little time to wind up, as we would like to finish by half-past 6 to ensure that House staff can go home.

My hon. Friend the Member for Twickenham (Dr. Cable) opened this debate by making a case for sensible public investment that would create jobs today and build assets for tomorrow. However, in the interventions that we have heard today, many of my hon. Friends, as well as colleagues in other parts of the House, have pointed out examples of programmes that have stalled. In particular, my hon. Friend the Member for Mid-Dorset and North Poole (Annette Brooke) mentioned building projects for colleges in her constituency. I was surprised by the response from the Minister, who said that those projects were steaming ahead, because it is self-evident that they are not.

The right hon. Member for Makerfield (Mr. McCartney) said in his contribution that the Government would be judged on how they make a difference to people's lives on the ground. Unfortunately, that was not the tone of the Minister's response. He agreed with almost everything that my hon. Friend the Member for Twickenham said about the need for a fiscal stimulus, the need to invest in social housing and the need to invest in insulation, but he made no new announcements. We are talking about an issue of scale. Ticking a box and saying that the Government have a programme is not going to help us out of recession.

The Conservative spokesperson, the hon. Member for South-West Hertfordshire (Mr. Gauke), rightly pointed out the inconsistencies in the Government's position. However, he said nothing about how the Conservatives would lead us out of the current recession and seemed

[Sarah Teather]

to misunderstand the point that my hon. Friend the Member for Twickenham was making. He has consistently argued for borrowing to invest in capital projects, not borrowing to fund tax cuts or current expenditure. Those things are different, and the hon. Gentleman should be aware of that.

My hon. Friend made the point, which others made too, that unemployment involves a large cost. Doing nothing is not a cheaper option, and I wish that the Conservatives would be aware of that. As for railway redevelopment, the hon. Member for South-West Hertfordshire perhaps gives us credit for having more cunning than my colleagues are capable of. However, now that he has acknowledged on the Floor of the House that Liberal Democrat projects will make an immense difference to many of my hon. Friends' constituents, I am sure that his words will be quoted in Liberal Democrat "Focus" leaflets in no time at all.

Nowhere is there a more urgent need to invest than in housing. There are 1.77 million households on the housing waiting list in England. Far from the need declining, more and more families are struggling to afford private rents or mortgages. The Council of Mortgage Lenders has estimated that 75,000 families will have their homes repossessed this year. Many will arrive at their council's door with their belongings in one hand and their children on their other arm. Councils will have nowhere to house those people, because housing projects have been drying up.

Demand for housing does not dry up because house prices are falling or because banks have stopped lending. As soon as lending recovers, the real and present danger will be that we might end up with hyper-inflation in the market, because we will have failed to keep pace with true demand in the meantime. As my hon. Friend the Member for Twickenham said, the truth is that house building in both the public and private sectors has stalled. Figures from the National House-Building Council suggest that the industry started fewer than 30 per cent. as many homes in the last quarter of 2008 as it did in the last quarter of 2007.

In an intervention, my hon. Friend the Member for Eastleigh (Chris Huhne) mentioned developments in his constituency. Many such developments are now being mothballed, which is why my hon. Friend the Member for Twickenham has been arguing for a dramatic increase in the amount of funding available for councils and housing associations to buy up such properties. The Minister said that that money had been made available, but only £200 million has been made available through the national clearing house scheme, most of which has been spent. Surely that demonstrates the need for more money to be made available.

The problem with housing associations being able to build is partly to do with lending and partly to do with the model of cross-subsidy that has been used for a decade to fund social house building. That model will simply not work in the current climate. Private sales have dried up. Housing associations that previously relied on being able to sell homes off plan cannot even sell them when they are fully built. Furthermore, low-cost home ownership lending products are no longer being offered by banks, so all the options for housing associations to cross-subsidise their social housing, affordable housing and housing for rent are just not available.

As a consequence, many housing associations have stopped building—they have certainly stopped building shared ownership homes—because they know that mortgages are not available. The consequence for them, as for the construction industry, is that they are making many staff redundant. The Government will have to accept that Treasury subsidy-per-unit targets will not work at the moment. The Homes and Communities Agency says that it will make more flexible funding available, but we need that funding to get to housing associations quickly, so that they can take advantage of it. Delay is costly for those people waiting for social housing.

I said that a consequence of the fact that building has stalled is that construction workers are being laid off in their thousands. The Federation of Master Builders predicts that job losses in the construction industry could reach 90,000 this year. The consequence is not just short-term, and it is not just misery for families whose major breadwinner has lost their job. The costs will be felt in the British economy for at least a decade, because even when the money to build again becomes available, the country will have lost vital construction skills, and it will take a decade, or possibly even a generation, for us to recover. Families, certainly in my constituency, cannot wait that long for house building to begin again.

In the face of that, the Government have been tinkering at the edges. They are bringing forward £400 million in the next 18 months for social housing providers to deliver just 5,000 homes, but 1.7 million households are on the housing waiting list. A further £150 million was announced in the pre-Budget report, but reports from the Department for Communities and Local Government suggest that it has not yet even worked out how to allocate that. It is a drop in the ocean given the fiscal stimulus that is needed for the recession, and given the number of families desperate for housing.

Some £12 billion was frittered away on a VAT tax cut that made little or no difference to most families; that money would have been better used in putting unemployed people back into work, and in leaving a lasting legacy that would save energy, reduce bills and fight climate change. With the money used to make a tiny VAT cut, we could have insulated every school and hospital in the country, funded insulation for a million people languishing in fuel poverty, and have built 40,000 extra zero-carbon social homes. The Conservative spokesperson said that that was not a response to the recession; well, it is certainly a response to need, and he has come up with no response to the recession whatever.

If the Government really wanted to cut VAT, how much more useful would it have been to cut the rate of VAT for rebuilding and renovation? My hon. Friend the Member for Colchester (Bob Russell) made a point about the number of empty homes that are left derelict, not just in the private sector, but often in the public sector. There are more than 700,000 empty properties in England—enough to make a sizeable dent in the amount of housing needed in this country—yet the Government are not prepared to take the action necessary to bring those homes back into use. What is needed from the Government is a dramatic building programme that

focuses attention across all Departments. They need to get the public sector to release land now. They need to bring forward substantial amounts of new money, and money in the existing comprehensive spending review, to make sure that housing associations and councils can buy up land and property while prices are cheaper.

6.22 pm

The Exchequer Secretary to the Treasury (Angela Eagle): We have had a short but interesting debate this evening, and I would like to deal with some of the issues raised. Interestingly, the hon. Member for Twickenham (Dr. Cable) said that capital expenditure simply is not taking place at the moment. I am glad to say that that is not true; I am sorry to disappoint him, but there is a great deal of work going on, and a great deal of extra capital expenditure coming through. I hope that he is reassured by that.

The Government will continue to show the commitment to investing in public services that we have demonstrated since 1997. That commitment is in contrast to years of neglect under the previous Conservative Government. Our investment has meant the building of 1,100 new schools, and more than £20 billion of improvements to social housing. The 100th new NHS hospital was recently successfully completed, and more are in the pipeline. When we came to government in 1997, 50 per cent. of the NHS estate dated from before 1948. Today that figure is down to just 20 per cent. We are proud of that record and are determined to continue investing in UK infrastructure to ensure world-class public services in buildings fit for the 21st century.

Bob Russell: To mention just one of the many examples that have been given on the Floor of the House in this debate, the builders are to leave the Colchester institute site in the next few weeks. Many other colleges are in exactly the same position; building work is grinding to a halt. What is happening?

Angela Eagle: There is no freeze to the capital programme for further education expenditure, and there is no question but that the £110 million that was brought forward in the pre-Budget report this year will be spent. There are signs that the ability of some colleges to raise their own funds for proposed projects is being affected by the downturn, and it is right that the Learning and Skills Council should take a look at the proposals for capital schemes in the pipeline to assess the likely impact on funding support for individual projects. I understand the concerns that have been raised, but hon. Members who are anxious about projects in their constituency should recognise and accept that the 253 projects to which my right hon. Friend the Financial Secretary referred have been given the go-ahead, and that more than 150 of them are due to be completed this year, so there is a substantial programme of capital works in the pipeline—£2.3 billion over the next three years. I point out that the figure was zero in 1997.

We know that we can sensibly combine our commitment to investment in our infrastructure and our public services with a real boost to the economy to help us through this very difficult global downturn. That is why we are bringing forward capital expenditure—not only because it is the right thing to do if we are to support jobs and stimulate economic activity, but because it will modernise Britain's infrastructure and ensure that we are in the best possible position to take advantage of the upturn when it comes. That is why we are using the fiscal stimulus to invest in our competitiveness for generations to come.

I agree with the hon. Member for Brent, East (Sarah Teather) that it is far more costly to do nothing than to invest in increased public expenditure as part of a co-ordinated fiscal stimulus to deal with the unprecedented global situation in which we find ourselves. That is why the pre-Budget report in November set out a fiscal stimulus, including £3 billion of capital expenditure on schools, transport and homes, which is to be brought forward from 2010-11 to the next financial year. That is real help now, and it is in contrast to the attitude of the do nothing Tories. This Government have taken concrete action to give a timely boost to prevent job losses and stimulate economic activity, and we are on track to deliver that spending.

There are reports that the difficult economic climate will adversely affect the private finance initiatives that are a common feature of the Government's public investment programmes. Some of those worries have been expressed this evening. There is no doubt that the market is challenging. The credit crunch has reduced liquidity in the financial markets, and that has affected all debt-raising. Understandably, there is a concern that that could result in new PFI deals struggling to find finance, or increase costs for those that do obtain finance. Obviously, we are watching the situation extremely closely.

Projects continue to reach financial closure. As my right hon. Friend the Financial Secretary said, in January, two projects—the M80 highway project and the Forest Gate housing project—closed successfully. That involved £370 million of public investment, which had been committed and which is now being put to effect. We are working to push forward all the projects currently in the pipeline. In recognition of the potential difficulties facing such initiatives, Treasury officials are working with other Departments and Partnerships UK to help ensure that projects are able to obtain finance in a timely fashion. In addition, the measures to unfreeze credit announced last month by my right hon. Friend the Chancellor are intended to help remove barriers to lending.

My right hon. Friend the Member for Makerfield (Mr. McCartney) made an impassioned speech, as usual, about the importance of protecting communities during such downturns. I agree with him about the policy of the Conservative party, which is to cut public expenditure now, right in the middle of a recession. That is the opposite of a fiscal stimulus. The Conservatives would not do nothing—they would take action that would make matters worse. By cutting public expenditure, the Conservatives are once more falling into the trap of laying waste to entire communities and huge areas of the country. This Government will not fall into that trap. We are committed to ensuring that public expenditure remains higher, even after the fiscal consolidation that we have planned. Public capital expenditure will be 1.8 per cent. of gross domestic product in 2013-14, which is three times more than the paltry 0.6 per cent. that we inherited from the Opposition. The Government have addressed the huge backlog—

Mr. Burstow *claimed to move the closure (Standing Order No. 36).*

Question put forthwith. That the Question be now put.

Question agreed to.

Question put accordingly (Standing Order No. 31(2)). That the original words stand part of the Question.

The House divided: Ayes 44, Noes 229.

Division No. 27] **[6.30 pm**

AYES

Alexander, Danny
Beith, rh Sir Alan
Brooke, Annette
Browne, Mr. Jeremy
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Clegg, rh Mr. Nick
Davey, Mr. Edward
Davies, Mr. Dai
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Holmes, Paul
Howarth, David
Hughes, Simon
Huhne, Chris
Kennedy, rh Mr. Charles
Kramer, Susan
Laws, Mr. David
Leech, Mr. John
Mason, John
Mulholland, Greg
Pugh, Dr. John
Rennie, Willie
Rogerson, Dan
Rowen, Paul
Stunell, Andrew
Swinson, Jo
Teather, Sarah
Thurso, John
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Adrian Sanders and Bob Russell

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blizzard, Mr. Bob
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Conway, Derek
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Doran, Mr. Frank
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Foster, Mr. Michael *(Worcester)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McIsaac, Shona
McKechin, Ann
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Straw, rh Mr. Jack
Stringer, Graham

Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Whitehead, Dr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Mr. Dave Watts and Mark Tami

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).

That the proposed words be there added.

Question agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House notes the substantial investment over the last decade in frontline public services in every region of the country; notes that the Government paid down debt over the last 10 years, reducing it from 42.5 per cent. to 36 per cent. of GDP over the last economic cycle, before the global credit crunch hit Britain; further notes that public sector net investment was only 0.6 per cent. of GDP in 1997-98 but was 2.1 per cent. of GDP by 2007-08, supporting sustained increases in investment in schools, hospitals and other key public services; welcomes the action the Government has taken in response to the international financial crisis both to support financial stability and to provide help for people and businesses at the time when they need it most; notes that to support the economy in the short term the Government's fiscal stimulus includes public sector net investment rising to 2.7 per cent. of GDP by 2009-10 and a value added tax cut putting over £12 billion into the economy throughout 2009; further notes the Pre-Budget Report 2008 measures to bring forward £3 billion of capital investment from 2010-11 to 2008-09 and 2009-10 which will support a number of different industries and jobs and directly improve key public services including schools, transport projects and social housing; welcomes the Government's commitment to ensuring that the overall level of capital spending is sustainable and protects investment in public services; and believes that action now to support the economy will enable Britain to take advantage of opportunities arising as global growth resumes.

Parliamentary Standards (Constitutional Reform)

Mr. Deputy Speaker (Sir Alan Haselhurst): I inform the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

6.44 pm

Mr. David Heath (Somerton and Frome) (LD): I beg to move,

That this House believes that the United Kingdom needs and deserves a Parliament that is fit for purpose and free from the taint of partial interests; is dismayed by the slow pace of reform which has failed to deal effectively with the opportunities for abuse; welcomes the suggestions from Liberal Democrat members of the House of Lords to introduce powers to suspend and expel Members of that House, require Peers to declare any interest in all legislation, make all Members of that House resident in the United Kingdom for tax purposes, put the Lords Appointments Commission on a statutory basis, bring Members of both Houses into the remit of the Parliamentary Commissioner for Standards, and tighten up on the issuing of passes to Parliament; believes however that there is now an urgent need to bring forward plans for an elected House as agreed by a majority of hon. Members; is concerned at the lack of progress on the Prime Minister's constitutional renewal programme; is disappointed that current legislation fails to provide for limits on donations or spending by political parties; calls for urgent and effective action to reduce parties' dependence on large donors and trade union interests; believes that comprehensive reform of the procedures of the House is essential to enable it to scrutinise Government and the spending of taxpayers' money more effectively; and recognises the need for urgent action to restore the trust of the British public in Parliament as an institution and in politics as a profession.

The past fortnight has been a bad couple of weeks for parliamentary politics. We had the aborted attempt to exempt Parliament from the Freedom of Information Act 2000, the revelations about the activities of certain peers and a reminder, in the Standards and Privileges Committee's report, of the actions of one hon. Member. A week ago, when we discussed the freedom of information provisions, perhaps in a genuflection to Burns, I asked colleagues to try to see themselves as others see us. I despair at what those outside the House who are struggling to keep their jobs and to keep a roof over their heads think when they read in their newspapers of people asking for £10,000, £20,000 or up to £100,000 to affect legislation by the exercise of whatever influence they believe they have. This cannot go on, and it is time that we took action.

A sensible, appropriate and proportionate response is to recognise that Parliament is in urgent need of reform. I refer to Parliament as a whole, as the matter is not simply about those at the other end of the corridor. The title of the motion, as it was read out by the Leader of the House at business questions on Thursday—I am sorry not to see her in her place—referred to this as an "urgent" case. When I took that title to the Table Office, its staff told me that they were unhealthy—*[Interruption.]* I mean unhappy—they might be unhealthy, too. They said that they were unhappy with the term "urgent" and that it was not a parliamentary term. What could better illustrate the difficulties of reforming this place?

I hope that we can conduct today's debate in a non-partisan way, because it is desperately important that we do so.

Andrew Mackinlay (Thurrock) (Lab): But?

Mr. Heath: No, there is no "but". It is unwise for us to try to score political points off one another on these issues, and it is dangerous for anybody to claim moral superiority. I simply say to the whole House that those who are tempted to throw rocks either down the corridor or at other parties in this House should realise that we all inhabit an exquisite, Victorian, neo-Gothic house of glass. Every time we cast aspersions on other politicians, those aspersions are applied to us in our constituencies, however inappropriately. It is public perception that is important.

Mr. William Cash (Stone) (Con): Will the hon. Gentleman deal also with the question of constitutional reform, which is implicit in the motion? The issues of standards and conduct to which he refers are matched by, if not less than, the problem of whether this is becoming a sham Parliament.

Mr. Heath: There are all sorts of constitutional issues, and the hon. Gentleman has a particular viewpoint on one of them. The perception outside is that politics is not being conducted in the way that it should be, and that we in this House and in the body politic generally are not clearly free from the taint of partiality that affects all of us. That is very dangerous, but more than that there is a perception that our political structures are not fit for purpose or serving the country well. That is where the thrust for constitutional reform comes from.

I turn first to the other end of the corridor and to another place—the Lords. There was palpable relief that for once, the reports over the past week were about things down that end, not here. That is a wrong-headed relief, because when there is damage to the reputation of politics, it affects all of us. The reputations of all of us are at stake. If the other House does not operate with credibility, it cannot properly perform the role that it is required to perform in our constitutional arrangements.

We therefore need to be concerned, as I know are many hon. Members, and noble Members in the other place who are honourable in their intent, about sorting matters out. Are there not inherent problems, however, with this mish-mash or half-reform that we have left in the other place? We still have 92 hereditaries who are there by accident of birth—never mind the pretend elections among that exclusive franchise. Uniquely among all Parliaments, we have people who are there—

Mr. Gordon Prentice (Pendle) (Lab): There is Tonga.

Mr. Heath: The hon. Gentleman refers to Tonga, but there has been reform there, I think, so we are unique.

We have the 26 bishops as well, and 625 life peers. Those life peers are all placed there by—let us make no mistake about this—patronage. They are placed there because somebody has suggested they would be an ornament to that House. Indeed, some are; some are very able people who work very hard for this country. There are others, however, who, frankly, do not, and I afraid that my respect does not extend to every Member of the other place.

Chris Ruane (Vale of Clwyd) (Lab): Name them.

Mr. Heath: I am not going to name them, because as I have said, I am not going to be partisan, but let us say for a start that it is reported that at least eight were allegedly prepared to change the law for cash in their hands. To me, as to many peers, that is outrageous. Furthermore, however, we have as Members of the House of Lords a convicted perjurer, a convicted fraudster and a convicted fire raiser. What a rum crew we have making laws for this country. We also have four peers who do not choose to be resident in the United Kingdom for tax purposes. They do not choose to pay the taxes that the rest of us pay, but they choose to make the laws that the rest of us have to live with. Two of them made solemn pledges that they would become resident for tax purposes—pledges which, since they have been elevated, they have chosen to ignore.

Philip Davies (Shipley) (Con): The hon. Gentleman and his party make a big play of the fact that everybody who makes laws in this country should pay taxes in this country. That is a principle I can support, but can he tell me whether that extends to European Commissioners and Members of the European Parliament, who make 80 per cent. of the laws of this country, but who, as far as I am aware, do not pay any taxes in this country?

Mr. Heath: As a matter of fact, they do pay taxes in this country. *[Interruption.]* No, not those who represent other countries, of course; oddly enough, they do not, but those who are resident in this country, as our MEPs are required to be, are paying taxes in this country.

Bob Spink (Castle Point) (Ind): Leaving Europe aside— [Hon. Members: "Hooray!"]—I agree with the thrust of the hon. Gentleman's speech so far, but does he agree that the law should be obeyed not only to the letter, but in its spirit? One of the tax exiles in the other place is funding campaigning in marginal constituencies to the tune of tens of thousands of pounds, to get a political advantage in a way that the public would perceive as totally wrong. What does the hon. Gentleman think about that?

Philip Davies: When did you start complaining about that, Bob?

Mr. Deputy Speaker: Order. I am beginning to have some forebodings about the way this debate is going. I should remind hon. Members that we must be very careful about criticising particular people, and if they are only allegations or suggestions, that is quite out of order. Only factual matters can be referred to on the Floor of the House. I think the House will do itself a service in the country if we are seen to conduct this debate in a sober and serious way, rather than in the rollicking manner in which it has been conducted so far.

Mr. Heath: I agree, Mr. Deputy Speaker, which is why I was very careful not to cast aspersions on any particular peer. I was simply making the point that all the people to whom I referred are noble Members—they are all people who are taking part in the making of the laws of this country. I think there is more than an argument that reform in this area is overdue.

Mr. Gordon Prentice: Lord Laidlaw is a self-confessed tax exile and he gave more than £100,000 to the Conservative party last year. Is it not inappropriate for any political party to accept donations from someone who is a self-confessed tax exile?

Mr. Heath: I believe the hon. Gentleman is absolutely correct in saying that the gentleman in question has made no secret of the fact that he lives outside this country—he lives in Monaco, as I understand it—so I do not think we are in a contentious area there.

As I shall explain, this problem can be cured by proposals that have been made, and which I hope the Government will now accept. That is the point of this section of my speech: there are some immediate steps that can be taken—my noble Friends in the other place have suggested them—and the Government would do well to agree to them. Indeed, there are intimations that they have agreed to them. The Lord Chancellor was a very busy man over the weekend, writing columns in various newspapers saying he was minded to do this, that and the other. I rather hoped he might come to the House today when there was a debate on the subject and tell us what he proposed to do. Instead, however, he chose to send the Deputy Leader of the House of Commons, the hon. Member for Rhondda (Chris Bryant)—

Andrew Mackinlay: Unpaid.

Mr. Heath: Yes, unpaid. I mean no disrespect to the hon. Member for Rhondda, but I feel that the Lord Chancellor and the Leader of the House might have chosen to be here, because they seem to have a lot of opinions on this subject, and they are hinting them to the press but not expressing them to the House.

What do we believe should happen? The following proposals have come from my noble Friend Lord McNally, and some of them are already before the other place as legislative proposals. One of them is that there should be the power to expel and suspend. It is extraordinary that that was discussed 10 years ago and still has not been brought into force. Another is that the House of Lords Appointments Commission should be on a statutory basis. That would cure the problem of peers making pledges to the Appointments Commission but then not honouring them. Both those proposals are contained in a Bill introduced by my noble Friend Lord Steel.

It has been suggested that all peers, and indeed all Members of Parliament, including MEPs—let us cover the points made by the hon. Member for Shipley (Philip Davies)—should automatically be considered resident in the United Kingdom for tax purposes. That could be done at the stroke of a pen. My noble Friend Lord Oakeshott has proposed that, and it can be done now. Will the Government agree tonight to do that?

There is also the view that peers should be brought under the supervision of the Parliamentary Commissioner for Standards. We have improved self-regulation in this House; it is not perfect, but it is better, and one of the reasons for that is the existence of the Parliamentary Commissioner for Standards. It is extraordinary that self-policing is considered to be a sufficiency elsewhere, and I believe that all Members of Parliament should be brought within the remit of the Parliamentary Commissioner for Standards.

The issue of passes is a security issue, apart from anything else. Passes are issued to Members of Parliament for members of staff to do work in the House, not for any passing lobbyist who happens to want easy access to the parliamentary estate. There should clearly be a tightening up of the issuing of parliamentary passes.

Lastly on my short shopping list for the House of Lords, there should be a declaration of interest irrespective of whether somebody is directly contributing to a debate. Some peers clearly seem to imagine that provided they do not actually make a speech it is all right to go along to Ministers' or civil servants' offices and argue the case for a change in legislation, which they are being paid to do, and that in some way that is not paid advocacy. The proposal seems very simple to me and the Government could usefully adopt it.

Andrew Mackinlay: Surely if people declare an interest it should ipso facto disqualify them from speaking about the matter in question and voting on it. There seems to be a culture in the other place that if someone makes a declaration of interest, they can proceed to speak about it, articulate it and advocate it, but in my view it should be a disqualification.

Mr. Heath: The hon. Gentleman is right—it is a cultural thing, although I hesitate to say that we always get it right in this House. We have to be much more careful.

I have set out a short shopping list, and if the Deputy Leader of the House is listening he could usefully say in his response tonight that he agrees to it and that those reforms will be undertaken, either through the legislation already proposed by my noble Friends, or through Government legislation if he prefers; but also that something will be in place in weeks rather years. However, to do that will be but to apply an elastoplast to the latest wound. There comes a point when we have applied so many elastoplasts that we tend to look a little ridiculous, which is the thrust of my argument. We have gone past the point when we can simply apply sticking plaster—we need fundamental reform to make our democratic structures fit for purpose. They are transparently not fit for purpose at present. We need fundamental reform.

There has never been a better time. Because of what we have heard over recent months and years, many people—not just commentators, but anyone who thinks seriously about the issue—think it is time to put this House, the other House and our parliamentary structures in order.

Mr. David S. Borrow (South Ribble) (Lab): On declaration of interest, does the hon. Gentleman agree that there should be rules about the level of outside interests that parliamentarians, whether of this or the other place, should be allowed while still maintaining their role as a Member?

Mr. Heath: My personal opinion is that it is extremely difficult to have an outside job and do the job of Member of Parliament. Other may be much better at juggling their time than I am, but as far as I am concerned being a Member of Parliament is a full-time job—and a lot of Members feel that way, too. It will be interesting to see whether the Leader of the House, who is not here today, will bring forward proposals, as she intimated last Thursday, to put into effect exactly what the hon. Gentleman said.

There are three possible reasons why the Government have been so weak in introducing reforms, and all three may indeed play a part. First, the Government do not believe that there is a public appetite for reform; they

[Mr. Heath]

believe that somehow these are Hampstead liberal or socialist arguments and that people are not interested in them because they are not the real world. The Government are completely wrong; we cannot achieve what we want to do in putting right what is wrong in this country without democratic structures that support and enable reform. There is a public appetite for cleansing the stables.

Secondly, the Government have friends who disagree—as do all parties. We know that, although I suspect that we have less disagreement at this end of the corridor. I make no secret of the fact that we have disagreement at the other end. All parties have members who disagree—those who wish, for reasons of their own, to stick with a system that they believe to be either in the national interest or their own interest. When somebody has been appointed a peer, it is astonishing how quickly they consider that the system that appointed them must be an exceedingly good one, because it had the perspicacity to put them on to the red leather seats. However, I fundamentally disagree with that view. At some stage we have to confront the issues. We have to put the argument and let those who disagree do so and lose the argument.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Is there not an even more bizarre version of the argument? Peers have to vote for an appointed House to protect the primacy of the elected Chamber. If the primacy of the elected Chamber depends on an unelected Chamber voting to remain unelected, there is something very odd about the argument.

Mr. Heath: My right hon. Friend is absolutely right, which brings me to the third reason and the core problem with the Government—timidity. The Government are afraid to put their neck out and do those things. They like to hint and suggest; they like to form all-party Committees to spend a lot of time looking at things—I have sat on two of them—but when it comes to putting legislation before Parliament and pushing it through they are not prepared to act.

Mr. John Redwood (Wokingham) (Con): Is not another problem that the Government are afraid of proper accountability and probing? For example, they spend £37 billion on bank shares, yet none of us can ask them, "Why don't you do proper due diligence? How much are those banks going to lose? How much will they pay in bonuses?" There is no accountability and what I like about the hon. Gentleman's motion is that it says we need to scrutinise spending.

Mr. Heath: The right hon. Gentleman pre-empts what I was about to say. He is absolutely right.

I have been talking about Lords reform. It has been agreed by the House. It has been agreed by the cross-party Committee in broad terms. As far as I know, it has been agreed by the leadership of all three parties. It has even been agreed by thundering editorials in the broadsheets over the past week, so what on earth is the delay? Why do we have to wait for what we all agree is necessary in terms of Lords reform?

It is not good enough to concentrate only on Lords reform, however. We have to look at Commons reform as well, which is why the point made by the right hon. Gentleman is so important. We have to make this House more effective. Why on earth do we not yet have a business Committee? We waste time on inconsequential measures, but when there are really important matters before the House, such as the Report stage of a big Bill when Members want to say what they need on behalf of their constituents, they are unable to do so because of some ridiculous programme motion that does not take into account the gravity or importance of the measure.

The other point made by the right hon. Gentleman was about scrutinising Government spending. Why are we so poor at scrutinising public expenditure? The nadir for this Parliament was in November—the supplementary estimate that spent £37 billion of taxpayers' money. What happened? We had a short debate when about only 12 Members were in the Chamber. We could not table amendments or apply proper scrutiny. That is not what people send us to the House to do—allow the Government to spend eye-wateringly large amounts of money on a rubber stamp, on the nod, without proper scrutiny. That is where we need reform in this place.

Jo Swinson (East Dunbartonshire) (LD): My hon. Friend is right to talk about the need for Commons reform, particularly to make sure that Parliament takes power back from the Executive and has the ability to scrutinise. Does he agree that we need to give power back to our constituents to scrutinise what we do, whether through transparency on expenses or giving them the right, if a certain percentage of them sign a petition, to recall their Member of Parliament and hold a by-election?

Mr. Heath: If we make this place properly representative, transparent and accountable, we will be giving power not to ourselves but to the people who send us here. My hon. Friend makes an absolutely crucial point.

When we have dealt with reform of the Lords and reform of the Commons, we will still have to deal with reform of the political parties. There is the issue of political party funding. I sat on that wretched Committee for so long trying to reach agreement between the parties on the issue. We should have had agreement; it was within our grasp to have proper caps on donations and on expenditure, to reduce the ridiculous arms war in election spending and put things on a sensible footing. We should not give undue influence to people who were prepared to dig deep into their pockets but who always had a price for the support that they were prepared to give.

What happened? The Conservatives will argue with this, but it is a fact: they walked out, because they did not think the proposal went far enough in terms of trade union funding and affiliation fees—not donations—although they had earlier agreed on that point. Then, those on the Government Benches were too scared to take the proposal forward without the Conservatives, so it was abandoned. What do we have instead? We have the Political Parties and Elections Bill and we have the constitutional renewal Bill, although goodness knows where that is—it is somewhere in limbo at the moment.

These are mere mice of Bills; they are horrible little crawling creatures of Bills compared with what is necessary in order to sort out the body politic.

Let me end on this point. We cannot make our politics work unless people have trust in the political system, and hints at reform are no longer enough. The fact that the Prime Minister asserted when he was first appointed that he was interested in constitutional renewal will not cut any ice with anybody until we start to see delivery. The Bills before the House at the moment are not delivery. Britain needs and deserves better than this—and not just on reforming Parliament. I could go on and talk about empowering local government or about reforming the European Union to make it more democratic and transparent. Those are all important issues, but unless we start the process, our democracy will not be fit for purpose. It is demonstrably not fit for purpose at the moment and there is no better time for us to make a start. I hope that the Deputy Leader of the House, for it is he who will respond, will be able to persuade us that the Government take this matter seriously.

7.12 pm

The Deputy Leader of the House of Commons (Chris Bryant): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

'believes that all Members of both Houses of Parliament should uphold the highest standards in public life, should be UK residents for tax purposes and should face the toughest sanctions if they undermine Parliament's reputation; notes that the Government has taken significant steps to strengthen probity in the political system, including the revised Ministerial Code in July 2007 and the appointment of an independent adviser on Ministerial interests and the creation of the independent Electoral Commission; notes the inquiries established by the Leader of the House of Lords; further notes that this House has a clear code of conduct governing hon. Members and has adopted tough new rules on Members' allowances, a new requirement to declare and register any family members employed by hon. Members, a robust new audit system which will see the independent National Audit Office carrying out a full-scope audit of Members' expenditure and a transparent system of publication of details of their expenses; supports the Prime Minister's commitment to further constitutional reform as outlined in the Governance of Britain, including the dissolution and recall of Parliament and the power to declare war and to ratify treaties; notes the pre-legislative scrutiny of the draft Constitutional Renewal Bill by the Joint Committee; notes that the Political Parties and Elections Bill proposes to restrict political spending, bring greater transparency to political funding and strengthen the Electoral Commission as an effective regulator; and hopes that all parties engage constructively in developing a consensual approach to political party finance.'

First, I think I speak on behalf of the whole House when I offer an enormous thank you to all members of staff who travelled through the snow to make sure that this building operated properly today. I am glad to be able to tell the House that, starting from 9.45 pm, taxis will be arranged to enable all members of staff to get home safely this evening. We are very grateful to our staff.

The public want, and have every right to expect, the whole of our legislative process to be clean and above reproach and Ministers to be held to account by Parliament. That is why we should always be vigilant and take the necessary action to prevent any abuse of the system and reassure the public. This Government understand people's concerns, which is why we have taken action to clean up the system and why we are determined to take further action. We should also seek to come together, I believe, across all the political parties on these issues, because no party wins if Parliament is undermined.

It is vital that we tackle any kind of wrongdoing, but we should, I think, take care not to overestimate the problem, lest we create a self-fulfilling prophecy. After all, although some may believe that all politicians are only out for themselves, many none the less hold their own Member of Parliament in very high regard. Although we MPs may be rated only marginally higher for honesty than estate agents, we still beat tabloid journalists by a good 10 percentage points.

I believe that an element of scepticism about politicians is a very good thing. We are a naturally sceptical country. We distrust absolute power; we value freedom of speech; and we love scabrous satire. If anything, British scepticism helps keep us honest.

Mr. Redwood: Does the Minister think that the Government would be more trusted if, after offering a referendum, they had actually granted one?

Chris Bryant: I think the right hon. Gentleman is returning to the issue of the Lisbon treaty and Europe. Tempting though it is, I am sure that you, Mr. Deputy Speaker, would rule me out of order if I referred to a subject that was not on the Order Paper.

John Bercow (Buckingham) (Con): There is little doubt that fundamental reform of the expenses system is required, as discussed recently, and that it has to incorporate audit, transparency and accountability. On the Minister's theme of not knocking everything, however, does he agree that robust reform of that system needs to be accompanied by a robust defence of the legitimacy of a decent allowances system, with proper tribute paid to the late Robin Cook for improving it in such a way that we can effectively cater to the needs of our constituents?

Chris Bryant: The hon. Gentleman is absolutely right. I am very conscious that the first Member of Parliament for the Rhondda was a man called William Abraham—or Mabon, as he was known. I have a letter from him thanking the local trade union for paying his expenses while he was in Parliament; otherwise he would have had no means of being able to represent the people of the Rhondda, because he was not a wealthy man. It is vital that what I prefer to call our expenditure is properly met so that we can do the full and proper job that today's constituents expect of us. The days when an MP could visit the constituency irregularly and not bother to reply to letters are long gone—and quite rightly so.

Mr. Andrew Smith (Oxford, East) (Lab): I agree with my hon. Friend about the value of reform, but I invite him not to take too much comfort from and not to be complacent about the spirit of the intervention that he just answered. As far as many of our constituents are concerned, the integrity of Parliament would be accorded much greater respect if the whole question of pay and allowances were taken totally out of the hands of MPs so that we were unable to vote on what we should receive.

Chris Bryant: My right hon. Friend makes a very good point about our pay and our salary. As he will

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know, last year, with cross-party support, we agreed that that decision should no longer be made by us—that it should not be for us to determine our own pay. In future, it will be done in conjunction with the reports of the Senior Salaries Review Body. It is important that there is that degree of independence.

Kelvin Hopkins (Luton, North) (Lab): A little while ago, my hon. Friend said that the British people do not like politicians having too much power. I agree with him. Is it not the case that our Prime Minister has more power than almost any other comparable Prime Minister in Europe and that one way of reducing it and making it more acceptable would be to get rid of his powers of patronage now? If our Prime Minister said that, from now on, he was not going to use his powers of patronage and that the system would be reformed, would it not be a great gesture that the British people would appreciate?

Chris Bryant: My hon. Friend will know that when my right hon. Friend became Prime Minister, one of the first things he did was to publish "The Governance of Britain", which made it very clear that there were large areas where the Crown traditionally held power, which could be dealt with more appropriately by Parliament. That is part of what we will want to achieve when we introduce the constitutional renewal Bill. I think it is difficult to remove every single element of power and patronage from the Government because part of exercising power is trying to ensure that it works in the interests of the whole community.

The demise of the age of deference has not, of course, affected only Parliament; other British institutions have suffered, including the Church, the trade unions, very notably the BBC, the police and even the armed forces.

There are also elements of our political system in which we can take genuine pride. This Chamber, for instance, is one of the most critical arenas of any political assembly in the world in which to advance an argument. At times, we may be too rumbustious and the public are perplexed by why we have to confront each other so aggressively, but the truth is that no British Prime Minister can avoid having to put his or her arguments to the test. Nor, for that matter, can a Minister saunter along the corridors of power unquestioned.

This Government have strengthened many of our parliamentary traditions. Tony Blair made Prime Minister's questions a weekly half-hour occasion rather than a twice weekly 15-minute session, and volunteered to appear before the Liaison Committee. Few Heads of Government around the world have to submit themselves to such a rigorous grilling, having to face questions on literally any subject unannounced every week.

Chris Huhne (Eastleigh) (LD): Given that the Minister is making a very compelling case for Ministers appearing before Parliament, will he include in the constitutional renewal Bill proposals to ensure that Secretaries of State sitting in the other place are allowed to present their proposals here and be questioned by us?

Chris Bryant: I am not sure a Bill is the precise way of advancing such a suggestion. It might be possible—indeed, it might make more sense, because one would be changing the traditions of the House—if such a proposal were advanced by the whole House. I am not saying that I entirely oppose the hon. Gentleman's suggestion. Indeed, if he looks back at questions that I once asked when sitting next to my hon. Friend the Member for Thurrock (Andrew Mackinlay), he might see something that would interest him.

Ordinary oral questions to Ministers and our tradition of allowing interventions in speeches, which I have not noticed in any other Parliament, mean that those in power are held robustly to account. Only last year, we made that regime even tougher by introducing topical questions, thereby allowing Members to ask Ministers completely open questions on any subject. I think that all hon. Members would agree that that has been a significant innovation.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Will the Minister reflect on the House's legislative powers? He knows of the widespread concern about hon. Members' inability to seek to amend and debate major Bills' new clauses and amendments on Report. We shall consider two criminal justice Bills that contain nearly 10 parts on average. We will never get through 10 groups of amendments in a day. As a measure of his and the Government's commitment to parliamentary scrutiny of the Executive, will he ensure that there is enough time to debate all those groups of amendments?

Chris Bryant: The hon. Gentleman has asked me that question before, and, doubtless, he will ask me it again. I will try to give the same answer as I gave last time. The truth is that the most important thing that the Government can do is not to introduce Bills until they are thoroughly prepared, to ensure that they do not suddenly choose to introduce additional elements to Bills halfway through their progress—in particular, to Bills that look somewhat like Christmas-tree Bills—and to make sure that the amendments that they table are genuinely concessionary and meet the concerns that Opposition or, indeed, Government Members raised in Committee. It is also true that we sometimes need additional time to fulfil the duty of scrutiny for Bills on Report. That is why, for instance, the next major Bill that is coming up for consideration on Report is the Political Parties and Elections Bill, for which we have allowed two days on Report.

Mr. Cash: There must be a degree of consensus in the House that reform of the House, let alone of Parliament as a whole, is necessary. Does the Minister agree that we should tackle the Whips' system? Although the system may be necessary, it is overused. In particular, on questions that relate to consideration on Report or in Committee, more free votes would enable, if enforced by Standing Orders, Members of Parliament to express their opinions. Ultimately, the final debates on a Bill could be whipped in accordance with the manifesto.

Chris Bryant: The hon. Gentleman makes a point that I have often heard. Clearly, there are occasions when, by tradition, all the political parties have offered free votes, particularly on matters of conscience. However, I have a majority of 16,000, not because I am such a wonderful person that the people of the Rhondda suddenly decided that they would vote for me. The truth is that the vast majority of them vote Labour because they have done so historically and they want a Labour

Government, given that they know what a Tory Government would do to them. Consequently, it is incumbent on me often to support my party, because that is what my voters want me to do. Those who argue that every vote should be a free one or who want to weaken the Whips' system do not understand that countries with a very weak system often have the worst pork barrel system of politicking.

John Bercow: I am grateful to the Minister for giving way; he has been generous in doing so. I agree that, so far, the introduction of topical questions has been of benefit to the House, but they should not be distorted or polluted by the continued interference of Opposition Front Benchers in the process. In my view, topical questions should be principally, if not exclusively, for the benefit of Back Benchers to challenge the Government.

Chris Bryant: The hon. Gentleman makes a point that was made in the original Committee report that suggested topical debates and topical questions: they were intended to enable Back Benchers to have more time and more opportunity to question and scrutinise the Government. As some Opposition Front Benchers have not wanted to give notice of what their questions will be about, they have chosen only to ask topical questions, thereby sometimes crowding out Back Benchers. However, Mr. Speaker is very keen to ensure that Back Benchers have their fair crack of the whip.

Richard Younger-Ross (Teignbridge) (LD): One of the issues that comes up in the House from time to time and at Question Time when the Minister or the Leader of the House is answering is the time that it takes for written questions to receive a reply. Some Departments manage to answer 80 per cent. of questions on the named day; other Departments—for instance, the Ministry of Defence—manage to answer only 20 per cent. on the named day. Respect for the House will help to generate respect outside the House, and the hon. Gentleman could deal with that matter himself.

Chris Bryant: The hon. Gentleman raises an issue that I want to tackle, and I am very keen to ensure that, where pinch points exist in individual Departments, hon. Members receive swift and full answers and that every Department lives up to the highest standards that we all expect and, indeed, that the ministerial code of conduct lays down. I should point out that my Department has a 98 per cent. record.

We have also strengthened Parliament with pre-legislative scrutiny of Bills and with evidence sessions before the line-by-line consideration of a Bill starts in Committee, and there will be post-legislative scrutiny soon as well. Similarly, the Government have taken significant steps to improve probity and transparency in our electoral system. The Government created the independent Electoral Commission. We banned foreign donations. We required every Member of Parliament to declare any gift or donation above £1,000 that he or she receives. The public can see that information listed on the Electoral Commission's website. That is on top of the House's own requirement to register any financial interest worth more than 1 per cent. of a Member's salary. We also required local political parties to declare any contribution of more than £1,000 and national parties anything over £5,000. We required loans to political parties to be declared. We introduced a toughened ministerial code of conduct and an independent adviser on Ministers' relevant interests.

Mr. Gordon Prentice: Given what has been reported over the past few weeks, should we not embrace the Public Administration Committee's suggestion and introduce a mandatory register of lobbyists, giving details of the lobbyist and those whom they are lobbying?

Chris Bryant: My hon. Friend makes an interesting suggestion, but it is important to understand what counts as a lobbyist, not least because one of our constituents' ancient rights is to come to the Lobby and demand to see us as their Members of Parliament. Obviously, nothing should undermine that, but my colleagues will want to reflect on the interesting point that he makes.

Chris Huhne: I am grateful to the Minister for giving way again. Given that a substantial amount of the Government amendment is obviously welcome, given that there is a consensus across all parts of the House about the importance of electing the House of Lords and given the events of the past few weeks, is he prepared to make a commitment to introduce election to the House of Lords in the forthcoming Bill, particularly given that the Queen's Speech contains only 14 Bills this year and that there is plenty of parliamentary time to discuss and pass them?

Chris Bryant: The hon. Gentleman will have to wait to hear what I say a little later in my speech, when I come to those issues.

All the things that the Government have done have been vital, because the truth is that, although the instances of wholesale corruption are blessedly rare in the United Kingdom, we should never be complacent about the body politic. Equally important is the reputation of Members of Parliament—vital to the golden thread of trust between the Government and the governed and between the elected representative and the citizen. The public rightly expect those who are in a position of trust to exercise their duties without fear or favour and with sole regard to the common good. As this House's code of conduct puts it,

"Members shall base their conduct on a consideration of the public interest, avoid conflict between personal interest and the public interest and resolve any conflict between the two, at once, and in favour of the public interest."

This House has a robust disciplinary process, with an independent Parliamentary Commissioner for Standards and the Standards and Privileges Committee, whose Chairman is with us this evening. Only two weeks ago, the House agreed to tough new rules on our own expenditure, a tougher system of audit including a full-scope audit by the National Audit Office of all Members' expenditure, and a far greater degree of transparency regarding our expenditure than we have ever had before.

Let me now turn to the rules governing the House of Lords, particularly in the context of the allegations made last week in *The Sunday Times*. The Leader of the House of Lords, Lady Royall, has acted swiftly. She has referred the allegations to the Sub-Committee on Lords' Interests for a swift and rigorous investigation. In addition,

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as she told the House last Monday, she has asked the Chairman of the Committee for Privileges—the Chairman of Committees, Lord Brabazon of Tara—

"to consider any issues relating to the rules of the House that arise, especially in connection with consultancy arrangements, and in connection with sanctions in the event that a complaint against a Member is upheld." [*Official Report, House of Lords*, 26 January 2009; Vol. 707, c. 10.]

As was pointed out by the hon. Member for Somerton and Frome (Mr. Heath), the Lord Chancellor has also said:

"We want to see very, very clear laws brought in that deal with misconduct by members of the House of Lords so that if they commit a criminal offence or something else which is wholly improper then they can be expelled".

He has made clear that that should also apply to those who are not resident in the United Kingdom for tax purposes.

Andrew Mackinlay: If I catch the Speaker's eye, I shall develop the theme of how disappointingly conservative the Labour Government have been on constitutional reform. I buttress that by drawing my hon. Friend's attention to the fact that the late Robin Cook gave me an undertaking at the Dispatch Box that they would address the question of Members of the House of Lords who had been in prison, and it did not happen. That is the reason for my disappointment, my frustration and my charge against the Government tonight: they say one thing, and never do it. It is time that my hon. Friend broke that pattern, and said that we will have legislation immediately to address the problem.

Chris Bryant: I remember my hon. Friend challenging Robin Cook when he was Leader of the House, and also saying that it would be wrong merely to clear up a couple of instances in terms of Lords reform—

Andrew Mackinlay: I did not say that.

Chris Bryant: I think that my hon. Friend did. If he did not, it was someone sitting in the seat where he is sitting now who argued that it was important that we should not undermine possible future substantial reform of the House of Lords by merely dealing with the de minimis elements that Lord Steel, for instance, would like to introduce in his Bill. I merely point out to the hon. Member for Somerton and Frome that although he agrees with some elements of Lord Steel's Bill, it says absolutely nothing about elected peers.

I should also say this to the hon. Member for Somerton and Frome. He said that the views that he quoted had come from the Lord Chancellor entirely out of the blue. In fact, the White Paper on House of Lords reform, published last July—the hon. Gentleman may have had time to read it by now—makes it clear that we would like to change the rules on disqualification, and that we would like to put the Appointments Commission on a statutory basis.

Mr. Heath: That is precisely the point: putting it in a White Paper does not make it so. We want it in legislation. I am afraid that the Deputy Leader of the House sounds dangerously complacent when he simply says that things might be done at some stage in the future without giving a commitment to make them happen now.

Chris Bryant: We want to make these things happen, and we will present proposals to do precisely that.

I think that the hon. Gentleman also underestimates the desire of most people in this country to see major constitutional reform happen as far as possible on a cross-party basis, with as much consensus as possible. I pay tribute to my right hon. Friend the Lord Chancellor for achieving precisely that.

The hon. Gentleman said that there had been interminable meetings. I sat on the Joint Committee on House of Lords Reform, and those were pretty interminable meetings, but the truth is that this is a goal that the hon. Gentleman's party, when in government, espoused back in 1911, and these are measures that we want to pursue. We want to build on the Government's White Paper on Lords reform, published last summer, which outlines our commitment to a wholly or substantially elected second Chamber, to a statutory appointments commission for any appointed peers, and to introducing the system that applies in the House of Commons and automatically disqualifying a Member of the second Chamber who is convicted of a criminal offence and sentenced to more than 12 months' imprisonment.

Simon Hughes (North Southwark and Bermondsey) (LD) *rose*—

Chris Bryant: I give way to the hon. Gentleman's predecessor.

Simon Hughes: I think that there is a clear majority across all parties in favour of what the Deputy Leader of the House has sought to do, which is to reform the House of Lords and make it either wholly or substantially elected. I see no reason, from the point of view of this House, for that not to happen in the current Parliament. I ask the Deputy Leader of the House to convey to his colleagues that if they were to allow that proposal to take up some of the time in the current Session, they would have the full support of the Liberal Democrats and, I suspect, significant support from the other two parties, so that we could get it through at least for the first time in this Parliament.

Chris Bryant: It is also worth pointing out, however, that legislation has to go through two Houses, and that is a different matter. I heard the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith)—who chairs a Select Committee—say earlier that this was the primary House, but I think the second Chamber would have significant views on the matter of Lords reform.

Richard Younger-Ross *rose*—

Chris Bryant: I have allowed a great many interventions and I am keen to move towards the end of my speech, but I will give way.

Richard Younger-Ross: The fact that ermine is an addictive substance does not mean that we should not try to get rid of it in this House.

Chris Bryant: I remember Lord Howe saying that he did not want an elected second Chamber because he did not want clones of the clowns—referring to us as the clowns. All that I thought at the time was that it was particularly sad that a former clown should have so changed his mind.

Mr. Chris Mullin (Sunderland, South) (Lab): Does my hon. Friend agree that it would be fatal to many of the sensible proposals made by the hon. Member for Somerton and Frome (Mr. Heath) to link them to the question of elections? The reason reform of the House of Lords has eluded us for 100 years is that we keep opting for "big bang" solutions rather than concentrating on the issues on which we all agree.

Chris Bryant: I think that my hon. Friend is at least two thirds right. It is important to proceed in a way that carries a large body of opinion. However, there comes a time when one must declare whether one is in favour of a wholly appointed Chamber, as some Members of this House are, whether one believes that there should be no second Chamber, as others do, or whether, like me—as my hon. Friend knows, I have argued this for as long as I have been in the House—one supports a wholly or substantially elected second Chamber. The difficulty, late in a Parliament, lies in ensuring that that agenda can be taken forward.

David Taylor (North-West Leicestershire) (Lab/Co-op): My hon. Friend is a recent adornment to the Front Bench. I am very pleased that he was appointed to be part of the Government, but he did enter the House a little later than most of us, and he will not recall that we were being told in those first years that now—or, rather, then—was not the time for Lords reform. A time would come, and we would know when it was. Now we are being told that it is too late. What has happened? Why has my hon. Friend lost his radicalism in his transfer from the Back Benches to the Front Bench?

Chris Bryant: I merely say that I want to see reform of the House of Lords. I do not want to squander through impatience the opportunity that exists; nor, for that matter, do I want fear of radicalism so to infect us that we do not advance reform.

Action is vital in this area. As Lady Royall pointed out in *The Guardian* last week,

"it is obviously wrong—wholly wrong—if what peers do to earn a living warps their work as parliamentarians".

As she also said, in the House of Lords,

"We in this House have a responsibility to adhere to high standards, and we have to ensure that we adhere to those high standards in order to ensure that there is trust in the whole of our parliamentary process." [*Official Report, House of Lords*, 26 January 2009; Vol. 707, c. 11.]

It is the whole of the parliamentary process that matters here, and the Government stand ready to act.

Of course, as the hon. Member for Somerton and Frome himself said, our constituents are primarily concerned about their families, their homes and their jobs; but they also want to be as certain as possible that, in the words recited every day by the Speaker's Chaplain, we, as Members of Parliament,

"lay aside all private interests and prejudices"

and simply

"seek to improve the condition of all mankind".

They want to know that Parliament is entirely focused on the sole purpose of the common good. That is why in every era we need to restate our high ideals. When the Nolan Committee produced its report in 1995, it pointed to seven principles that it saw as vital in public life and that have since been included in the code of conduct. They are worth repeating—selflessness, integrity, objectivity, accountability, openness, honesty and leadership. It is also why Parliament must always be ripe for reform.

7.40 pm

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): There can be no doubt on either side of the House that both Houses of Parliament need to be reformed urgently and brought up to the standards of the 21st century. As servants of the people and as legislators, we must set an example in all our doings—in our dealings with taxpayers' money, in the way we do business in Parliament and in the way in which we operate and work within the political process.

Parliament and parliamentarians have come in for much criticism recently, and it is vital that we address those concerns head on. Public confidence in politicians—by which I mean parliamentarians, Members of the European Parliament and local councillors—is at an all-time low, as is confidence in our political institutions. Let there be no misunderstanding: the current malaise is not a passing fashion or a temporary aberration of the political process. It is a matter of very serious concern, and it should be a source of concern for all politicians.

Simon Hughes: The hon. Gentleman is right to say that we have much to do to earn the respect of the public, both here and locally. However, will he accept that there are some encouraging signs that, at local government level, there is much greater satisfaction with certain councils than there has been for many years? I am not making a party political point, because that applies to councils run by all parties. As the Deputy Leader of the House said, there is often considerable satisfaction with individual Members of Parliament and their performance. While the hon. Gentleman is right to encourage us, I hope that he will not downplay the progress and support that exists in many places.

Mr. Vara: The hon. Gentleman makes two valid points. While there are many well-meaning councillors and much is being done that is worthy of credit, let us not delude ourselves. It does not take much for local councillors to acquire a bad reputation, especially when it comes to postal votes and the rigging of them. I shall come to that issue later. The hon. Gentleman also mentioned individual Members of Parliament, and it is fair to say that the vast majority do their work as diligently as they can, they claim their expenses honestly and fairly, and they should have nothing to worry about. It is only a small number who earn the bad reputation that we have, and we must address that.

Kelvin Hopkins: I agree strongly that there is a danger that Parliament is held in disrepute by the electorate, and that is a serious danger because it is when external forces—the street—take over. We are not far away from such a situation now. Indeed, we saw such a situation today when those on the three Front Benches were all patting each other on the back and agreeing about the

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particular economic model that has caused the problem. Does the hon. Gentleman agree that differences in Parliament are healthy for democracy? When those on all the Front Benches speak the same language, that is not good for democracy.

Mr. Vara: I have news for the hon. Gentleman. The hon. Member for Somerton and Frome (Mr. Heath) mentioned keeping this debate consensual and said that he did not wish to make it partisan, but I am afraid that I will break rank with that particular pledge. I have certain issues to address, and I will not be taking the side of the Liberal Democrats.

It cannot be right that we expect individuals and organisations outside to show openness and transparency in their dealings with public finances, but that we should seek to draw a veil of secrecy when it comes to public money being dealt with by parliamentarians. We must have full transparency in all our dealings with money, and proper accountability for all that we do in our role as parliamentarians. By doing so, we may make some progress. The hon. Member for Luton, North (Kelvin Hopkins) said that confidence was at a dangerously low level, but I hope that if we make reforms we will be able to regain some of that respect and confidence, both for ourselves and in the political system.

Kelvin Hopkins: Some good research shows that the only thing that correlates with low and decreasing turnout at elections is the growing similarity between the philosophies of the political parties. That is a fundamental problem that we have not addressed, and it is up to the parties, as much as Parliament, to do something about it. Does the hon. Gentleman agree?

Mr. Vara: I certainly believe that there is a fair amount of difference between the parties, but we will have to wait until the manifestos are produced for the general election. It will be for the electorate to decide not only which party they wish to support in policy terms, but in which political group they have the confidence to run the country properly. It is not only an issue of policies, but of the public judging our characters and who is best to serve the country.

David Taylor: Approving remarks have been made about the new standards regimes in parish councils and elsewhere as a possible model for reform here, but does the hon. Gentleman agree that some of those standards boards have become a way for people in a local community to grind axes and pursue vendettas? Some of those boards are over the top. The Secretary of State for Health, with a budget of £100,000 million, has much less responsibility for standards than does the chairman of a parish council with a budget of £10,000. The whole thing is out of kilter.

Mr. Vara: The hon. Gentleman makes some valid points. When he talks about the standards boards, it is important to recognise that some local councillors are unfairly penalised. For example, a complaint can be made against a parish councillor who, in order to prove his innocence, will have to incur costs of a few thousand pounds, simply for being a good citizen and trying to do the best that he can. Let us not forget that there are issues in local government that need reform. We need to consider the matter of local councillors not being able to vote on planning issues if they declare their views. They have an enormous problem in that they cannot effectively speak up for their constituents if they cannot say where they stand publicly.

The hon. Member for Somerton and Frome said that he hoped that we would all speak with the same voice, but if a political party tables a motion like the one that the Liberal Democrats have tabled, it is worth putting on record their inconsistency and examining how they have behaved in ways totally contrary to the way in which they expect the rest of us to behave.

For example, the motion speaks of

"the need for urgent action to restore the trust of the British public in Parliament as an institution and in politics as a profession",

but this is the party that has taken £2.4 million from a convicted criminal. The Lib Dems talk about trust in parliamentarians, but that man gave them money from a fraudulent company that never traded. He did not live in Britain, and he was not allowed to vote here. What happened to the due diligence that one would expect from anyone taking such a huge sum of money? So much for due diligence.

David Howarth (Cambridge) (LD): All the problems that the hon. Gentleman mentions would be completely got rid of if his party were to accept the £50,000 cap on donations. Will he accept that proposal now?

Mr. Vara: I suggest that the hon. Gentleman does his homework a little better in future before he makes an intervention. He should be aware that it was my party that suggested, a long time ago, that there should be a cap of £50,000 for individuals, companies and organisations. It was not accepted because the governing party did not want to put a cap on trade union donations.

David Howarth: Will the hon. Gentleman give way?

Mr. Vara: I have given way to the hon. Gentleman and he will have an opportunity to speak later.

The Lib Dems speak of restoring

"the trust of the British public in Parliament…and in politics as a profession."

Let us consider the idea of the Lib Dems talking about trust in British politics. On page 21 of their campaign document, "Effective Opposition", produced by the Association of Liberal Democrat Councillors, it says:

"Be wicked, act shamelessly, stir endlessly."

On page 23, it says:

"Don't be afraid to exaggerate. For example, responses to surveys and petitions are always 'massive'. If a council is doing something badly public expressions are always of 'outrage'",

and on page 4, it states:

"Positive campaigning will NOT be enough to win control of the council."

On page 6, it says that

"you can secure support from votes from voters who normally vote Tory by being effectively anti-Labour and similarly in a Tory area secure Labour votes by being anti-Tory."

It goes on to say:

"Oppose all service cuts…No cut is going to be popular and why court the unpopularity that goes with the responsibility of power".

Finally, the document—*[Interruption.]* I see that my reminder to the Lib Dems of their campaigning tactics is too much for the hon. Member for Somerton and Frome, who moved the motion, because he has had to leave the Chamber. It is a pity. I presume that he knows it already, and that was why he felt it necessary to leave.

On page 33—I am coming to the end of my quotations from this document—it states:

"You are NOT running the council. It's NOT your problem."

At the last elections—the London elections—the party that has so graciously tabled the motion decided to break the rules. In December 2008, Ofcom ruled that the Lib Dem London mayoral television adverts were in "extremely serious breach" of guidance outlined by the Broadcast Committee of Advertising Practice. Indeed, the television companies were fined a total of £40,000 and it was later revealed that the Lib Dems could have been breaking Electoral Commission rules by not declaring the adverts as donations in kind.

It is important to put on record all that I have just said because it highlights the inconsistency between a party's putting forward such a motion and the practice on the ground.

Simon Hughes: I cannot possibly deal with all the points that the hon. Gentleman made. However, I make it absolutely clear, as someone who had some responsibility for the first matter that he raised, that we would never have taken a donation from anybody who at that time had a criminal conviction. The conviction followed much later. The party carried out all the due diligence tests and the Electoral Commission confirmed that we had done so.

Mr. Vara: A quick look at the electoral register would have highlighted that the individual concerned did not vote in this country. A quick analysis of the situation would have determined that the individual was not resident in Britain. A simple search of a company or two would have confirmed that the company did not trade. That alone, I would have thought, would have raised alarms to an average amateur in politics. However, I hear what the hon. Gentleman has said. He has put it on the record, and I have put my comments on the record, too.

Clive Efford (Eltham) (Lab): I feel like I am intruding on private grief, but let us put the record straight. Will the hon. Gentleman tell the House what he thinks the incentive would be for somebody who is not registered for tax purposes in the UK to fund a political party and seek to influence the outcome of elections? What would be the incentive for a political party to accept such a donation?

Mr. Vara: The hon. Gentleman raises a very important point about overseas issues. He will, of course, be aware that the noble Lord Paul, who more or less agreed to underwrite the general election campaign that never was about a year or so ago, is non-domiciled. I accept that overseas issues to do with Members of the other Chamber cut across both sides of the House. That needs to be looked at. I suggest that he refrains from trying to score cheap political points and perhaps does his homework a little bit in future.

Kelvin Hopkins: Will the hon. Gentleman make a good start by sending back the Ashcroft cheques now?

Mr. Vara: I suggest that the hon. Gentleman refer to the answer that I just gave. He might like to review the enormous sums of funds that have been given by the noble Lord Paul to his party.

Mr. Deputy Speaker: Order. I think we have had a pretty good run around the course now. I would be happier if the hon. Gentleman concentrated on the terms of the motion and the amendment.

Mr. Vara: I agree entirely, Mr. Deputy Speaker. I was simply addressing some of the questions raised by hon. Members.

Clearly, the upper Chamber is in need of urgent reform in terms of both accountability and composition. The Opposition support a substantially elected upper Chamber. People who legislate for the people should have the mandate of the people on whose behalf they legislate. That should be a guiding principle. Of course, it is important that we take an urgent look at the financial aspects that apply in the other place. Incidentally, may I put on the record the fact that my colleague, the noble Lord Strathclyde, leader of the Conservatives in the upper House, has been a vocal proponent of Lords reform for a very long time?

When addressing electoral reform, we must also consider the issue of Members of the European Parliament.

John Bercow: My hon. Friend will know that I share his belief that we should have a wholly or substantially elected second Chamber. Did he share my disappointment that the Deputy Leader of the House gave as a reason not to proceed too quickly on Lords reform the fact that the other House would have strong views about it? Surely the point is that the Lords will always have a view about it and we should not put off until tomorrow what could and should be done today.

Mr. Vara: I hear what my hon. Friend says. Clearly, the other House will have views. We need to listen to those and move on rather than putting such matters into the long grass, which is what has been done by the Government so far.

I turn back to the issue of Members of the European Parliament.

Simon Hughes: On the issue of Lords reform, if the Government were persuaded that this Parliament was the time to legislate for a wholly or substantially elected House of Lords, may I take it from what the hon. Gentleman and his colleagues have said over the past months that the Conservative party would support it?

Mr. Vara: My party is in favour of a substantially elected House of Lords. We need to go through the process and when that happens we will support what we have voted for in the past in this Chamber.

On the third attempt, let me turn to the issue of Members of the European Parliament. We need to extend reform to that institution and those individuals, too. We have started the process and have produced a

[Mr. Vara]

full list of the breakdown of our MEPs' expenses as part of our commitment to transparency and openness in public life.

If we are to regain the public's trust, we must make changes to the way in which political parties are funded. For our part, we have put forward a comprehensive set of radical proposals for party funding. As I said, at the centre of them is an across-the-board cap on donations of £50,000 a year, covering individuals, companies and trade unions. It was unfortunate that the Government decided that they would not go with that proposal, but that was hardly surprising given that some £12 million was given to the governing party last year by trade unions and that since 2001 the Labour party has received some £75 million from trade unions.

David Howarth: I thank the hon. Gentleman for coming back to this topic. May I take it that he is committing his party to voting for the Liberal Democrat new clauses on the £50,000 cap and on the trade union matter when the Political Parties and Elections Bill comes back to the Chamber next week and the week after?

Mr. Vara: The answer to that question will be given by whoever is at this Dispatch Box when that Bill comes before the House. I shall certainly not give the hon. Gentleman an answer to a question on a future debate; I would much rather concentrate on the motion that he and his party have tabled in the debate at hand than discuss matters that are not on the Order Paper at the moment.

It is important that the integrity of Parliament should be taken on board by all of us. It is not only the issue of finance that brings this place into disrepute; it is also the way in which politicians and Parliament operate. For example, if a party gives a manifesto pledge to hold a referendum on the European Union constitution, that party—the Labour party—should honour that pledge when it is elected back into government. It demeaned the Prime Minister and the office that he holds when he said that the Lisbon treaty was a different document. This was particularly highlighted by the fact that many of his European Union counterparts said that the Lisbon treaty was a European constitution in all but name.

As well as ensuring that there is proper accountability in the House, we must also ensure that any announcements are made in this House first, and not announced on the "Today" programme or leaked to the newspapers. That issue comes up regularly at business questions, and the Leader of the House gives us many assurances—as have her predecessors—that she will take it on board and pass it on to her Cabinet colleagues, yet we still find that, week in and week out, announcements are made outside the House rather than here, where Ministers can be held to account by the parliamentarians who were elected to hold them to account.

The matter of written parliamentary questions was raised in a point relating to the consistency and timing of replies to those questions. I suggest that the issue of proper answers should also be addressed. It is absurd for the Government to give answers such as, "We do not hold the information in the format requested." If that is the case, they should give the information in whatever format exists, rather than withholding the information completely. The former Leader of the House, now the Secretary of State for Justice, often said that one of the problems was that too many questions were being tabled. But if the questions were answered properly in the first instance, there would be no need for the huge number of supplementaries that have to follow. It is bad enough that written questions do not get proper answers, but it is even worse now that the Government simply do not bother to give any answers at all. At the end of the 2007-08 parliamentary Session, nearly 500 questions, which had been tabled for more than a month, received no reply at all—not even the usual Prorogation reply.

Andrew Mackinlay: Does the hon. Gentleman share my view that it is appalling that there is an industry of planted questions? Will he give the House an undertaking that those on the Conservative Front Bench do not do that, or that, if they do, they will stop it? This industry of planted questions being hawked around every day is a debasement of Parliament, and it denies the people who are the architects and authors of their own questions the opportunity of succeeding in getting them on to the Order Paper.

Mr. Vara: The Conservatives certainly do not do that, because we are not in government and we do not have to take questions every day, as Ministers do. The point that the hon. Gentleman makes was highlighted when, during Prime Minister's questions, the Prime Minister stood up and started to answer a question before the Labour Back Bencher had even asked it. The question had clearly been planted, and the Prime Minister clearly knew the answer. That gave away the tactics with which this Prime Minister operates.

It is also important that Parliament exercises proper scrutiny over legislation that comes from Brussels. My right hon. Friend the Member for Maidenhead (Mrs. May) has made proposals on this, including strengthening the European Scrutiny Committee and giving it the power to force a debate and a vote on a motion, and placing on a statutory basis the convention that Ministers must gain parliamentary approval before agreeing a decision in the Council of Ministers.

It is important to bring the integrity of the ballot up to 21st-century standards. There is some merit in the Electoral Commission's recent warning that Britain's system of elections was designed for the 19th century and not for the modern world. Who can forget Judge Richard Mawrey's comments in 2005, when he found two Birmingham city councillors guilty of being involved in ballot rigging and postal vote fraud? He spoke of

"election fraud that would disgrace a banana republic".

John Bercow: I absolutely understand that, in talking about the integrity of the ballot, my hon. Friend referred to public elections, which are very important. On the subject of the integrity of the ballot, and the entitlement to elect, does he agree that the House should have the self-respect and self-confidence to elect its own Select Committees, a commitment made by my right hon. Friend the Member for Witney (Mr. Cameron) some years ago?

Mr. Vara: I certainly know that there has been an abuse of the election of a Chairman of a Select Committee, when the chairmanship of the Home Affairs Committee

was forced through in the House, rather than the right hon. Member for Leicester, East (Keith Vaz) being elected by fellow Select Committee members.

Mr. Cash: In relation to the scrutiny of European legislation, does my hon. Friend agree, especially given the strikes that we are facing in the United Kingdom, that when European law is trapped by its own system into having the European Court of Justice make decisions that cannot be reversed, it is vital to our national interests to reassert the supremacy of our own Parliament and require the judiciary to obey the latest relevant Act of Parliament? The Conservative party agreed to that proposition when it supported my amendment to the Legislative and Regulatory Reform Bill two years ago.

Mr. Vara: It is important that we are the final arbiters of which rules are used to judge us. That is why we should have the final scrutiny of such issues and, as my right hon. Friend the Member for Maidenhead has proposed, the right to vote on specific motions.

It is a privilege to be in this House, and we have chosen to put ourselves forward to be here. If we do that, we must accept that 21st-century standards require proper accountability and proper transparency over funds. We should conduct our affairs in a way that inspires confidence in what we do, rather than derision. There has been much debate—and many words—on this subject in recent months, and the time has now come for us to stop talking and to start doing something about it.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. There is a general consensus, for reasons that we all know about, that the debate should come to an end at 9 o'clock. There is therefore a limited amount of time left, and a lot of hon. Members are seeking to catch my eye. If they could tailor their remarks to the time remaining, that would be extremely helpful.

8.8 pm

Mr. Graham Allen (Nottingham, North) (Lab): There cannot be a Member of this House who does not know that Parliament—and this Chamber in particular—needs to recapture its relevance to this day and age and to our politics. There can be few Members who do not also agree that Governments need to understand that they have everything to gain and nothing to lose by helping to build a strong and effective Parliament to help them to do their business. The present relationship of dominance and subservience between the Executive and the legislature serves neither institution well. I make no distinction here between the parties. Whether Conservative, Labour or Liberal, all the parties have been equally at fault over the years, either as abject parliamentarians or overbearing members of Government. All of us share the responsibility, and all of us need to help to find a way forward.

The Executive rule without test or challenge, and the legislature adds little or no value. That is a bargain that cheats not only those players, but the public, who expect better of us and clearer benefits from our democracy. Business as usual will not be good enough, and neither will yearning after some golden age when Parliament and Britain ruled the waves. Those days—if ever they existed—are long gone, and we now need to work together to find a way forward to ensure that our Parliament and politics are relevant to people. There needs to be a new settlement, and one that commands support across the whole political spectrum. Under such a settlement, the Government would maximise Parliament's contribution and Parliament would respect the need of Government to pass their laws after a process that, I hope, would improve them.

We should honestly recognise that the unbalanced relationship between Parliament and Government lies at the core of this debate. If we realise that, we can soberly and in partnership improve the interaction between those two great institutions. If we do not, we will divert into tinkering with minutiae, which has typified our debates on this subject over the years. MPs sometimes pretend that they run the country; Governments sometimes pretend that they lead a healthy democracy. If we can consign those self-delusions to the rubbish bin of history, we will at least have a chance to restore public respect and interest in our democracy and Parliament, to improve government and governance in the United Kingdom, and to recreate the respect not only for Parliament as an institution, but for MPs as important individuals with a central and serious contribution to make.

Our democracy will function much better if we can grow out of the "winner takes all" fixation. Virtually all other western democracies have healthy and lively partnerships between their Executives and legislatures—a real separation of powers that enables debate from independent positions and reconciliation between institutions whose representatives have the interests of their people and nation uppermost in their minds.

Kelvin Hopkins: I agree entirely that we should raise the status of Parliament and redress the balance with the Government. Recently, I was at lunch with a Danish politician, who said, "We have proportional representation in our country; we have a strong Parliament and a weak Government—you are the other way around." I support the first-past-the-post system, but how does my hon. Friend propose to strengthen Parliament without some arrangement of that kind?

Mr. Allen: I do not think such an arrangement necessary; willpower is the most important thing that we need in this Chamber. As was mentioned earlier, we also need the self-confidence to take the responsibility. I do not propose that the monopoly politics that the Executive have enjoyed should somehow be shifted over so that Parliament has a monopoly position. Gladstone got it right when he said that the role of the House was not to run the country, but to hold to account those who do.

Again, there can barely be a Member who feels that we have held that baton of accountability tightly. We have dropped it and it has often been picked up by the media, particularly the "Today" programme and "Newsnight"—and thank goodness for them on those occasions. However, we in the House should seize back that baton of accountability and work in partnership with the Government to ensure that our Parliament and Government work better for the future of our democracy.

To make that a reality, we could look again in a number of ways at what we do in this place. For example, a Parliament that is willing, as a principle, to

[Mr. Allen]

give Government their laws after serious scrutiny, should expect to control the rest of its business. That could happen if the House elected its own business Committee that reported to the Floor every week. To remove any residual temptation that Governments might feel to influence the outcome of such an election, there would be a secret ballot. Imagine a parliamentary timetable this week in which we agreed and discussed a budget amendment on the recent bail-out of the banks and we scrutinised the impact of energy companies' policies on the most vulnerable in our constituencies. Imagine if we thought through the concept of "British jobs for British people" and we pondered and were careful and thoughtful about the relationship between the United Kingdom and United States following the advent of a new President. Such a Parliament would be worth listening to, watching and covering—and, for electors, it would be worth influencing. All of a sudden, Parliament would mean something and it would recapture the place that it should have.

Equally, if parliamentarians elected their own Select Committees, the Committees would get a new legitimacy and lease of life, as well as new and onerous duties in respect of interacting responsibly with the Government of the day. The same could be said of Public Bill Committees. If they were run effectively, they could draw on the immense experience of parliamentarians from all parts of the House, who could create and use their own networks to involve their electors and improve the law. That is why we have Public Bill Committees in the first place. Governments and civil servants should not fear the process, but use it to pick the brains of parliamentary representatives and the public alike.

I am one of the House's strongest proponents of pre-legislative scrutiny, but the truth is that we would not need to invent pre-legislative scrutiny if legislative scrutiny were as effective as it should be. We have heard a lot tonight about the need for people outside to have confidence in us, but we also need to have confidence in ourselves. We could consider many other reforms openly and transparently, debating them in the Chamber and deciding the way forward. There should be the right of the House to reconvene itself, not the right of the Executive to reconvene the Parliament that should be holding them to account. We could debate each week's most popular early-day motion and make Question Times more topical and conversational. We could use the Chamber's dead hours much more imaginatively. The House could decide again on electronic voting or reconsider this sterile seating plan that defies debate.

We give the House chances to divide at every opportunity; let us also give it chances to unite at every opportunity. As everyone in the Chamber knows, the truth is that Parliament, as a forum for the nation and for holding the Government to account, is not fit for purpose. The public's view of MPs is at an all-time low and power is sclerotically over-centralised in Whitehall. The moment is approaching when the Government and Parliament must change and reinvent themselves as the leading parts of a revived and modern UK democracy. That chance comes along very rarely, but the House should seize it for the good of our democracy.

8.18 pm

Richard Younger-Ross (Teignbridge) (LD): I recall listening to an interview with David Steel in the 1970s—it might have been on "Desert Island Discs". He said that being a politician should be like going into the Church; it should be one of the highest callings. That was against a background of local government corruption and of a popular belief that MPs were in it only for themselves and that they would say anything to win an election. That view was reflected in a play that I think was called "Vote, vote, vote for Joey Barton"—[HON. MEMBERS: "Nigel Barton!"] Of course, it was Nigel Barton. Some 30 years before that, Howard Spring wrote "Fame is the Spur".

It has been said that Members of Parliament are held in high esteem in their constituencies, but that Parliament and politicians in general are held in low esteem. Since David Steel's comments, there have been problems and scandals on both sides of the House and at both ends of the building. Cheap comments from the Conservative Front-Bench spokesman do not aid the debate. Sounding like a budgerigar does not take us forward.

Some of the problems in the House of Lords have been experienced in the House of Commons. We had full-time Members of Parliament and Members of Parliament who were employed in part-time work elsewhere. The latter had a night job and a day job. Members of the House of Lords still have to do that. Their lordships are given a small allowance and most have other employment to supplement it. Some work as lobbyists.

Kelvin Hopkins: I understand that one of our colleagues in the House of Lords accumulates some £60,000 a year by maximising his time in the House and ensuring that he is paid properly. That is roughly what we get.

Richard Younger-Ross: That sum includes accommodation and other matters. We get money for such items in addition to our salary, so the hon. Gentleman does not compare like with like.

If we are to reform the other end of the building, we should consider making their Lordships full time. If they are to be full time, they need to be salaried. If they are to be salaried, they need to be elected on the same basis as us.

At our end of the building, it is often said that the media hold us in low esteem. They correctly pick up on corruption and instances when hon. Members have not done right. They pick especially on cases of people who appear to get away with blue murder. A former Member of Parliament—I know who it was but I shall not name him because my point is not party political—was brought before the Standards and Privileges Committee on a charge of being offered shares for influence. That Member was found not guilty because the business that offered him shares had gone bankrupt, so he had not committed an offence. The public do not understand that.

If the public are to esteem us, we must reform the way in which we pay ourselves and deal with our expenses, but not in a hair-shirt manner, as some hon. Members would have us do sometimes for cheap political purposes. That is not just. We should also refuse to listen to those who say that they want to keep things as they are. Although, by and large, most Members of Parliament do nothing wrong in what they claim, the public do not believe it. As has often been said, justice must not only be done, but be seen to be done.

We must therefore consider a system whereby what we claim is not only clear and transparent but beyond reproach. The public do not understand Members of Parliament making profits from buying flats. In 1992, several Conservative Members, who were elected in 1987, lost money because of the condition of the housing market at the time. No one in the media said, "Oh dear! These MPs need to be recompensed for their loss." It will also not be understood if Members who were elected in 1997 and 2001 make tens of thousands of pounds on the appreciation of properties that they have bought. We should move to a system that gets away from that. It would be best if we did not pay ourselves allowances for some items. For example, the House of Commons could rent accommodation and allocate it to us in the same way as our offices are allocated. If flats were furnished, we would not need to be paid an allowance to do that. That would be clear, transparent and non-corrupt.

8.24 pm

Andrew Mackinlay (Thurrock) (Lab): I want to concentrate on the "constitutional renewal programme" aspect of the lengthy motion because I am disappointed that, after 12 years of a Government whom I support, there has been little to show in the way of genuine constitutional reform. Indeed, our manifesto in 1997 made it clear that we were intent on reforming the House of Lords and said that we would introduce proposals to do that. It does not matter how much Ministers try to get round that; we have not fulfilled the manifesto commitment. That is only one example.

Earlier, I said that the Labour Government's hallmark in respect of constitutional reform is deeply conservative. Let me share something that grates on me. I left school at 16, and many contemporaries of mine have turned up on the Labour Front Bench over the past 12 years. They did not go out to work at the same time as me, but went to university, and they peddled some of the most God almighty rubbish in the late 1960s. They were radical and all that, but when they came here, they became deeply conservative. Some of us have political anchorage and we believed from the beginning in tackling the House of Lords and making Parliament more responsive. However, those former radicals have shifted to an establishment position. Even at this late stage, matters can be corrected. It is not sufficient for the Prime Minister to say that he has a programme for constitutional reform. The test is whether he implements it with dispatch. The jury is still out.

Let me illustrate the conservatism I mentioned. When we came to office, I asked the Government whether they would amend the anomaly in the law that prevented someone who had been ordained as a Roman Catholic priest but had given up the priesthood from standing for Parliament. The Labour Minister responsible said no. Then the Labour party selected a candidate who had been a Roman Catholic priest and wanted to stand for Parliament, and we introduced a law to allow him to stand. We did the right thing for the wrong reasons, and that shows how deeply conservative we are.

One subject has not been mentioned because the Conservatives are asleep, perhaps the Liberals are, too, and the Labour party does not want to raise it, so I shall do it now. It is the West Lothian question, about which we must not speak. My colleagues present arguments about needing votes from Scotland and so on. I understand those arguments, but I say to Front Benchers that they are in denial. If they do not begin to address the West Lothian question, somebody else will, on different terms. It will not go away. One can argue for a time that there was a settlement for Scotland, Wales and Northern Ireland, but simply to stop there is madness. The question must be tackled—the sooner, the better. The very Union, which we are all committed to maintaining, will be imperilled by not addressing the West Lothian question.

Simon Hughes: The hon. Gentleman has much support, often much less vocal than it should be. There may be differing views from the Liberal Democrat Benches, but we are clear that the issue needs to be addressed within a UK context, and urgently, because our constitutional renewal has stopped short of England, whereas the other countries have seen much progress.

Andrew Mackinlay: Absolutely. If I may return to the historical point, some hon. Members may remember the late John P. Mackintosh, the Member of Parliament for Berwick and East Lothian. I am a disciple of John P. Mackintosh, who produced a programme for the devolution of Britain to make all the parts of the United Kingdom much more coherent, and to allow greater scrutiny at local level where decisions are taken at local level.

The big states—the big players around the world—are federal. The Bundestag, the Parliaments in Ottawa and in Canberra, and the United States Congress deal with defence, foreign affairs and broad macro-economic social policy, but the rest is left to the states, the provinces or the Länder. Here we try and do too much, and we do it badly. That needs to be addressed with some dispatch.

We are constrained tonight, for obvious reasons. If Parliament were in charge of our timetable, the subject matter that we are discussing tonight would be debated at much greater length. Clearly, there is a demand among hon. Members to talk more fully about constitutional reform.

Kelvin Hopkins: I agree entirely with what my hon. Friend has been saying. Does he agree that too frequently we have too little time for debates, and that Back Benchers are often squeezed out? In the previous debate, which I tried to get into, I counted the minutes. Front-Bench speakers had 113 minutes and Back Benchers 17 minutes. Seven eighths of the time was taken up by Front-Benchers and I did not manage to get in. That is not right and something should be done about it.

Andrew Mackinlay: I totally agree. Also, what we always get from the Front Benches is the sterile party political line, rather than Back Benchers of all persuasions being allowed to make a contribution to the debate.

Much of the focus of tonight's debate has been on the reform, or lack of reform, of the House of Lords. I shall make one or two observations. I am for a democratically elected House, but if that cannot be achieved, I think there is nevertheless a consensus for some immediate changes, which should be implemented. We are honoured and privileged to go round the world sometimes to talk to countries about parliamentary democracy. I have asked people, "Have you ever thought about this? We go round and speak in countries where democracy is very fragile and new, but half our Parliament

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is not elected." Can't we see the perversity of that? We show unbelievable arrogance when we tell other people about parliamentary democracy and half our Parliament is not elected.

It is absurd that when Prime Ministers need someone in Parliament to be a Minister, that person serves one year but is in Parliament in perpetuity. If Prime Ministers have the power to make people Ministers, those Ministers should be answerable to Parliament, they should appear and be answerable in both Houses, and if they are the architect of legislation, they should pilot it through both Houses, rather than somebody acting as a parrot, which is in nobody's interest. Such Ministers should be temporary. They were put into Parliament only as Ministers, and when they cease to be Ministers, their membership should cease. They should not remain in Parliament in perpetuity.

I want to say more about perpetuity. This is a very sensitive point. Many people are appointed to the House of Lords and give good service left, right and centre over a long period, but they go on and they go on and they go on. I say this in all seriousness, although people sometimes treat the subject with frivolity. I remember some time ago that I was in my room right at the top, above the House. There was a peer, a very distinguished peer who had given long public service, but he had lost his faculties. He was senile and incontinent. A member of the public tackled me and asked, "Can't you do something about this?" I said, "Madam, I will do what I can, but I have to say to you that he is a legislator."

This is not unique. It is a highly sensitive subject and is not written about. People do not like touching on it. If peers go on and on and if there is no capacity for them to resign their seat, that will happen. It diminishes our Parliament as well as being deeply hurtful to individuals, who do not know how or when to give up. There should be a cut-off point, as happens in the Canadian Senate, and for judges and so on. That should be addressed.

I am deeply concerned that senior civil servants almost automatically become peers. It is offensive and it is a reward for those who know where the political bodies are buried. Lord Jay, who incidentally is presiding over the appointment of people's peers, was head of the Foreign Office. He is the man who stopped Jeremy Greenstock publishing his memoirs and tried to stop the former United Kingdom ambassador to Washington publishing his memoirs, but he was prepared to take a peerage and what is more, was elevated to decide who is appropriate to be appointed under—I think it is called the House of Lords Commission, but I call it people's peers. That is the kind of cosy thing that goes on. There was a man who presided over a disaster in the national health service. He was immediately dismissed, but he also got to sit in the House of Lords. The bigger the mess up, the greater the rewards in this country, and that has to stop.

I reminded the Deputy Leader of the House that Robin Cook said, from that Dispatch Box, that he would tackle the question of peers who had gone to prison. If a Member of Parliament had gone to prison in comparable circumstances, they would have lost their seat. He said that he would tackle that issue, and then there was a change of ministerial portfolios and the chance was lost. That is why I return to the charge that the Government are so conservative on these matters. If anyone saw my hon. Friend's body language earlier, they would have seen that he felt awkward. I think that he agrees with me but cannot articulate it from the Dispatch Box. He reminds me of the man who went from Jerusalem to Jericho and fell among sinners—[Hon. Members: "Thieves"] I shall stick to "sinners". The test is whether he can, in his unpaid position, influence the Government and persuade the Prime Minister that we need immediate action.

We need swift legislation to put a cap on the age of Members of the House of Lords, to allow people there to resign and to allow for the dismissal of those who have been disgraced or have committed crimes that result in imprisonment. That would be a big start, and it would be a signal that the Government are listening to the House of Commons' will. We should introduce legislation to make a fixed House that I hope will be elected, but if it is not, it should be one with a definite membership, and its membership should not be determined by the patronage of the Leader of the Opposition, the leader of the Liberal party or the Prime Minister. Human nature being what it is, they will always appoint people in their own image and likeness. That is the inevitable consequence—we will be swapping the hereditary principle for a house of clones. It is time that Parliament addressed this matter. I believe that that is the will of Parliament, and the test is whether the Government are prepared to listen.

8.36 pm

Sir George Young (North-West Hampshire) (Con): It is a real pleasure to follow the hon. Member for Thurrock (Andrew Mackinlay), who would top the poll in any secret ballot for Leader of the House. He made a typically defiant, courageous speech, and I agree with what he says about the Government's constitutional programme. The previous Lord Chancellor said that we have not a constitutional renewal Bill, but a constitutional retreat Bill. On Lords reform, I remember being told that the first elections to the upper House would take place at the same time as the 2001 general election. Moreover, the hon. Gentleman is quite right about allowing peers to retire so that their party can refresh their troops in the upper House, allowing younger people to play their part.

One of the paradoxes of life is that people like their local Member of Parliament, but refuse to believe he or she is typical. Wherever I go, I am told, "We're frightfully lucky here, but the rest of you are up to no good." The reputation of the House would be much higher if people had confidence in their own judgment, based on their experience of their own MP instead of what they read in the press.

Much has been achieved in this House in recent years, and with the imminent end of dual reporting for MPs, a new guide to the rules—it was published today, coincidentally—a new allowance regime and Select Committee, and greater transparency on receipts, we have the opportunity to build on past strengths and to do even better. As the Committee on Standards in Public Life said about the Commons:

"We endorse the view that standards in the House of Commons are generally high, and that the overwhelming majority of members seek to, and in practice do, uphold high standards of propriety."

I see many of my opposite numbers from other countries who come to look at the regime here, and by any international standards, our political system is pretty clean. We deal with the inevitable lapses well, but we must never become complacent.

One of the consequences of introducing a tougher regime in this House is that it has led to pressure being applied to other parts of the body politic, and it is helpful to put our disciplinary regime in the broader context of that for Members of the European Parliament, Ministers and members of the other place. Anyone can make a complaint about an MP to the independent Parliamentary Commissioner for Standards. If the complaint raises matters of significance, he will produce a report for my Committee, which we will publish unamended, saying whether or not that complaint is upheld, and we can then propose appropriate punishments, some of which are career-ending. None of the other regimes—neither the ministerial code nor the current code for Members of the upper House—has our features of open access, independent scrutiny, publication of findings and harsh reprisal. The code for MEPs has the most generous of all allowance regimes, with the most relaxed audit trail.

The ministerial code is policed by the Prime Minister, who can decide whether to refer a matter to his independent adviser and whether to publish any report. Neither procedure has ever been invoked. I once complained that a Foreign Secretary had broken the ministerial code. My complaint was passed by the Prime Minister to the then Foreign Secretary, who replied to me, saying that he had not broken the code, showing a circularity of process. In the upper House, the complaints procedure has no independent element and limited sanctions. There would be greater confidence in the two other codes if they adopted those features of ours.

One of the recommendations that the hon. Member for Somerton and Frome (Mr. Heath) made is to extend the remit of the Parliamentary Commissioner for Standards to cover the upper House. That recognises the regulatory strength of our regime. However, the proposal to extend the remit of the commissioner raises questions about the capacity of his office to take on additional work, while at the same time carrying out with due rigour his inquiries into complaints made against Members of this House. The present commissioner is contracted to work four days a week, although I know that he works more than that. If we are going to extend his remit to the House of Lords, which has more Members than our House, there will be questions to do with resources and whether he will be able to deal with all complaints personally. We therefore need to think that proposal through.

Some have suggested that by electing the upper House, we reduce the risk of abuse. I am a firm believer in a predominantly elected second Chamber, but I doubt whether changing the mode of entry would of itself drive up standards.

Let me turn to a case that has given rise to some comment, both inside and outside the House. Last week, my Committee published its report on the hon. Member for Old Bexley and Sidcup (Derek Conway). We required the hon. Member to apologise to the House through the Committee Chairman and to repay nearly £4,000, which in our judgment he had overpaid to his son. Some hon. Members felt that those sanctions did not go far enough and said as much, possibly before having had time to read the report in full. Those who have read the Committee's report will have seen that the breach was less serious than the case on which the Committee had previously reported and that it predated that case, so it can hardly be said to have compounded it. My Committee claims no monopoly of wisdom, but we had a thorough process of inquiry, with a 55-page report and annexes. We considered the case in detail in two meetings and came to a unanimous conclusion.

Derek Conway (Old Bexley and Sidcup) (Con): Will the right hon. Gentleman accept that I repeat, without qualification, the apology that I have already given him in writing and that I accept, without any reservation, the Committee's conclusion that I breached a rule of the House? I would also like to withdraw the statement that I made to the media last Thursday.

Sir George Young: I am grateful to the hon. Member for his intervention, which means that I can discard the next three pages of my speech.

There will be an opportunity to debate the revised guide to the rules next Monday. The rules are lengthy and even intimidating, but perhaps I can condense them into two short and easily remembered rules. Rule 1 is: if in doubt, ask. Rule 2 is: if in trouble, tell the truth. If all colleagues observed those two rules, the commissioner and my Committee would be a good deal less busy than they are at the moment, and the reputation of Parliament would stand higher than it does now.

8.43 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): There has been an extensive discussion of what is wrong, with which I broadly agree, and in the short time available, I just want to make four proposals for reform.

The first proposal is that membership of Select Committees, which are the most important channel of accountability, should not be chosen by the Whips, but should be chosen via a secret ballot of Members of the whole House. Indeed, I would go further than that. As many Select Committee reports are extremely good and deserve the attention and decision of the House, there should be a right in a limited number of cases—perhaps four or five a year, subject to prioritisation by the Liaison Committee—for a Select Committee to propose a motion for debate on the Floor of the House, with a vote at the end. That would give the House real influence in laying the foundations for future legislation and reform.

Secondly, I very much agree with the excellent speech of my hon. Friend the Member for Nottingham, North (Mr. Allen); we should have a business Committee, which would act as co-partner with the Government in determining the agenda of this House. Of course the Government, as the elected party, must have the right to take through their full legislative programme, but there are many other areas of business on which the Government have no direct electoral mandate, and they should be agreed and decided on by this House. I am thinking particularly about choosing subjects for debate in light of the occurrence of major national and international issues. It is, to say the very least, striking that the two most important issues in the past five years have not been the subject of debate with a vote at the end—I refer to the lessons of the Iraq war and the current

[Mr. Michael Meacher]

economic meltdown—despite the fact that the latter is arguably the most traumatic international episode since the last war 65 years ago.

I come to my third proposal. Just as there are congressional hearings in the United States, there should be confirmation hearings, held by the relevant Select Committee, for all Cabinet appointments nominated by the Prime Minister—and, I would add, for the most important public sector appointments made outside the House. The Prime Minister would, of course, propose the Cabinet appointments, but it would be for Parliament to ratify them—and indeed to recall the appointee if the Select Committee thought it appropriate. There would then be dual accountability—accountability, of course, to the Prime Minister, but also to Parliament.

The fourth proposal, which I have to say is not mine but that of the Public Administration Committee and its excellent Chairman, my hon. Friend the Member for Cannock Chase (Dr. Wright), is that in cases where the Government, for whatever reason, decline to set up a commission of inquiry, this House should set up its own commission of inquiry, if it sees fit to do so. It could then investigate matters of great public concern. That is not a very radical proposal—it was actually the regular procedure of our forebears in the Victorian Parliament—but it certainly is important.

There are other proposals that I would like to make, but in deference to the wishes of the House and to your good self, Mr. Deputy Speaker, I will leave it at that. There are major issues for reform, and I very much support the Liberal Democrat party in introducing this debate, which is long overdue.

8.47 pm

David Howarth (Cambridge) (LD): This debate is really about a crisis of confidence in politics. If we do nothing about that crisis, it could turn into a crisis of confidence about democracy itself. We face a conjunction of crises. The crisis in the political system is happening at the same time as a crisis in the financial and economic system that threatens people's jobs and their confidence in the future. We should take very seriously what the hon. Member for Luton, North (Kelvin Hopkins) said: this is a dangerous situation. Just as with the financial and economic crisis, if we do nothing about the political crisis, or just simply try to get away with the minimum, it could be disastrous. In the case of the political crisis, it could be disastrous for our democracy.

Some of the things that will have to be done about the economic situation will be unpalatable, and what is done will amount to choosing among options all of which are bad. Similarly, some of the measures that are necessary for dealing with the political crisis will be uncomfortable for many Members of the House. Old certainties will have to be discarded. Politics as normal will not be enough. Many will have to let go of ideas from the past—and jibes from the past; I look particularly at the hon. Member for North-West Cambridgeshire (Mr. Vara) when I say that—if we are to avoid being swallowed by the future.

The essence of the political crisis is that millions of our fellow citizens do not feel like citizens any more. They no longer feel that they play any role in the government of the state in which they live. They think that the only people who have access to political power are people with very large sums of money—either their own money, or that of large corporations. They feel politically excluded. It is a feeling that one comes across everywhere, including on the picket lines of places such as the Lindsey oil refinery. Decent people should not have to resort to such measures. Whether or not we agree with what they are calling for, they should be heard here. That feeling of exclusion existed well before the recent revelations about what was going on in the House of Lords. What has happened there simply confirms, in the most dramatic way, what people already believe: that power lies with money and that the only part that ordinary people play in politics is as spectators—of either a tragedy or a farce.

The Government have simply taken on the role of holding the ring between the real players—the lobbyists, the media and big money. That is why the first imperative is to get big money out of politics. There should be a strict cap on how much money one person can donate to a political party. There should be strict limits on what parties can spend at both the national and local level. No one should be able to buy an election or be seen to be buying an election. Legislators who have been bought or who do not care whether they are seen to have been bought should just be thrown out.

Tackling political exclusion goes beyond dealing with the power of lobbyists. We have to look at ourselves and what we achieve in this place. The very idea of an appointed, non-elected second Chamber—a House of patronage and of networking—is an affront to the mass of people who will never have the connections to get there. That is why we should move now, not later—not in due course—to an elected second Chamber, regardless of what that means for the status and self-regard of Members of this House.

This place needs radical reform too, not least in the form of election and how we get here—the hon. Member for Luton, North mentioned that. A form of election that means that a tiny number of electors in a tiny number of seats decides the entire general election is part of the problem of political exclusion. The political system ignores the vast majority of voters nearly all the time. We have lost everything that we had in this place that made us a Parliament—a place to which people would look for their voices to be heard.

The most important aspect is the point raised by at least three Members—the hon. Members for Nottingham, North (Mr. Allen) and for Thurrock (Andrew Mackinlay), and the right hon. Member for Oldham, West and Royton (Mr. Meacher): we do not have the power even to set our own agenda. What we discuss here is what is served up to us every day, under Standing Order No. 14, by the Government. That must go. We must take the power back; we must talk about what the people in the country want us to talk about, and not what the Government want to talk about.

Mr. Cash: Is the hon. Gentleman going to address the question of guillotines and programming? Exactly what he has said about the question whether there is a connection is demonstrated by the fact that we are simply not debating things properly, and therefore Bills that affect people go through without being discussed in this House.

David Howarth: The hon. Gentleman makes a perfectly valid point.

What we have also lost is our power over money—over Government expenditure. In the opening speech, my hon. Friend the Member for Somerton and Frome (Mr. Heath) mentioned the £37 billion that was passed in 90 minutes in a debate before Christmas. An example of something worse is the £50 billion that the Government have devoted to the second bank bail-out, which went through using a procedure that completely bypasses this House: the Treasury simply authorises the issue of Treasury bills, the Bank of England creates an account and that is it. We have entirely lost the historical power over expenditure.

We need to become a Parliament again. We are not a legislation machine to be turned on and off at the whim of the Government. We should represent the whole nation—in some sense, we are the nation. If we do not do that, and if we fail again to take these powers back, we will become contemptible—we, ourselves, will become a threat to democracy. One of my predecessors as MP for Cambridge once told this House that it was a

"pack of mercenary wretches"

who would

"like Esau sell your country for a mess of pottage."

He said:

"Is there a single virtue now remaining amongst you? Is there one vice you do not possess?...Ye are grown intolerably odious to the whole nation."

We have not got to that state yet, but we must take care that the nation does not come to view us in the same way that Cromwell came to view the Rump Parliament. If we do not change, and change fast, its fate might well await us too, although perhaps in a different way. I appeal to the House to refuse, at this time of all times, to vote yet again for its own enslavement, and to vote instead for the motion that we propose.

8.55 pm

Chris Bryant: I say to the hon. Member for Cambridge (David Howarth) that hyperbole hardly ever helps in these debates. The debate has been well attended by Members of all parties, and throughout it we have heard shared concern about the issues that face Parliament. There is real determination in all parts of the House to put right things that need to be mended and ensure that we have a Parliament that is respected by the whole nation.

I have already spoken at considerable length, but I wish to respond to some specific points that have been made. The Chairman of the Standards and Privileges Committee referred to the Committee's report on dual reporting, which has been published today. The whole House will be grateful to the Committee for the work that it always does in trying to ensure that our reputation is maintained. We will have an opportunity next week to examine the specific recommendations of the hon. Gentleman's Committee.

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): Right honourable.

Chris Bryant: The Lord Chancellor reminds me of the right honourable nature of the right hon. Member for North-West Hampshire (Sir George Young).

If the House is able to end the business of having to report separately to the Registrar of Members' Interests and the Electoral Commission, the Government stand ready to commence section 59 of the Electoral Administration Act 2006 so that we, as parliamentarians, have to report to only one place.

Several hon. Members referred to the matter of whether we should elect all members of Select Committees and whether we should elect the Chairmen of Select Committees by secret ballot. Although that sometimes seems an attractive option, there is a danger that if the majority vote were always to carry the decision on the membership and Chairman of every Committee, we would not have the independent Committees that we need. The minor parties would suffer most.

I say to those who call for a business Committee of the House that they fail to understand the major and significant difference between this House, in which the Government are constituted solely by virtue of their majority, and other Parliaments that operate differently, in which Ministers are often precluded from being members of the legislature. To those who believe that a nirvana might come if we were to have a business Committee, I say that other Parliaments that have such committees have precisely the same complaints about whether there is the right allocation of time and whether individual Back Benchers have their interests met and can make speeches.

Some hon. Members suggested that this Government have not been radical enough on constitutional reform. All that I would say is that when the Liberals were in power, they never managed to reform the House of Lords in any way at all. The Conservatives never had any desire to do so, and it is only this Government who have managed to remove the majority of the hereditary peers. It is only by virtue of our work that the Law Lords have been reformed. We are proud to be a Government who have brought forward devolution and freedom of information.

My hon. Friend the Member for Thurrock (Andrew Mackinlay) demanded that I agree with every single thing that he said, but I am afraid that I am unable to do that. He said that I have fallen among thieves by virtue of my membership of the Government. Well, there is honour among thieves, and the truth is that this Government are committed to the reform of Parliament. Nobody should have a job for life, we should have a smaller Chamber and we have laid out a clear path to reform.

I am glad to have my right hon. Friends the Leader of the House and the Lord Chancellor by my side as I point out to hon. Members who have said that we are not being diligent enough in bringing forward constitutional reform that we committed ourselves in the Queen's Speech to introducing a constitutional renewal Bill later this year. I believe that the whole House is united in wanting to protect its reputation and in its determination to do everything necessary to ensure that that happens.

Question put (Standing Order No. 31 (2)), That the original words stand part of the Question.

The House divided: Ayes 47, Noes 221.

Division No. 28] **[9 pm**

AYES

Alexander, Danny	Brooke, Annette
Baker, Norman	Browne, Mr. Jeremy
Beith, rh Sir Alan	Burstow, Mr. Paul

Burt, Lorely
Cable, Dr. Vincent
Clegg, rh Mr. Nick
Davey, Mr. Edward
Davies, Mr. Dai
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Holmes, Paul
Howarth, David
Hughes, Simon
Huhne, Chris
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Mulholland, Greg
Pugh, Dr. John
Rennie, Willie
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Spink, Bob
Stunell, Andrew
Swinson, Jo
Teather, Sarah
Thurso, John
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Younger-Ross, Richard

Tellers for the Ayes:
Martin Horwood and Dan Rogerson

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blizzard, Mr. Bob
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Byrne, rh Mr. Liam
Campbell, Mr. Alan
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Doran, Mr. Frank
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Foster, Mr. Michael *(Worcester)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Ann
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Seabeck, Alison
Sharma, Mr. Virendra
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Ms Dawn Butler and Ian Lucas

Question accordingly negatived.

Question put forthwith (Standing Order No. 31 (2)).

That the proposed words be there added.

Question agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House believes that all Members of both Houses of Parliament should uphold the highest standards in public life, should be UK residents for tax purposes and should face the toughest sanctions if they undermine Parliament's reputation; notes that the Government has taken significant steps to strengthen probity in the political system, including the revised Ministerial Code in July 2007 and the appointment of an independent adviser on Ministerial interests and the creation of the independent Electoral Commission; notes the inquiries established by the Leader of the House of Lords; further notes that this House has a clear code of conduct governing hon. Members and has adopted tough new rules on Members' allowances, a new requirement to declare and register any family members employed by hon. Members, a robust new audit system which will see the independent National Audit Office carrying out a full-scope audit of Members' expenditure and a transparent system of publication of details of their expenses; supports the Prime Minister's commitment to further constitutional reform as outlined in the Governance of Britain, including the dissolution and recall of Parliament and the power to declare war and to ratify treaties; notes the pre-legislative scrutiny of the draft Constitutional Renewal Bill by the Joint Committee; notes that the Political Parties and Elections Bill proposes to restrict political spending, bring greater transparency to political funding and strengthen the Electoral Commission as an effective regulator; and hopes that all parties engage constructively in developing a consensual approach to political party finance.".

Business without Debate

DELEGATED LEGISLATION

SOCIAL SECURITY

Ordered,

That the Employment and Support Allowance (Up-rating Modification) (Transitional) Regulations 2008 (S.I., 2008, No. 3270), dated 18 December 2008, be referred to a Delegated Legislation Committee.—*(Chris Mole.)*

PETITION
Traffic Management (Essex)

9.12 pm

Bob Spink (Castle Point) (Ind): I will be brief so that the House can rise and staff can get home in the snow.

The borough and county councillors have known of, but ignored, the poor junction design at Climmen road, resulting in numerous accidents and, we now hear, injuries. Borough Councillor Alan Partridge says he was aware of visibility problems, but that is simply not good enough. I demand action from those councillors and I congratulate Samantha Mitchell and her superb fellow residents on producing this petition. It states:

The Petition of Samantha Mitchell and local residents,

Declares that residents are deeply concerned about the safety of the road design at the junction of Climmen Road and Central Wall Road and have noted many accidents at this roundabout junction including injury accidents involving children, and therefore call on the Borough and County councillors to listen to residents and improve the road design in consultation with residents.

The Petitioners therefore request that the House of Commons urges the Government to review its guidance to local councils on the design of road junctions where mini roundabouts are used and to ask the local authority to investigate this particular junction and to implement a new and safer scheme after full and detailed consultation with residents.

And the Petitioners remain, etc.

[P000312]

Eastham

Motion made, and Question proposed, That this House do now adjourn.—*(Chris Mole.)*

9.13 pm

Ben Chapman (Wirral, South) (Lab): I am delighted to have secured this debate about Eastham, as I feel strongly that it has been dealt a series of unfair blows recently, and I am pleased to have so many colleagues around to support me. Every community needs to retain certain basic facilities, which need to be preserved and protected from planning and other decisions that threaten to damage them. Any community needs an essential core. Eastham is characterised by being a pleasant and normal English community. It is not an inner city area. It is not rural. It does not depend on any one industry. In many respects, it is a microcosm of our society. My central motivation in leading this debate tonight is to challenge decisions that have been taken and to try to ensure that Eastham and other communities like it do not continue to be the victims of chance.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): Like my hon. Friend, I am a great fan of Eastham. As a boy, I used to cycle down by the locks there. Will he tells us a little about the general environment, because I do not think that people understand what a picturesque place Eastham is?

Ben Chapman: I am grateful to my hon. Friend; that is absolutely true, and I shall deal with that point in those specific terms in just a moment.

Local authorities should have a vision for the protection and preservation of and comprehensive development strategies for communities such as Eastham. Decisions that do not act to Eastham's advantage should be taken within a framework of detailed local knowledge and in accordance with the needs of local people, rather than by dint of the vagaries of chance, ad hoc actions and the whims of others, without heeding the consequences.

As my hon. Friend suggested, it might be useful to provide an overview of Eastham's place in Wirral and its history. It has a population of about 12,000. Much of it is a green belt area, stretching from the border of the Bromborough industrial estate to the historic Manchester ship canal, the entrance to which is in Eastham at Queen Elizabeth dock. The original village of Eastham, around which more modern housing has been developed, is one of the oldest villages on the Wirral peninsula. It has been inhabited since Anglo-Saxon times and was mentioned in the Domesday Book. St. Mary's church, which is at the heart of the village, is still active today, of course. The closure of its primary school some while ago, however, did not augur well for the sort of development of which I will speak.

A report in the parish magazine for September 1874 quotes Nathaniel Hawthorne—who was then the American Consul in Liverpool, as my hon. Friends will know—as describing Eastham as

"the finest old English village I have ever seen, with rural aspect, utterly unlike anything in America, in its midst a venerable church with a most venerable air."

Much of the old village remains, with a mediaeval street pattern, irregularly clustered period buildings and a distinctive character.

[Ben Chapman]

Eastham village conservation area was designated in April 1974, and Wirral metropolitan borough council has specific policy objectives for it: to maintain the sense of separation from the surrounding built-up area through the retention of open spaces around the village core; to preserve the setting and sense of enclosure afforded by boundary walls, hedges and mature landscaping; and to preserve the visual setting of the village cross, war memorial and the church of St. Mary, with its yard and lichgate. Although I welcome that limited protection for the historic village, what is needed is a comprehensive policy framework for development in the whole area.

Eastham, like many other communities, has a small number of the key facilities that make it up. There is a much-valued day centre, which provides vital facilities for adults with learning and physical disabilities, and the excellent Lyndale school, which specialises in the education of children with profound and multiple learning difficulties. It is a centre of excellence. Last October, with my right hon. Friend the Secretary of State for Children, Schools and Families, I saw the admirable work carried out by its talented and committed teaches.

Other local amenities include the usual selection of cafés and shops. A new medical centre is being developed, and there are facilities such as a rugby club, an Air Training Corps site and allotments. One of Eastham's most treasured aspects is its country park, which is central to its character and a popular attraction. Home to a huge range of wildlife, it is a local treasure. It is also an important educational resource. Every year, park rangers lead more than 3,000 schoolchildren on activities, thus nurturing an interest in and understanding of nature and their environment that will stay with them into their adult life. Despite the loss of the Church primary school, good mainstream schooling is provided at Heygarth, Millfields, Mendell and Raeburn primary schools. South Wirral high school provides excellent secondary education.

But there are problems. Eastham gets little by way of funding. It suffers, like other areas that are neither rural nor inner city, from a lack of funding streams. My constituency as a whole and Eastham in particular is heterogeneous, rather than uniform in character. Notwithstanding the Government's investment in communities that has surpassed that of any other Government, areas that may be classified as suburban—although Eastham would not see itself in that light—are in danger of falling between two stools and thus missing out on the resources that they need. Urban and rural areas benefit from policies, lobbies and organisations adept at getting the most out of the bidding system. Areas such as Eastham suffer as a result and do not benefit greatly from, for example, neighbourhood renewal, Sure Start or other such improvement funds. It is also a long way, and is seen as such, from the town hall in Wallasey.

Like many parts of the country, Eastham has social behaviour problems, often associated with excessive drinking by the young. The youth service and the police tackle the problem, but several shops in Clifton avenue, for example, have long been unoccupied, and have attracted antisocial behaviour and vandalism. Over the years I have corresponded about the matter with Wirral Partnership Homes, the council and the police, and I have recently been assured that they are working together to improve the situation. I hope that they are.

A new Tesco is to be opened on the Eastham Rake. In some ways that is welcome, but residents are worried about the threat to local small shops. Many of Eastham's most valuable assets need better funding, or face an uncertain future. Unfortunately, even the prized country park is not immune: it faces the loss of a park ranger as a result of cuts owing to Wirral's economic situation.

The day centre is experiencing a number of problems. The local authority is requesting that its privately funded minibuses be used for transport at other smaller centres elsewhere in Wirral. I recently met representatives of the local parents association who believe, I think reasonably, that the centre is the benchmark for adult day services in the area, and that full use of their own minibuses is essential to enable it to provide the best possible service.

To add insult to injury, the local authority has stopped funding fuel for the minibuses. The parents association tells me that funding for the fuel is now being provided by them and by carers at the centre. That penny-pinching is ill-advised. Worse still, the centre may be under threat of closure following the council's strategic asset review.

Stephen Hesford (Wirral, West) (Lab): It is a pleasure to be able to intervene on my hon. Friend, who does a remarkable job on behalf of his constituency and is a good neighbour of mine. He mentioned the strategic asset review. Does he agree that the review has problems, not least because it singled out Eastham library for closure when it was not on the list and swapped it with another library on the night of the decision? The same happened to Woodchurch library in very similar circumstances.

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Gentleman is, very ingeniously, trying to involve his own constituency in the debate, but the debate is very tightly drawn. The hon. Gentleman has probably said enough to enable his hon. Friend to respond to the point that he is making.

Ben Chapman: I am, of course, focusing on Eastham, but I am focusing on it as an exemplar of other communities. The council's action in not including certain libraries in the review and consultation process and then closing them is wrong in both form and substance. I shall discuss that in some detail shortly.

Lyndale school is invaluable, but it is a primary school, and at the age of 11 its pupils must move to a different school that will not offer the same degree of specialisation. Teachers and governors believe that that is disruptive to children's development, and that Lyndale should teach children up to the school leaving age. Such an extension of what is a highly valuable institution would be very welcome.

In 2008, it was announced that Heygarth and Millfields primary schools were to lose their crossing patrols. After writing to Wirral's chief executive, I was informed that the council was reconsidering its position. Although I have emphasised to the chief executive the importance of ensuring road safety outside those schools in particular, I am not going to hold my breath.

Many Eastham residents find employment at Vauxhall. This is an issue close to the heart of my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller). Like the rest of the motor industry, Vauxhall faces challenges, which may mean challenges to my constituents' employment. We hope that the new Astra—which, I believe, will be produced in September—will alleviate the problem, but nothing is certain in the current climate. My constituents are uncertain, for instance, about the plans of Peel Holdings for land around Queen Elizabeth dock and for a tidal power scheme.

The future of Carlett Park, a further education campus in Eastham, is of profound concern. For many years I have campaigned to protect the campus from closure. In response to a question from me, the Minister called on the college to look again at the hole in the community that would be left by the removal of the campus.

Carlett Park may be a casualty of the current and historic trend towards shifting the focus of the majority of Wirral's facilities to the north of the peninsula, leaving my constituents in the south—and to some extent in the west—devoid of key amenities. The centre of gravity in terms of population and politics in the north results in many in the south feeling hard done by and deprived.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): My hon. Friend is known on Merseyside as a doughty champion of his constituency. As someone who used to teach at Carlett Park—and without interfering in the internal politics of further education in the area—I know that it had a very good reputation when I was there, although I suspect that I did not contribute greatly to that. It still has a good reputation and it would indeed be regrettable if it could not continue as a centre of further education.

Ben Chapman: My right hon. Friend makes the point much better than I was doing that the college is at the heart of the community. It cannot be judged solely in day to day terms because it is part of the history of the area and of Eastham in particular. People who have been educated very well there over the years, thanks to my right hon. Friend and others, greatly value its presence. It is emblematic of Eastham.

The closure of Carlett Park was not always inevitable, but sadly the college has almost made it so. Steps could have been taken to ensure that it adapted to remain relevant and to survive. It should have focused on engaging with local businesses, working together to ensure that local people could be educated locally in a way that provided them with the skills they need for our modern economy. The proximity of Carlett Park to the large and progressive companies in the Wirral international business park offered obvious opportunities for that kind of co-operation. Sadly, that has not been done and if the campus closes it will contribute to removing the heart of the community. I have told the college repeatedly that its facilities are about community as well as education, but it falls on deaf ears.

In recent times, Eastham has been threatened by two planning proposals, which have caused considerable anger and concern in the community. There have been obvious objections to the presence of heavy industry so close to a residential area—a mediaeval residential area at that—and one has to ask how such an area was ever zoned for industrial use. Agri Energy made an application for a grant to invest in a gasification plant which has now been put on hold following widespread local opposition. Proposals remain, however, for a Biossence plant that would convert waste into energy. Recent ministerial assurances about air quality will not go far enough to satisfy the range of concerns felt by my constituents on this issue. These include noise pollution as well as air pollution, disturbance to the local environment and safety. I have made a range of representations on this subject to the chief executive of Wirral council and the chief executives of the companies. I have asked parliamentary questions and met Ministers, and I have also offered local campaigning organisations meetings and the possibility of presenting a petition to Parliament.

In response to these threats, my constituents in Eastham have been organised and vocal in defence of their neighbourhood. The Eastham Village Preservation Association, founded in 1969, has fought hard on several issues, including those I have mentioned. More recently, residents have also formed Eastham Fights Back, which continues to voice their opposition forcefully.

The most recent blow to be dealt to the people of Eastham is the closure of its library and one-stop shop housed in the same building, which I had the pleasure of opening in August 2005. I welcome the retention of such facilities in Bromborough, but they will be much less accessible for Eastham residents. The closure of the library is deeply concerning to me on two levels. The first is that the council may have acted without due process, failing entirely to consult the public. At best that could be unconstitutional, but at worst it could be maladministration. It is certainly unprincipled and demonstrative of a lack of vision.

Eastham library is to be closed as part of Wirral council's strategic asset review, involving 11 libraries and more than 20 other facilities. This library—as was the case with Woodchurch, I think—was not earmarked for closure but was added later, after the consultation process. There is at present no statutory requirement for consultation by local authorities before closing libraries and they are not obliged to tell the Department for Culture, Media and Sport that they are doing so. I am testing out what sanction the community has against that.

Although I understand the local authority's need to balance the budget and to avoid high increases in council tax, especially at a time when families across the country are finding it difficult to make ends meet, Wirral council has none the less received above inflation increases in support from central Government every year since 1997. It is also worth noting that the library has received investment of more than £300,000 over three years. Its closure thus does not seem to make economic, or any other, sense. As a result, I have tabled questions to the DCMS and the Department for Communities and Local Government in order to establish whether provisions are in place to discourage such closures and how those closures fit into the broad framework of Government policy on libraries.

Mr. Ian McCartney (Makerfield) (Lab): We had a similar situation in our area. With the local council and the Government, we made a range of alternative arrangements. The library has been relocated and the old libraries became community centres, linked to the new library. That has increased the number of people

[Mr. Ian McCartney]

involved in the library. Would my hon. Friend like to come to Wigan with some of his residents to have a look at what we have done? He could then approach the Government to reach an alternative solution to save his libraries and his communities.

Ben Chapman: That is an extraordinarily helpful suggestion. A number of assets have been proposed for community transfer, but no preparation has been made for that and no guidance has been given. No packs have been handed out and no explanation has been given of how to set up a trust or whatever is needed to run such facilities. No opinion has been offered on what happens when one has managed to raise the revenue to run the facility but is suddenly faced with a high capital cost. What on earth is a community group running a local facility to do if the roof goes? That is the sort of lesson that I could learn, with others, from visiting my right hon. Friend's constituency.

Although it is not legally binding, the DCMS expects there to be a well-publicised consultation with the local community over a minimum of six to eight weeks. That most certainly did not take place in the case of Eastham. The second cause for concern is that Eastham library is a valuable asset. The flood of correspondence that I have received from alarmed constituents, angry and shocked at the decision, is evidence that it is used and valued by young and old alike. The loss to the community is obvious. Wirral council's website lists the library as one of few key amenities on the Mill Park estate, which is the largest council estate in the ward. The many groups who benefited from that local community library will be worst affected by the closure.

Communities such as Eastham are local, and the facilities that make up their heart need to be local, too. Eastham deserves not to be merely subject to the function of chance and all manner of random decisions, regardless of their adverse effect. Instead, its local authority and others should adopt a strategic view. The catalogue of recent events that I have outlined, on top of the loss of a post office some while ago, demonstrates that that is all sadly lacking and my constituents are suffering as a result.

Eastham is diverse both in terms of architecture and landscape and, crucially, in terms of the needs of its population. A comprehensive strategy must be put in place that takes into account that diversity and the proud heritage of the community. Such a strategy should, among other things, take account of the current and historic bias towards the north of the peninsula.

I call on Wirral council to review its decisions on the closure of 11 libraries, including tragically that of Higher Bebington, and the loss of more than 20 other facilities, taking due account of the effect on communities. I ask the DCMS to consider the effect of closing those 11 libraries at a stroke. I ask the council and the Department, together with the DCLG, to look at the processes involved in the closure of Eastham—and, indeed, Woodchurch—which seem to be on the borders of immorality and illegality.

Stephen Hesford: My hon. Friend is making a powerful case. May I add to his list Hoylake and Irby libraries?

Ben Chapman *rose—*

Mr. Deputy Speaker: Order. Before the hon. Member for Wirral, South (Ben Chapman) responds, may I say that I do not wish to curtail his Adjournment debate, which is obviously very important to him? I would ask him, however, to bear in mind that the House seriously truncated its debates earlier so that the staff of the House could get home.

Ben Chapman: I will not respond to the intervention, Mr. Deputy Speaker.

I ask Wirral Metropolitan college to look again at the closure of Carlett Park, and to heed my repeated pleas about its effect on the community. I ask Wirral council to have an overall strategy for its borough and individual communities, and to be conscious of the cumulative and consequential effects of individual decisions. As it is, the very bodies that ought to be promoting Eastham are those that are damaging it. The subject of this debate is the preservation, protection and development of Eastham; I do not believe that we are doing any of those effectively.

9.35 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I congratulate my hon. Friend the Member for Wirral, South (Ben Chapman) on securing the debate. He is renowned in the House as a tireless advocate on behalf of his constituents. I recall a debate that he and I had a couple of months ago on the important matter of allotments, in which he advanced the case on behalf of his constituents with considerable skill. He has done the same tonight.

My hon. Friend will know that, unfortunately, I am unable to give him the detailed answers that he is seeking to each of the points that he has raised. That is because the issue to which he refers ultimately needs to be decided and resolved locally. That does not mean, however, that I want to dismiss his overall argument. Quite the contrary: I completely agree with it. Tonight, he made a compelling case for preserving the local strengths and resources in Eastham, which are important sources of pride for the local community. I absolutely agree with his central argument that local authorities must have a strategic vision for the future, that local people should be central to shaping and influencing that vision, and that all decisions must be taken with reference to that overarching strategic plan. In that context, let me address the points that he has raised.

I want to start by making it clear that I absolutely agree that no community should be, to use my hon. Friend's vivid term, the "victim of chance" in the manner that he describes. It is essential that the planning system should produce fair and transparent outcomes, and that communities have every opportunity to make their voices heard, to have their say and—I cannot stress this enough—to be able to influence decisions under consideration by the local authority. If that ability is not available, the public's faith in consultation and—a more fundamental point—faith in the political process will be undermined.

My hon. Friend stated that Wirral borough council recently undertook a strategic asset review to look at making the best use of its resources. I understand that

the objective of the review is to improve service delivery, offer better value for money, and support the regeneration of the whole borough. I am sure that he will agree that it is right for local authorities to consider whether the services that they offer to people are up to date, responsive to local needs and priorities, and provide value for money for the local taxpayer. However, I have enormous sympathy with the arguments that he has advanced in the House tonight and on his website, where he states:

"Whilst these decisions are a matter for the Council and Councillors, and not the MP, I am obviously concerned for my constituents, the staff involved and about the loss and quality of services. Overall, I very much regret that we have found ourselves in this position and that decisions have been taken so quickly. The decisions seem even harder to justify given that Wirral has had above inflation increases in support from central government each year since 1997."

He reiterated that point tonight.

I understand that, as part of the strategic asset review, Wirral is looking at the condition of public buildings, their accessibility and the facilities that they offer. The local authority also undertook a six-week consultation, inviting residents and private and public organisations to contribute. The conclusion reached from this exercise was that "fewer is better". It is not for me to comment on that conclusion. I understand, however, that the local authority wishes to join up council services with those of other organisations such as the police, the fire service and local primary health facilities. This seems sensible, as it would provide co-ordinated public services for the people of Eastham.

Andrew Miller (Ellesmere Port and Neston) (Lab): My hon. Friend the Member for Wirral, South (Ben Chapman) mentioned Peel's plans, which include a massive housing development just over the border, in my constituency; it was approved as one of the Government's growth points. Does the Minister not think that, as part of their strategic thinking, local authorities should engage with their colleagues across borders to ensure that where facilities are changed and housing is developed, there are adequate support facilities, such as libraries, to meet the needs of the local people?

Mr. Wright: That is a fair point. Obviously, I cannot comment on specific proposals that may go before the Secretary of State as part of the planning process. However, the idea that a local authority stands alone and autonomously is not appropriate in the modern world. A local authority will have links with neighbouring authorities. Given such things as multi-area agreements, it is important that local authorities talk to one another.

On the point made by my hon. Friend the Member for Wirral, South, the contentious element is that Wirral borough council wants to focus resources on Bromborough, which means that Eastham library is earmarked for closure. I want to concentrate on that aspect, because the issue is very important.

Ben Chapman: I very much welcome the retention of Bromborough, but if Wirral council wanted to do that, why did it not say so?

Mr. Wright: I shall come on to that.

Let me talk in general terms about libraries, which play a vital role in our communities and provide crucial services. When I was studying for my A-levels—not too long ago—I remember using Hartlepool's libraries. They helped me get to university. Nowadays, the best libraries are state-of-the-art resource centres for an area, a welcome magnet for the entire community, with internet cafes, coffee shops, places of advice on jobs, skills and housing, and community rooms to allow residents' groups to meet and community cohesion to grow. They are real assets, and it is not surprising that local residents feel so passionate about them. Indeed, during the annual, painful budget-setting round when I was a councillor on Hartlepool borough council's cabinet, I felt so strongly about the value of local libraries that I always said that I would resign if any had been proposed for closure.

With regard to the concerns of my hon. Friend and of the residents of Eastham, I understand that the local authority has now, largely thanks to his efforts, agreed to work with the local community to explore alternative ways of making the best use of all facilities, including, as he said—I appreciate that he has some concerns about it—asset transfer to the community.

I reiterate my central argument that decisions about funding priorities and the best way in which to meet the needs of local residents must ultimately be made by local authorities. Central Government and Ministers cannot interfere in that. However, my hon. Friend made an important point about the consultation process. It is vital that that is clear, transparent and well publicised. I know that a consultation process took place between 27 November and 15 January, including four special area forum conferences, which were attended by more than 2,000 people. I also understand that the consultation was publicised in the local press and on the council's website.

I note from my hon. Friend's website and from his comments tonight that the decision about Eastham library was made as a result of the consultation and was not therefore directly consulted on. That is important. My hon. Friend the Member for Wirral, West (Stephen Hesford) also mentioned it. I also note that my hon. Friend the Member for Wirral, South was concerned that, as an important local stakeholder, he was not consulted. That is not good enough and I hope that his efforts tonight demonstrate the strength of his feeling to local decision makers. I understand that three overview and scrutiny committees met to consider recommendations presented to cabinet on 15 January. The views of those committees will be made to full council on 9 February.

There are no easy answers in such circumstances. It is not for me to interfere in such local decisions, but I emphasise that it is essential to follow the proper procedures and that local residents have every opportunity to be involved in shaping the future direction of their community.

Such decisions are undoubtedly difficult locally. It is important to strike a balance that meets the needs of as many local people as possible, providing them with the widest possible services. Given my hon. Friend's excellent contribution tonight, I hope that he will continue to work with all local partners to help achieve the goal of excellent public services for the widest possible community.

Question put and agreed to.

9.45 pm

House adjourned.

House of Commons

Tuesday 3 February 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

Young Offenders (North-West)

1. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): What assessment he has made of the availability of rehabilitation schemes to young offenders in the north-west. [253521]

The Minister of State, Ministry of Justice (Mr. David Hanson): It is a core objective of the Government to improve rehabilitation schemes for young offenders with the aim of cutting crime and changing lives. We keep that under constant review.

Mr. Wallace: I thank the Minister for his reply. One of the major contributions to reducing reoffending, especially among young men such as the ones held in Lancaster Farms in my constituency, is the use of residential outdoor courses, often supported by the YMCA. What will the Department do to encourage more use of those to help those young men rebuild their lives after their offences?

Mr. Hanson: The hon. Gentleman makes a valid point, and it is important that we provide a range of activities to give people some experience outside the criminal environment and to try to change their lives by acquiring positive skills. He will know that throughout the north-west we have undertaken work with the Prince's Trust and the Duke of Edinburgh award scheme. In the last three years in the north-west alone, 332 awards have been made by the Duke of Edinburgh scheme. That partnership is important and will continue.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Is my right hon. Friend aware that, as well as providing support for young people with substance abuse problems and mental health issues, Blackpool youth offending team is working with Blackpool council to identify suitable accommodation for young offenders? A homeless young offender is much less likely to be rehabilitated than one with a home. Will my right hon. Friend therefore try to ensure that suitable accommodation is available?

Mr. Hanson: Indeed, my hon. Friend makes an important point. When people return to the community from a young offenders institution or other form of such accommodation, they need help and support not only with education and training but with housing. I am meeting the Housing Minister tomorrow to discuss that very issue.

Mr. Nigel Evans (Ribble Valley) (Con): One of the best things for young people in young offenders institutions is purposeful activity. It has been reported that at Lancaster Farms young offenders spend an average of only 9.7 hours a week on education or team activities, and 2.2 hours on sport or physical activity. Will the Minister look again at the level of activity of young people in those institutions and ensure that they undertake purposeful activities?

Mr. Hanson: I will certainly look at that. There is a wide range of learning and skills provision—including work experience, the Duke of Edinburgh award scheme, and Prince's Trust and other high-intensity work—going on in those centres. In relation to Lancaster Farms, in the constituency of the hon. Member for Lancaster and Wyre (Mr. Wallace), we are establishing links with Lancaster probation service and Lancaster and Morecambe college to try to get people into employment when they leave the institution.

Mr. Humfrey Malins (Woking) (Con): I must give the Minister a dreadful statistic. After 12 years of this Government, seven out of 10 young men released from the young offender custodial estate reoffend within 12 months and most reoffend 30 times within 12 months of release. What is he doing to stop that awful situation?

Mr. Hanson: Those figures are coming down, but I accept in part what the hon. Gentleman says—there is still a high level of reoffending by young people leaving those institutions. As I have said, support is needed in learning and skills, literacy and numeracy, employment and housing, and in tackling the drug and alcohol problems that people have, and last summer we introduced the youth crime action plan to try to tackle some of those issues early on in people's criminal careers. The hon. Gentleman mentions 12 years of this Government, but the Conservatives' proposals to cut further money from this budget would be unlikely to lead to a positive improvement in activity at Lancaster Farms and Hindley in the north-west.

Sir Nicholas Winterton (Macclesfield) (Con): May I ask the distinguished Minister, for whom I have a very high regard—*[Interruption.]* May I ask how widely schemes such as the Duke of Edinburgh awards—a fantastic scheme that does a great deal for the rehabilitation of young offenders—are available in north-west England, an area that includes my constituency?

Mr. Hanson: I am grateful to the hon. Gentleman for his question, and who am I to ignore the great cheers that he received from his hon. Friends? If we are engaged in a mutual love-in, I may say that I have a great respect for him and his work as a member of the Speaker's Panel and in this House. There were 332 awards made by the Duke of Edinburgh scheme in the last three years. Those young people have gone through the system, improved their lives and benefited from those awards. I

want to see more of that, and that is why the partnerships with the Duke of Edinburgh award scheme and the Prince's Trust are important in the north-west and throughout England and Wales.

Mr. David Burrowes (Enfield, Southgate) (Con): May I remind the Minister of another of the Government's figures, which show that three quarters of those in young offenders institutions are dependent on drugs? Why did only 100 young offenders from Lancaster Farms YOI start drug treatment last year? Does the Minister agree with the chief inspector of prisons' view, published in her annual report last week, that it is remarkable that so little has been done to tackle the fourfold increase in alcohol-related problems in prisons?

Mr. Hanson: The hon. Gentleman will be aware that this Government have increased by a massive amount the resources devoted to overcoming those problems. Obviously, there is a lot of drug-related crime, which means that individuals who enter the system need greater support. In the north-west alone, three drug and alcohol programmes and two offending behaviour programmes are in operation. In particular, there is the CARAT scheme, which provides counselling, assessment, referral, advice and throughcare. It deals with self-esteem, drug programmes, sexual health, the supply of drugs, healthy eating, steroid abuse, stress management and relapse prevention. All those schemes are funded by Government resources that, unfortunately, the hon. Gentleman's party has pledged to cut from our Department.

Coroners' Courts

2. **Norman Baker** (Lewes) (LD): Under what circumstances coroners' courts may operate in camera. [253522]

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): Under proposals in the Coroners and Justice Bill, which is at present before the House, a Secretary of State wishing to proceed to a non-jury inquest with a High Court judge in the circumstances specified would have to be satisfied that no other measures would be adequate to prevent the matter from becoming public. Those other measures would include rule 17 of the Coroners Rules 1984, which allows for a judicial decision by the coroner to exclude the public from an inquest in the interests of national security. That and other safeguards proposed in the Bill are likely to mean that the number of non-jury inquests sought by a Secretary of State would be no more than one or two a year.

Norman Baker: It is the national security aspect that worries me. Does the Secretary of State recall the tragic events revealed by the inquest into the death of Lance Corporal Hull, who died under US friendly fire, and how the US wanted to ensure that the cockpit video of that event was restricted to the coroner only and withheld from the press and public? It was subsequently made public only on account of its being leaked to *The Sun*. Does the Secretary of State agree that inquests in closed session must be absolutely the exception rather than the rule? Would he also say that embarrassment to the Government of the day or to our allies is not a sufficient reason for closed inquests?

Mr. Straw: I agree with the hon. Gentleman's last point— embarrassment is in no sense a criterion. I also agree that the use of non-jury inquests or proceedings in camera should be kept to an absolute minimum, and that is our aim.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): The Justice Secretary knows well that the whole purpose of the coroners' courts was to bring transparency to bear on the circumstances surrounding a death. Many of us still do not appreciate his argument that we cannot use public interest immunity certificates instead of having proceedings in camera. Proceedings in camera will undoubtedly lead to a great deal of bad will and people will be suspicious of what goes on.

Mr. Straw: Proceedings can already take place in camera. The issue is whether one would have a more comprehensive article 2 inquiry before a High Court judge without a jury. I accept that it is obviously far better, if at all possible, for all the proceedings of an inquest to be in public. The duty will be on the Secretary of State, if he or she wishes to obtain one of these certificates, to show that there are no other practical alternatives available. As I explained on Second Reading last Monday, the analogy with a public interest immunity certificate process falls down because if a PII certificate is refused by the trial judge, the prosecution can simply withdraw the prosecution. What triggers an inquest is not the discretion of a prosecution but the fact of a death, and it is that issue which the House must address.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Secretary of State confirm that the Bill applies to Northern Ireland? Would he agree that it is very important that provisions to allow inquests to be held in camera remain in that part of the United Kingdom?

Mr. Straw: That particular part of the Bill is not currently intended to apply to Northern Ireland.

David Howarth (Cambridge) (LD): I accept, of course, that there are exceptional circumstances in which inquests would have to be held in private. However, I do not understand why the Government link those circumstances to those where there would be no jury. The Government have asked for suggestions, so have they considered the possibility of security vetting inquest juries in the same way that juries can be vetted in criminal trials for espionage and terrorism? That procedure has been in place since at least 1989.

Mr. Straw: We are certainly open to examining other alternatives, as I have made clear. I think that the House now accepts that there is a problem that cannot be dealt with simply by PII certificates. I am therefore open to considering the alternatives, although I think that there are some practical problems because we are dealing with extreme circumstances in which there is a very severe risk, not of damage or embarrassment to the Government but of an individual—a covert human intelligence source, say—being killed. That is why it has been judged that such matters should not go to the jury. In a criminal trial, even when some of it is held in camera with a jury that has effectively been vetted, the operation of PII certificates means that part of such evidence will not be disclosed to the jury.

One way or another, we have to face up to the fact that, if we want full article 2 inquiries, part of the evidence must be safely excluded from the jury. The issue is not whether that should be so but how best to do it, and of course I accept that it should be done in a way that properly commands public confidence.

Andrew Mackinlay (Thurrock) (Lab): When he leaves the Chamber, will the Justice Secretary double-check on the reply that he gave to the hon. Member for South Staffordshire (Sir Patrick Cormack), who is Chairman of the Northern Ireland Affairs Committee? I think that the hon. Gentleman was correct to say that the Coroners and Justice Bill extends to Northern Ireland, and that is buttressed by the fact that last week we had very powerful representations by the Northern Ireland Human Rights Commission about the Bill, particularly in relation to legacy issues. With the greatest respect to the Justice Secretary, I think that he is wrong.

Mr. Straw: If I am wrong, I shall of course correct the record. I have just been passed a note saying that my right hon. Friend the Secretary of State for Northern Ireland has said that he will not use the provisions in the Bill, and that they will not apply to legacy cases.

Andrew Mackinlay: So I was right!

Mr. Henry Bellingham (North-West Norfolk) (Con): Does the Secretary of State accept that, if the new law had been in place, the inquests into the killing of Juan Charles de Menezes or the RAF Nimrod disaster would have been held in secret? Does he agree that, if that had happened, it would have caused outrage among the relatives of the deceased and that there would have been widespread public condemnation? Does he accept that, by pursuing the clauses in the Bill for the sake of one or two inquests a year, he is putting at risk public confidence and trust in the entire coronial system? Why will he not therefore listen to the voices of reason on the Opposition Benches?

Mr. Straw: I do not believe that either the de Menezes case or the Nimrod case would have been subject to the process that is proposed in the Bill. Those inquests self-evidently took place satisfactorily, without the need for such a system. As I have said already, in deciding whether to seek a certificate under the Bill, a Secretary of State would have to show that no other measures would be adequate to prevent the material concerned from being made public, so I simply do not accept what the hon. Gentleman says.

However, the hon. Gentleman will be aware that at present there are two inquests that cannot proceed because the arrangements made in the de Menezes and Nimrod cases are not regarded as satisfactory. The choice before the House is whether to have inquests—albeit conducted under the proposals in the Bill, or variations of them—or not to have inquests at all. I repeat to the House that I do not regard the proposals as copyright. We are happy to consider other alternatives, but the House has to face the fact that there needs to be additional provision that is currently not in the law, because otherwise some bereaved relatives will go without an inquest at all.

Custody Licence Scheme

4. **Mr. David Jones** (Clwyd, West) (Con): When he plans to end the end-of-custody licence scheme. [253524]

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I have made it clear to the House that I will withdraw the ECL scheme as soon as we have sufficient capacity in the prison system to do so. We have been undertaking the fastest ever capacity programme, and 2,700 more prison places became operational in 2008, on time and on budget. A further 2,300 prison places are planned for this year, 2009. Court cells have not been used since the end of February last year, and police cells have not been used since 23 September.

Mr. Jones: When the scheme was announced by the Lord Chancellor's predecessor in June 2007, he described it as a temporary measure. Since then, some 47,500 prisoners have been released early, of whom more than 950 have offended while on licence; those offences include three murders and two rapes. In the circumstances, did not the Secretary of State agree that when his colleague Lord Bach said last month that

"it is not entirely a satisfactory scheme"—[*Official Report, House of Lords*, 20 January 2009; Vol. 706, c. 1555].

he was guilty of the greatest understatement imaginable? Is it not, in fact, a positively dangerous scheme, and when does he propose to end it?

Mr. Straw: Personally, I would take out the adverb: it is not a satisfactory scheme. However, it is better than the alternative, and far better, in terms of seeking to manage the prison population to capacity, than the devices to which the Conservative Administration whom the hon. Gentleman supported used to resort. At one stage, the Conservative Administration had 3,500 prisoners packed into police cells in wholly unsatisfactory circumstances. Over a couple of months, a previous Conservative Home Secretary released 3,500 prisoners, including some who, because of the severity of their sentences, would be quite beyond the current categories eligible for an end of custody licence.

Paddy Tipping (Sherwood) (Lab): But would not the abolition of the custody licence scheme put added pressure on the prison population? The Secretary of State has made it clear that he has provided more places, and more are planned in prisons. What effect would a cut to his Department's budget have on those plans?

Mr. Straw: It is quite clear that if the Conservatives were to follow through on their plans for formula cuts in criminal justice Departments, as proposed by the shadow Chancellor, prison provision would be subject to severe cuts.

Mr. Speaker: Order. We have had anti-Conservative party propaganda from two Ministers, and we will call it a day at that. Ministers will answer the questions that are put to them.

Mr. Mark Harper (Forest of Dean) (Con): I did not hear anywhere in the Secretary of State's reply the answer to the question posed by my hon. Friend the

Member for Clwyd, West (Mr. Jones). Given that the scheme was supposed to be temporary, will it, or will it not, continue indefinitely?

Mr. Straw: No, it will not continue indefinitely. It is not a satisfactory scheme; no one has ever suggested that it was. It is, however, better than the alternatives that the Conservative Administration used, just for the record. It certainly will not be continued indefinitely, and I will seek to end it as soon as I judge that we have sufficient capacity. That is why we have been increasing the capacity of the Prison Service far faster than previous Administrations have done.

Mr. Dominic Grieve (Beaconsfield) (Con): As there have been three murders, two rapes and many more serious offences committed by criminals who were released early under the Government's end of custody licence scheme, will the Secretary of State tell the House what assessment he has made of the likely number of such offences that will be committed by such offenders who will be released under the scheme in 2009?

Mr. Straw: First, may I congratulate the hon. and learned Gentleman on his first appearance in Justice questions? Secondly, the reoffending rate under the scheme has been pretty consistent. I am sure that he has the extrapolations written on his pad and will give them a wide audience in a moment. Thirdly, of course it is a matter of great regret and deep concern whenever there is reoffending from prison, but in quite a number of those cases, particularly in the serious cases, there is evidence to suggest that the offence would have been committed in any event. That was certainly the view of the trial judge in one of the worst cases, that of the Andrew Mournian murder.

Mr. Grieve: I thank the Secretary of State for his welcome, but he cannot escape the fact that the offences, including murder, were committed by people who were released early under his scheme. That says volumes about the Government's assessment of the need to protect the public. Is it not his intention to institutionalise, not end, early release through proposals in the Coroners and Justice Bill that will require sentencing to be conditioned by the cost of the sentence? That will make sure that, in future, Government expediency is placed in front of criminal justice.

Mr. Straw: The hon. and learned Gentleman has a very short memory—I am sorry, Mr. Speaker, but my comments are relevant to the Conservatives' suggestion that only we have faced this problem. Other Administrations have had to resort to such measures. Some 3,000 prisoners were released between July and August 1987. As for the hon. and learned Gentleman's key question, if he wishes to table amendments to the Coroners and Justice Bill, we look forward to considering them. I have made it clear that there is no prospect whatsoever, nor is it Government policy, that at the point of sentencing, sentencers should have to take into account the resource costs of what they are proposing. That is not in the Bill, nor is it Government policy.

Mental Health Tribunals

5. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent discussions he has had with the chief executive of the Tribunals Service on the operation of mental health tribunals. [253525]

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): The chief executive of the Tribunals Service has regular meetings with Ministers to discuss the service and its performance, including that of mental health tribunals.

David Taylor: Mental health tribunals are important for dispensing justice, but a constituent queries with me their ability also to operate impartially. If patients agree that they are psychotic, they are so judged. If they disagree, they are said to have no insight into their condition and are found to be psychotic. What consideration have the Government given to reviewing the whole process to address concerns that patients subject to a tribunal do not have guaranteed access to specialist legal advice, and that the panel composition militates against objective assessment of the facts of each case?

Bridget Prentice: I am concerned about the example that my hon. Friend gives. If he wishes to come to see me to discuss it, I will be more than happy to do so. There are, however, two things that I would say to him. There is legal representation available for mental health proceedings at the first-tier tribunal, and there is also legal aid available at the upper tribunal. There are about 1,100 members of the tribunal, and they are split more or less evenly across the three disciplines that they are meant to represent.

Coroners' Courts

6. **Mr. Andrew Turner** (Isle of Wight) (Con): What recent assessment he has made of access to coroners' court services in small towns and rural areas; and if he will make a statement. [253526]

The Minister of State, Ministry of Justice (Mr. Michael Wills): We intend to review current coroner boundaries in consultation with local authorities as part of implementing the Coroners and Justice Bill, which is before Parliament. The review will take full account of local needs.

Mr. Turner: I am sure the Minister agrees that public access to a coroner is important for justice. Does he agree that we must retain at least a part-time coroner on the Isle of Wight?

Mr. Wills: I agree with everything that the hon. Gentleman has said. I can assure him that as part of the review, there are no plans to do away with the presence of a coroner on the Isle of Wight.

Mr. James Gray (North Wiltshire) (Con): It is the number of rural coroners that is being cut from 112 currently sitting in 140 places to about 60. It is particularly they who are looking into military deaths, which may or may not be those that become secret proceedings in the future. The Secretary of State has gone to great lengths to say that only one or two a year would be heard in

camera. Will the Minister give the House an example of one or two cases in recent years that were heard in public but which, under the new Act, would now be heard in secret?

Mr. Wills: May I assure the hon. Gentleman that, in relation to the review, we are fully committed to making sure that local access to the coroner service is retained. If we move to larger coroner jurisdictions, that does not mean the end of part-time coroners, and it does not mean that anyone in a rural area or anyone else will be denied access to the coroner services that they receive at present.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Already, the office of coroner for the county of Powys has been amalgamated with that of the coroner for Bridgend and the valleys. There is a feeling in Wales, and following on from the Coroners and Justice Bill, that there will be an over-centralisation of the service in Wales. Given the sensitivity that inquests often give rise to, will the Minister confirm that the issues raised by hon. Members, particularly that of rurality, will be looked into before the implementation of the Act?

Mr. Wills: I can certainly give the hon. Gentleman that assurance. It is fundamental, as I said, that people should continue to have access to the coroner service locally. We understand that that has particular resonance in rural areas. No changes will be made without full consultation with everybody concerned, including hon. Members of the House.

Peter Bottomley (Worthing, West) (Con): Helpfully, the Secretary of State has responded on the needs of families of deceased people when there is an inquest. Will his Department continue, with the Department for Work and Pensions, to make sure that the information on costs and allowances available to the families of those who have died becomes as easily available through a coroner's office as it is through a registrar of deaths?

Mr. Wills: I am happy to give that assurance to the hon. Gentleman.

Stephen Ayre

7. **Philip Davies** (Shipley) (Con): If he will refer the case of Stephen Ayre to the chief inspector of probation. [253527]

The Parliamentary Under-Secretary of State for Justice (Mr. Shahid Malik): Andrew Bridges, the chief inspector of probation, has already examined the serious case review into the case; it was conducted by the West Yorkshire strategic management board for multi-agency public protection arrangements, or MAPPA. I had discussions with Mr. Bridges yesterday and he confirmed that the shortcomings in practice were properly evident in the review. In addition, my right hon. Friend the Secretary of State for Justice has asked Mr. Bridges for an assessment, based on two inspections, of the quality of the supervision of offenders such as Mr. Ayre by the area MAPPA system. Mr. Bridges is completing that assessment.

Philip Davies: As the Minister will know, Stephen Ayre was a convicted murderer who was let out of prison and who, three years ago, after repeated mistakes by the probation service, raped and abducted a 10-year-old boy in my constituency. The Secretary of State talks a lot about how he will put the victims at the centre of his Department. However, despite having met the father of the victim, he still refuses to release the internal report into the case—even to the family, let alone the public. As the Secretary of State knows, the parents cannot feel that they can get over what happened to their son until they have seen the full report. If the right hon. Gentleman will not release the full report to the family, the least that he could do is ask the chief inspector of probation to produce a report and put it in the public domain to help the family get over that appalling incident.

Mr. Malik: We all accept that it was an appalling episode. The purpose of any review is to identify faults. The chief inspector of probation is clear that the faults have been identified. Indeed, the overview report was presented to the young victim's father.

As the hon. Gentleman knows, the Secretary of State has taken a personal interest; he met the victim's father on 18 June 2008. A number of things flowed from that: expedited support and counselling for the victim; an overview report to be prepared by the West Yorkshire MAPPA and shared with the victim's father; and the inspection by staff from the National Offender Management Service public protection unit of a sample of cases in west Yorkshire to ensure that they are being well managed. More generally, my right hon. Friend decided that from December 2008, in respect of all MAPPA serious case reviews, we will share an overview report with the victim and the victim's family.

The hon. Gentleman is wrong to suggest that victims are not at the centre of this Administration. In 2008, there were 4 million fewer victims of crime compared with 1998, and we have significantly increased investment thresholds to support victims. That speaks volumes about our commitment to victims and to putting them at the centre of the criminal justice system.

Sentences (Multiple Rape)

8. **David T.C. Davies** (Monmouth) (Con): What recent guidance the Sentencing Advisory Panel has issued on sentences for those convicted of multiple rape; and if he will make a statement. [253528]

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): In April 2007, the independent Sentencing Guidelines Council published definitive guidelines on the Sexual Offences Act 2003. That included a guideline on the offence of rape, including when it is carried out by more than one offender and including multiple offences carried out by the same offender. The Sentencing Guidelines Council took the Sentencing Advisory Panel's advice into consideration when it formulated the guidance.

David T.C. Davies: Two weeks ago, six men were sentenced for multiple rape. They gang-raped a 16-year-old girl with learning difficulties and for that they received between six and nine years—of course, they will serve only half that time. I notice that the Minister did not give me a straightforward answer. As far as I can ascertain from the SAP guidelines, the starting point for

multiple rape is eight years in prison. Why, then, were those men given six, seven or eight years, and why were the aggravating factors, which are clearly shown in the SAP guidance, not taken into account? I am thinking of the age of the victim, the fact that she was raped on several occasions and the grievous attack with caustic soda that was carried out on her afterwards. Will the Minister support my recent letter to the Solicitor-General asking that the case be reviewed so that those men are given the sentence that they deserve?

Maria Eagle: As the hon. Gentleman suggests in a roundabout way, the Attorney-General has the power to refer back to the courts sentences that she believes to be overly lenient. She is considering this at present. I cannot say more to him about this case, although I accept what he said about its seriousness.

Fiona Mactaggart (Slough) (Lab): But is not the problem for many victims of rape the fact that in the UK we still have an average conviction rate of 6 per cent. and that many victims of this heinous crime do not see their offender brought to justice? What action are my hon. Friend's Department and other Departments taking to ensure that offenders in the crime of rape are brought to justice?

Maria Eagle: My hon. Friend is correct to suggest that the number of complaints to the police about rape that result in prosecution is quite small. However, that is often because those who have been victimised do not feel able to go through with the prosecution. The current statistics are that 37 per cent. of all cases prosecuted as rape result in a conviction for rape, that 59 per cent. of cases prosecuted as rape result in a conviction for rape or another offence, and that 97 per cent. of those so convicted have a custodial sentence imposed. This is the highest conviction rate for 10 years.

I accept, however, that we need to do more in supporting victims and those who complain of these terrible crimes through what can be the terrible ordeal of going through the criminal justice system. We have extended the support available to women—and men, of course, who can also be subjected to this terrible offence—by providing sexual assault referral centres across England and Wales, more access to support, and a better understanding among prosecutors and police about how to deal with the victims of these offences. That is showing an increase in conviction rates, as indicated in the statistics.

Angela Watkinson (Upminster) (Con): The provisions of the Coroners and Justice Bill include replacing the Sentencing Advisory Panel with a sentencing council that will have mandatory powers. However, the circumstances and levels of criminality vary enormously from case to case, and judges use their discretion to ensure that the appropriate sentence is given in the light of their experience and knowledge. Do the Justice Secretary and the Minister agree that the independence of the judiciary is an important part of our constitution and that it should not be eroded by a quango?

Maria Eagle: I agree with that absolutely. That is in fact Government policy. The new sentencing council will not in any way fetter the individual decisions of sentencers, whether they be judges or magistrates, in the work that they do in our courts. It will have a judicial majority and will be chaired by a judge. I believe that that independence, vital to our system, will be guaranteed; it is certainly Government policy that it ought to be.

Departmental Funding Settlement

9. **Tony Baldry** (Banbury) (Con): What services and policy initiatives will be affected by the funding settlement reached for his Department for 2009 to 2011. [251029]

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): On 19 January, I published to Parliament the Ministry of Justice's corporate plan. The plan is based on my Department's four strategic objectives and sets out what we aim to achieve, how, and with what resources. Further details of the financial allocations are given in chapter 6 of the plan.

Tony Baldry: Last year, the Secretary of State's permanent secretary, Suma Chakrabarti, told the Justice Committee that by December the Department would have a much better idea of what cuts it needed to make to live within its means. One assumes that that will result in some cuts in front-line services. Perhaps the Secretary of State could help the House by giving some indication of where those cuts are going to fall. Could he give me an undertaking that one of the cuts will not be the closure of the probation service office in Banbury, because that would be a very retrograde step for offender management in the north of Oxfordshire?

Mr. Straw: The corporate plan makes it clear that we are indeed seeking some reductions and savings—that is on the record before Parliament—including a 5 per cent. real-terms reduction in our administration budget. However, we are seeking to do that principally by taking out back-office functions, by cutting down on what I think the House would regard as unnecessary spending, and by reducing the use of agency and contract staff. The whole purpose of this—the same is true, for example, overall in the National Offender Management Service—is to do our very best to ensure that front-line services are properly protected. There are always better ways of delivering front-line services. If the performance of the probation services are compared area to area and within areas, it is clear that there is not necessarily a connection between inputs in terms of resources and their outputs in terms of caseload and reductions in reoffending.

Mr. Philip Dunne (Ludlow) (Con): I listened carefully to what the Secretary of State had to say about potential cuts to the probation service. Can he reassure the House that the probation service will not suffer cuts that would limit its capacity to monitor and maintain community service orders? In West Mercia, initial indications show that as many as 42 probation officers could be at risk.

Mr. Straw: We do not believe that that is the case. There will be a requirement on probation services, and others, to reduce their administrative costs and to look at new ways of working. For example, they might produce briefer reports for courts and so on. We have actually put extra money into the front-line delivery of

high-end community penalties. The whole purpose of that is to make the system more efficient and more effective.

Sir Alan Beith (Berwick-upon-Tweed) (LD): How much worse will resource problems be as a result of the alarming state of some of the Department's IT projects? Will some have to be abandoned or cut in order to stay within limits?

Mr. Straw: The corporate plan takes account of the reality of our IT plans.

Mr. Edward Garnier (Harborough) (Con): It really is pushing it to say that the Secretary of State has IT plans if we bear in mind that the National Audit Office criticised his Department for trebling the cost—to £690 million—of the C-NOMIS IT project. It is also true that the Government have spent £50 million on accommodating prisoners in police stations and court cells, £131 million on doing up the Secretary of State's offices, and £27 million on external consultants in the past year. Instead of wasting that money, those millions would have been better spent on not introducing the cost day, which leads to the locking up of prisoners between lunchtime on Friday and breakfast time on Mondays, on dealing with prisoner overcrowding and with prisoner rehabilitation and on encouraging purposeful activity and education in prisons.

Mr. Straw: I do not mind taking lectures from some parts of the House about our budget, but it does not lie well in the mouth of the hon. and learned Gentleman or those in his party to criticise the savings that we have to make, because their only response is to say that they would cut even more. That is the straightforward reality: they would cut at least £100 million from the Ministry of Justice's budget.

Sentences (Violent Crime)

10. **Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): Whether his Department takes steps to inform the public of sentences handed down to people convicted of violent crime. [253531]

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): The outcomes of criminal justice cases are provided free of charge to local newspapers, which play a key role in providing information to their communities. My right hon. Friend the Secretary of State has already announced that he intends to publish the final outcome of criminal court hearings on a public-facing website.

Mrs. Hodgson: That will be welcome news for the victims of crime, but does the Minister agree that if there is to be any potential deterrent effect for those who may commit such crimes, they need to see that information. I cannot imagine that many of them will go online to see what their sentence may be. Will the Minister consider using a poster campaign, or taking out adverts in national newspapers, so that perpetrators know that they will be caught, and know what the consequences will be for their own lives?

Bridget Prentice: My hon. Friend has offered a helpful and constructive suggestion, and we shall certainly look at it. I have seen national advertising campaigns in London on gun and knife crime, for example, that are very effective. In my area of Lewisham, the safer neighbourhood team included information in its quarterly newsletter to residents on people who were caught and convicted, and on the resulting sentences. We should consider matters as widely as possible to ensure that everyone, victims and offenders, is aware of the real cost of crime.

Shop Theft

11. **Miss Anne McIntosh** (Vale of York) (Con): What recent discussions he has had with the Secretary of State for the Home Department on guidelines to prevent re-offending by those convicted of shop theft. [253532]

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): As a matter of course, my right hon. Friend the Home Secretary, my right hon. and learned Friend the Attorney-General and I consider the guidelines and offer comments when they are subject to consultation. The guideline on theft makes it clear that a fine should be the starting point for an opportunistic theft from a shop, for example, but that custody is the appropriate starting point for those involved in gang-related shop theft. Following discussions with the hon. Lady and representatives of the retail industry and the police, revised guidance on the use of fixed penalty notices for shop theft are due to be issued shortly. We accept that there are plainly instances of the guidance not being followed, and that penalty notices for disorder are not appropriate for repeat offences or, normally, if the value of the property involved exceeds £100.

Miss McIntosh: I thank the right hon. Gentleman for that full reply. I know that he recently met the Magistrates Association, which is deeply concerned about fines being imposed for a shop theft that might be fuelling a drug or drink habit. Will he use his good offices to intervene in the issuing of guidelines, to ensure that that set of circumstances will be met and that there will be a referral to court where appropriate?

Mr. Straw: Yes, and I commend the hon. Lady for her work on this matter and the way in which she has drawn it to the attention of the House and me. I recently met the Magistrates Association and the association of chairs of benches of magistrates—[Hon. Members: "Chairs of benches?"] Well, they were the chairmen of benches, some of whom were female.

The guidance is clear, stating at paragraph 6.21, that PND disposal for shop theft

"may not be appropriate for those who are known to be substance misusers."

There are two issues here. The first is whether the guidance should be changed, and we do intend to change it. The second, whatever the guidance, is ensuring that the police follow it properly and that there is a proper audit of what they are doing.

Topical Questions

T1. [253546] **Willie Rennie** (Dunfermline and West Fife) (LD): If he will make a statement on his departmental responsibilities.

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I am pleased to tell the House that this morning, the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), announced further progress building on the implementation of the Corston report recommendations on women within the criminal justice system. Some £15.5 million of new money will be spent over two years on additional services in the community for women, with the aim of cutting their reoffending and reducing the need to imprison women convicted of less serious offences.

Willie Rennie: That is very welcome, but when innocent people are wrongly imprisoned, it is a traumatic experience that can scar them for life. When they are released, they often receive little support other than a helpline, which is welcome but not sufficient. Will the Minister meet me, a cross-party delegation of Members and Paddy Hill and Gerry Conlon of the Miscarriages of Justice Organisation, to consider their proposal for a refuge that will give such people the residential, in-depth support that they need and deserve?

The Minister of State, Ministry of Justice (Mr. David Hanson): I am grateful for the hon. Gentleman's comments. Of course, I and my ministerial colleagues will happily meet him, because how individuals are reintegrated back into society, particularly when they have been proved innocent, is an important issue.

T2. [253547] **Hugh Bayley** (City of York) (Lab): The Public Administration Committee has called for a mandatory register of lobbying activity by professional lobbyists, companies and pressure groups. I believe that there needs to be a legal duty to register in order to prevent lobbyists from claiming that they have a duty of confidentiality to their shareholders or clients. Will the Secretary of State consider legislating to create such a register in the forthcoming constitutional renewal Bill?

Mr. Straw: My hon. Friend will accept that the principal responsibility for the regulation of this House, as with the other place, lies with the House itself and not with Government. We look forward to recommendations from the Standards and Privileges Committee. It goes without saying that should there be a proposal for such changes that commands widespread support across the House, we shall consider it.

T7. [253552] **Greg Mulholland** (Leeds, North-West) (LD): Last year, the Secretary of State and I exchanged letters about the historic failings at Leeds magistrates court. He made it clear that all the answers that the public demanded would be provided. That has not happened and there is genuine consternation among the legal community in Leeds that the matter was tackled by scapegoating one individual. Some of the key answers to the problem, including what was meant by the fabrication of court outcomes and the number of convicted criminals who have not been followed up, have not been given to the people of Leeds. When will those answers be given?

Mr. Straw: Let me make it clear that the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), who was the Minister responsible, and I did a huge amount of work on what happened in Leeds, which was a scandal. It arose when West Yorkshire magistrates courts committee ran the magistrates court service in Leeds; central Government had no direct responsibility whatsoever. It has fallen to us to sort out the mess that the lack of proper leadership, control and management by the magistrates courts committee and the officials in that system created. We have been trying to sort out the problem. Of course, I am happy to discuss with the hon. Gentleman any further information that should be released. I cannot comment on the disciplinary process, but the responsibility for a scandalous situation must rest where it began—in Leeds.

T3. [253548] **Mr. Gordon Prentice** (Pendle) (Lab): Is not it simply unacceptable for tax exiles to bankroll political parties? Will the Secretary of State support the amendments that I have tabled to the Political Parties and Elections Bill to make the practice unlawful?

Mr. Straw: When it comes to Report, we will actively consider precisely what my hon. Friend proposes.

T8. [253553] **Jo Swinson** (East Dunbartonshire) (LD): Recent events have shown the clear and urgent need to clean up our political system, so I was pleased to hear the Secretary of State say that he will consider introducing measures that command widespread support. May I therefore urge him to include in the constitutional renewal Bill a provision that has widespread support and for which the House has already voted—that for an elected House of Lords?

Mr. Straw: The House has indeed already voted on that proposal, as it has on the proposal for an 80 per cent. elected House of Lords. We have moved to a substantial cross-party consensus, as the White Paper, which I published last July, shows. Although we can introduce some measures in the remainder of this Parliament, conducting a full-blooded, root-and-branch reform of the House of Lords at this stage would be pushing it without full support from all parties.

T4. [253549] **Mr. John Heppell** (Nottingham, East) (Lab): The Forced Marriage (Civil Protection) Act 2007 came into force only in November. Although I acknowledge that it is still early days, has the Secretary of State made any assessment of its effectiveness and progress?

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): My hon. Friend makes the fair point that the Act is very young. We will keep a close eye on it and monitor its success. Eleven cases have been considered under it since November, including that of a 16-year-old and, of course, that of the doctor who was returned from Bangladesh. Even in a short time, the Act has already been successful in ensuring that those who are vulnerable and coerced into a marriage against their will are given the protection of the law.

T9. [253554] **Mr. Ben Wallace** (Lancaster and Wyre) (Con): The Justice Secretary is answerable to the House for party funding. An investigation by the Parliamentary Commissioner for Standards and the Electoral Commission has already found the right hon. Gentleman to have broken his own law, and he is currently under investigation by the Electoral Commission for perhaps taking an impermissible donation. Given that he is in charge of trying to reform party donations and Parliament, would not being found guilty a second time undermine his credibility? Should he not seriously consider his position?

Mr. Straw: The hon. Gentleman has made two complaints against me. In the first case, there was a breach, but the Standards and Privileges Committee found it to be wholly inadvertent, and I apologised for it. If he is proceeding with the second, that will be the subject of investigation in the normal way.

T5. [253550] **Mr. David Kidney** (Stafford) (Lab): Does the Secretary of State share my pleasure at the public comments of the new Director of Public Prosecutions about the possibility of having more openness in the criminal justice system, by letting in the TV cameras in more circumstances than we currently allow? Does my right hon. Friend agree that we should let in the TV cameras to open up the criminal justice system to a wider audience?

Mr. Straw: I of course commend the new director's policy of greater openness. However, there are slightly complicated issues when it comes to having cameras in trial courts. The proceedings of the Law Lords at the point of judgment are already televised and the proceedings of the supreme court, when it starts across the road in October, will also be televised. However, the House would wish to consider long and hard before going down the route of some but not all American states and televising court proceedings. That could cause many more problems than it would seek to solve.

T10. [253555] **Mr. Laurence Robertson** (Tewkesbury) (Con): In an earlier answer, to my hon. Friend the Member for Vale of York (Miss McIntosh), the Justice Secretary accepted that sometimes the sentencing guidelines were not being followed in cases of shop theft. Does he feel that they are being adequately followed for burglary? We have recently seen a rise in the number of burglaries, which is not a minor offence but a serious one that causes a great deal of pain and disruption. Is there any more that he can do to try to reduce its incidence in that respect?

Mr. Straw: I say two things on burglary. One is that the decline in burglary over the past 12 years has been dramatic—it has gone down by, I think, more than 40 per cent. That has been a great success on the part of the police and the local authorities—we claim some credit for it, too—and a very important change in making people's dwelling houses far less vulnerable. Secondly, the Lord Chief Justice, Lord Judge, recently led the Court of Appeal criminal division to issue what amounts to very strong guidance to sentencers on burglary, particularly burglary of a dwelling. I think that we will see a toughening up of sentencing for burglary, and quite appropriately, too.

T6. [253551] **Mr. David Chaytor** (Bury, North) (Lab): The Government have put an enormous effort into speeding up judicial processes and strengthening the rights of victims. In respect of consumer protection legislation, does the Secretary of State think that there is a greater role for local authority trading standards authorities to play in mediating between consumers who feel aggrieved by a supplier of goods and services? Would that not be a way of keeping more cases out of court and of moving more quickly towards the speedy resolution of disputes?

Mr. Straw: There is great merit in the suggestion that my hon. Friend makes and I will certainly consider it, along with my right hon. Friend the Secretary of State for Communities and Local Government.

Mr. Tobias Ellwood (Bournemouth, East) (Con): May I draw the Secretary of State's attention to Question 19 and ask whether he will allow Bournemouth's court cells to be used by Bournemouth's police to detain suspected offenders? The police cells and the court cells are part of the same building. More police cells are being built, but unfortunately they currently get full—for example on a Friday night—and the police have to drive those who have been arrested all the way to Weymouth. There seems to be a lot of red tape, so I would be grateful if the Secretary of State looked into that.

Mr. Hanson: I hope that I can offer the hon. Gentleman a helpful answer: Dorset police force has been given permission to use the cells at Bournemouth magistrates court at weekends during peak summer months, pending the completion of its custody suite. The points that the hon. Gentleman has mentioned are valid, and the cells in Bournemouth will have a greater call on them than is normal, particularly during the summer.

Paul Flynn (Newport, West) (Lab): What effect will the reclassification of cannabis have on the overcrowding of our jails?

Mr. Straw: I doubt that it will have any particular effect. As my hon. Friend knows, the reclassification has led to a proposal that for a first offence, a penalty notice would be issued, consistent with the guidelines for penalty notices.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Why does the Secretary of State's Department refuse to engage with local communities when deciding on new locations for bail hostels?

Mr. Hanson: The Department and ClearSprings do engage with local councils. I have been very clear that since June last year, we have had to have discussions with the local council, the local police and the local probation board. From all such properties throughout England and Wales, roughly 7 per cent. of houses have attracted complaints from local councils or other organisations or individuals to date. The scheme is working quite successfully throughout the country, although in some small instances there will be difficulties.

Andrew Mackinlay (Thurrock) (Lab): Will the Justice Secretary reflect on the fact that, when a Prime Minister parachutes somebody into the House of Lords simply

because he requires that person to be a Minister, it seems absurd and unfair to ordinary citizens that that person should remain a Member of Parliament in perpetuity? Surely those Ministers should cease to be Members of the House of Lords when, after 12 months, they give up? There is a precedent for this, because the bishops are not there for life—they are there only for the duration of their time as a diocesan bishop—and the same applies to the Law Lords. If my right hon. Friend agrees about this, can we incorporate the appropriate measures into this great legislative reform, when we get round to it?

Mr. Straw: It goes without saying that my right hon. Friend the Prime Minister's appointments of Ministers who have then been promoted to the House of Lords have involved people who can make a continuing contribution to the other place—

Andrew Mackinlay: For ever?

Mr. Straw: For many years to come. However, there is much in my hon. Friend's point, and it was considered at some length by the joint cross-party group on House of Lords reform, which I chaired. I am quite sure that it will be an issue when—not if—this House finally considers the whole issue of House of Lords reform.

Simon Hughes (North Southwark and Bermondsey) (LD): Given how few Government Bills have been programmed for this Session, will the Lord Chancellor proceed to introduce legislation if those on the Conservative Front Bench confirm their agreement to replacing an unelected second Chamber with an elected second Chamber?

Mr. Straw: If the hon. Gentleman looked around him, he would see that what he is proposing is a hypothesis that is unlikely to turn into a reality.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Lord High Chancellor go very cautiously on that one? Will he also accept that, in the Bill introduced into the other place by Lord Steel, a number of anomalies in the present House—which is a very good House—are addressed? Will he support Lord Steel's Bill, as the Chairman of the Public Administration Committee has commended?

Mr. Straw: I accept that a number of discrete proposals in the Bill are certainly worthy of support across the House. As the hon. Gentleman knows, however, the reason all three parties in this House have been reluctant to support Lord Steel's Bill is the high suspicion that his real purpose was to kick any greater reform of the House of Lords into touch. Many of us think that some of his proposed changes are necessary, but that they are by no means a sufficient part of a major reform of the Lords.

BILLS PRESENTED

Employment Rights Bill

Presentation and First Reading (Standing Order No. 57)

Mr. William Cash, supported by Mr. Michael Ancram, Mr. John Redwood, Mr. Peter Lilley, Mr. Graham Brady, Mr. Christopher Chope, Mr. Bernard Jenkin, Philip Davies, Mr. Nigel Evans and Mr. David Heathcoat-Amory, presented a Bill to provide that, notwithstanding the European Communities Act 1972, workers or members of a trade union who are UK nationals shall have rights of employment in the United Kingdom equal to or as favourable as those afforded to foreign nationals or conferred by the United Kingdom Parliament.

Bill read the First time; to be read a Second time on Friday 6 February, and to be printed (Bill 53).

Protection of Garden Land (Development Control) Bill

Presentation and First Reading (Standing Order No. 57)

Mr. Paul Burstow, supported by Tom Brake, Lorely Burt, Andrew George, Susan Kramer and Mr. Edward Davey, presented a Bill to protect private gardens from development which is out of character with the surrounding area; to make provision about the circumstances in which a planning application may be rejected by a local authority and about rights of appeal in such circumstances; to prohibit repeated planning applications in certain circumstances; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 20 March, and to be printed (Bill 54).

Home Repossession (Protection)

Motion for leave to introduce a Bill (Standing Order No. 23)

3.33 pm

Mr. Andrew Dismore (Hendon) (Lab): I beg to move,

That leave be given to bring in a Bill to amend the Law of Property Act 1925 to require a mortgagee to obtain the court's permission before exercising the power of sale, where the mortgaged land consists of or includes a dwelling-house; to make certain powers available to the court in actions by mortgagees for possession of a dwelling-house; and for connected purposes.

This Bill is about a very important human right: the right not to be thrown out of one's home without a court order. It is a right that affects millions of people, and it is of even greater importance in times of economic downturn such as these. However, it is a right that we simply do not have in this country. A recent court judgment now allows unscrupulous lenders to sell people's homes over their heads, without having first to go to court, when even just one mortgage payment has been missed.

The number of home repossessions resulting from defaults on mortgage repayments has increased dramatically in recent months. According to the Council of Mortgage Lenders, 45,000 homes were expected to have been repossessed by the end of last year, and 75,000 this year. The number of people in mortgage arrears rose to 168,000. The Financial Services Authority and the Council of Mortgage Lenders report that more than 1 million households are likely to default on a mortgage payment in the next year.

The Government have responded to the rising tide of home repossessions with admirable speed and decisiveness. The Prime Minister told the House on 22 October that new guidance had been given to county court judges to ensure that repossession of people's and families' homes was undertaken only as a matter of last resort. About a month later, on 19 November, the new pre-action protocol on seeking possession based on mortgage arrears came into force. Its purpose is to ensure that lenders and borrowers act fairly and reasonably with each other to resolve any matter concerning mortgage arrears. The Government have also introduced support for mortgage interest through the income support system, which has been improved. There is also the mortgage rescue scheme for vulnerable people and the home owner's mortgage support scheme.

In the meantime, however, in a case involving Horsham Properties, the High Court ruled at the beginning of October last year that lenders—banks, building societies and investment companies—were entitled to sell properties, including people's family homes, without having first to go to court for an order, following just a single default on a mortgage payment. That objective has been achieved as a consequence of the mortgage small print—according to the judge, "conveyancing shorthand"—that is in practically every mortgage deed, in combination with section 101 of the Law of Property Act 1925.

The purchaser of the property who is the new owner—very likely another faceless, compassionless investment company—is then entitled to a summary possession order against the borrower, the householder. The householder is now considered by the law to be a trespasser in his or her own home, which they no longer

[Mr. Andrew Dismore]

own. There is no defence in law against that claim. The new pre-action protocol and all the other forms of support that I have mentioned are therefore easily circumvented by unscrupulous lenders who invoke their power to sell the property in this way, without first having to go to court.

Both the Financial Services Authority and the Council of Mortgage Lenders have reported that UK sub-prime lenders have been taking an increasingly aggressive approach to repossessions, and predict that this trend is only likely to increase as economic conditions worsen. Hundreds of thousands of people and their families are therefore at serious risk of being thrown out of their homes, without first having had any opportunity whatever to put their point of view to a judge or to try to persuade the court that it is neither fair nor reasonable to evict them.

My Bill will reverse the High Court's judgment. It requires that lenders—sub-prime or otherwise—first obtain the court's permission, before they can call in their security by selling a property that is somebody's home. It will ensure that the court that hears the lender's application will have the power to delay the sale of the property and to give the borrower more time to repay, if that is appropriate in all the circumstances. It does not guarantee that people can stay in their homes indefinitely if they cannot pay the mortgage, but it does ensure that people have an opportunity to persuade an independent court that it is far too early, or disproportionate, to throw them into the street—with bags, baggage, furniture and kids' toys—at the whim of a hard-bitten property company.

Most people might have thought they had protection against this sort of thing happening but, as a result of last October's court case, they simply do not. It is truly shocking that in Britain in 2009, such a basic legal protection for home owners is not already part of our law, especially when human rights law requires there to be such protection.

The European Court of Human Rights recently ruled in a case against the UK— McCann *v.* UK—that the right to respect for one's home, guaranteed by article 8 of the European convention, includes such protection. It said:

"The loss of one's home is a most extreme form of interference with the right to respect for the home. Any person at risk of an interference of this magnitude should in principle be able to have the proportionality of the measure determined by an independent tribunal in the light of the relevant principles under Article 8 of the Convention, notwithstanding that, under domestic law, his right of occupation has come to an end... the applicant was dispossessed of his home without any possibility to have the proportionality of the measure determined by an independent tribunal. It follows that, because of the lack of adequate procedural safeguards, there has been a violation of Article 8 of the Convention in the instant case."

Article 11 of the international covenant on economic, social and cultural rights also protects the right to housing. The UN Committee on Economic, Social and Cultural Rights has interpreted this in its general comments to include a right to due process and appropriate procedural safeguards before being evicted from one's home.

In our recent report on "A Bill of Rights for the UK?", the Joint Committee on Human Rights, which I chair, recommended that one of the rights that should be protected in any UK Bill of Rights was the right to housing. We suggested in our "draft outline Bill of Rights", the inclusion of provisions to the effect that

"everyone is entitled to be secure in the occupancy of their home"

and

"no one may be evicted from their home without an order of a court."

Those provisions were modelled on the right to housing in the international covenant on economic and social rights and on the equivalent provision in the South African Bill of Rights.

Of course, not everyone agrees with the Joint Committee that a Bill of Rights should include protection for such social and economic rights. However, if the United Kingdom had a Bill of Rights that included such provisions, our courts would not have been able to interpret the law in the way they did in this appalling case, thus allowing lenders to cash in on their security by selling people's homes without first having to obtain a court's agreement that such a drastic step was proportionate in the circumstances. Until we have such a Bill of Rights, there is absolutely nothing to stop our courts giving the highest priority to the rights of banks over the rights of ordinary people to a fair hearing before they lose their homes.

This example of home repossession provides a good practical example of the way in which a Bill of Rights protecting social and economic rights such as the right to housing—including the right to minimum procedural safeguards before eviction from one's home—could defend hundreds of thousands of ordinary people against more powerful interests at times of economic hardship. It shows that human rights are, and should be, universal. They are not a villains' charter; they are for the middle-class professional struggling with a mortgage just as much as for the council or private tenant with rent arrears when each falls on hard times. No one should lose his or her home without good reason, without proper and fair justification, and without an impartial court hearing.

This problem is immediate and it is urgent. The judge in the Horsham Properties case said that it was a matter for Parliament to resolve. In the absence of the Bill of Rights that I advocated, there is no alternative but to try to change the law through this Bill, which amends the Law of Property Act 1925.

Question put and agreed to.

That Mr. Andrew Dismore, Mr Virendra Sharma, Shona McIsaac, John Austin, Mike Gapes, Ms Karen Buck, Siobhain McDonagh, Judy Mallaber, Rob Marris, Mr. Chris Mullin and Dr. Evan Harris present the Bill.

Mr. Andrew Dismore accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 26 June, and to be printed (Bill 52).

Opposition Day

[4TH ALLOTTED DAY]

Skills and Further Education

Mr. Speaker: I inform the House that I have selected the Prime Minister's amendment to both the motions that are to be debated today.

3.42 pm

Mr. David Willetts (Havant) (Con): I beg to move,

That this House regrets that the number of young people not in education, employment or training in England has grown from 686,000 to 850,000 since 2000, that the number of adult learner places has fallen by 1.3 million in just two years, and that the number of UK students enrolled at university is now falling; notes that current policies are hindering training opportunities by cutting support for second-chance students, placing too much emphasis on paper-based qualifications rather than raising skills, imposing too many bureaucratic obstacles on employers wishing to offer apprenticeships and freezing the further education capital spending programme despite the Prime Minister's commitment to bring forward capital projects; believes that providing improved opportunities to up-skill and re-skill is more important than ever given the challenges posed by the recession; and calls on the Government to boost the number of apprenticeships, provide more support to young people not in employment, education or training, help small and medium-sized employers access training, improve opportunities for adult learners, and introduce an all-age careers service.

These are tough times. Our challenge is, of course, to emerge from this recession with a better-balanced and stronger economy, which means an economy that has invested properly in skills. In order to assess the challenges that we face, we should review the record of the past 10 years to see how we managed to prepare ourselves for the tough years ahead during the boom years, which are now dismissed as the age of irresponsibility. Those were the years when employment was rising but the number of young people not in education, employment or training, or NEETs, also rose, from 660,000 in 1997 to 780,000 10 years later, an increase of 18 per cent.

That is what we were doing in the good times. We also know what we were doing in comparison with other advanced western countries. A valuable report from the OECD entitled "Jobs for Youth" records our performance during the growth years compared with the performances of those other countries. Again, the story is very clear. While our rate for NEETs was getting worse and worse, the rate across the OECD on the very same measure was improving. Having been better than the OECD average at the start of Labour's time in office, after 10 years our rate was below that average.

The unemployment rate among 16 to 24-year-olds rose in Britain from 13.4 per cent. in 1997 to 14.4 per cent. in 2007. In other words, youth unemployment was higher by the end of the boom years. By contrast, across the OECD as a whole the average youth unemployment rate fell from 15.6 to 13.4 per cent. In other words, we entered the boom years with a youth unemployment performance that was better than the OECD average, and we now enter the recession with a performance that is worse.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): In his plethora of statistics, the hon. Gentleman has not mentioned the historical record of the unknown, as opposed to the known, NEETs. Will he compliment Connexions in the black country, which has bucked the national statistical trend by both getting an increased number of 16 to 18-year-olds into training and work, thereby reducing the number of NEETs, and, in Sandwell, lowering the percentage of unknowns? It has therefore managed to improve statistics in both those areas.

Mr. Willetts: That was an excellent speech. I happily congratulate the hon. Gentleman on the performance of the Connexions service in his area, especially as he made the crucial point when he described its performance as bucking the national trend, because it is precisely the national trend that we are focusing on in this debate.

If we had predicted in 1997 that we would be in the situation that we are now in, nobody would have believed us. If we had said that after 10 years of economic growth, and even after all the well-intentioned initiatives such as the new deal, we would have more young people not in education, employment or training and more youth unemployment than when the Labour Government came to power, Labour Members would not have accepted our forecast, but that is exactly what has happened.

David Taylor (North-West Leicestershire) (Lab/Co-op): I spent many years working in further education, and I recall that, in the period leading up to 1997, FE was left to go to rack and ruin; indeed, there was no capital spend towards the end of that period. One day when he has a spare moment or two, will the hon. Gentleman come with me to the A511 just a little north of Coalville town centre to have a look at the magnificent Stephenson college, named after George Stephenson, that has been built there, and which is having a huge impact on FE in Leicestershire? We will then see whether he can still read with a straight face the following phrases in the Conservative motion:

"current policies are hindering training opportunities...freezing the further education capital spending programme".

What hypocrisy! If I were allowed to say that, that is the word I would use.

Mr. Speaker: Order. "Hypocrisy" is not a term we should use in the Chamber.

David Taylor: I withdraw it.

Mr. Speaker: Thank you. Let me add that an intervention should not be taken as an opportunity to make a speech; it should be brief.

Mr. Willetts: I will happily accompany the hon. Gentleman on a visit to his FE college if he will come with me and some of my hon. Friends to visit all the FE colleges whose governing bodies are now in little short of a state of crisis as their capital spending plans have been held up by this Government. That is the crisis in FE that we are drawing attention to, and it is causing a great deal of concern across the FE sector.

Mr. David Burrowes (Enfield, Southgate) (Con): On 12 February, the Secretary of State will have an opportunity to visit Southgate college and there to hear of the plans for an £80 million development that would transform the college and make it a community hub. Sadly, however, the rug has been pulled from under its feet, because the

[Mr. David Burrowes]

capital approval has been withdrawn. That is the reality of the future facing what the Prime Minister said would be world-class accommodation.

Mr. Willetts: My hon. Friend is absolutely right, and I hope to turn to this issue later in my remarks, because we very much hope to get clear information on it today from the Secretary of State so that our FE colleges know where they stand.

We enter this recession with a weak position on skills, youth unemployment and young people not in education, employment or training. We need to learn the lessons from this policy failure so that we do not carry on making the same mistakes. There are several such lessons.

Sir Patrick Cormack (South Staffordshire) (Con): May I most warmly commend my hon. Friend for the good sense both of his motion and his speech so far? However, as he has moved on to the subject of skills, may I kindly ask him to rediscover his legendary cerebral powers and make sure that future motions in the name of our party do not contain such appalling terms as "up-skill" and "re-skill"?

Mr. Willetts: My hon. Friend is fighting a very important battle for common-sense English. I shall take careful account of the point he makes, and we shall try to do better.

One of the reasons we face the problems that I am discussing is the policy mistakes made by this Government. One of those mistakes is, of course, the endless reorganisation of the world of skills. I am not going to give the House another potted history of the Government's measures—*[Interruption.]* The Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon), says that he is relieved, but we are talking about his Government's measures: the abolition of the training and enterprise councils, at a cost of £62 million; the abolition of the Further Education Funding Council for England; and the creation of the Learning and Skills Council and its 47 different local LSC branches. They had to be abolished so that instead there could be nine regional centres and, of course, the LSC itself is to be abolished and replaced by three new bodies.

In 10 years, we have seen a classic example of Labour's hyperactivity in its endlessly abolishing and reorganising things. The end result was very well put in the recent "Simplification of Skills in England" report, in a section entitled "Rapidity of change", which stated that

"the rate of changes in programmes, initiatives, organisations and procedures adds a further dimension of confusion for employers, who can find it extremely difficult to keep up with change and even become aware of new developments, let alone understand them."

One of the problems is the endless process of change and confusion, which means that it is very hard for individual employers, and for individual young people who are trying to increase their skills, to find their way through the system.

Another problem has been the failure to reform our schools. As well as that schools failure, there is a skills failure: the failure to establish an effective skills policy that understands the difference between skills and qualifications. The Government have become obsessed with paying FE colleges to churn out paper qualifications, even if they are not valued by employers and even if they are not what young people or learners of all ages need. There is more to life, and indeed to education and skills training, than simply building up paper qualifications. It is because of the Government's obsession with paper qualifications that so many people have lost out.

Adult learners have lost out, so I commend the excellent early-day motion signed by Members from all parts of the House on behalf of the Alliance for Lifelong Learning. Some hon. Members who are present have subscribed to the

"concern that over 1.4 million"

adult learner

"places have been lost in the last two years".

We thought that the Labour party believed in adult learning; we thought that was one of the commitments and beliefs in the history of the Labour party. It is shocking to see this Government presiding over such a big decline in opportunities for adult learning across the country. The Government say that we do not need to worry because these are places for people to do basket weaving and belly dancing. Conservatives understand the value of those things—

Sir Patrick Cormack *indicated assent.*

Mr. Willetts: I see my hon. Friend nodding in assent to that proposition. It is very important that people have an opportunity to enjoy those sorts of skills and activities, but it is not just those activities, however worth while, that have suffered—many that are of direct economic benefit have lost out as well.

Anne Snelgrove (South Swindon) (Lab) *rose—*

Mr. Willetts: I shall give way, provided the hon. Lady is a little briefer than her two colleagues were—I would appreciate that.

Anne Snelgrove: I recall that when I was working as an adviser in Surrey county council in the 1980s and 1990s, the then Tory Government cut belly dancing and basket weaving classes. I wonder whether the hon. Gentleman recalls that too?

Mr. Willetts: I do not recall those exact details. My recollection is that if one examines the figures for adult learning places, one finds that there has clearly been a significant reduction in the past few years. That is a direct result of this Government's policies, and those reductions are not simply in respect of basket weaving and belly dancing.

Only last week, I received a parliamentary answer to a question in which I asked Ministers to describe in detail the different types of learning opportunities that had been cut under this Government. It revealed that in 2004-05 the Learning and Skills Council funded 1,456,000 places studying information and computer technology, but many of those places were filled by people who were not necessarily going to get a paper qualification in the end, so the axe came down. So by 2007-08, the number of places had fallen to 590,000, which means that nearly 1 million places have been lost in the last three years.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): While the number of places has undoubtedly fallen, may I commend the proactive work of the Open university? It has recently introduced the Re-launch website which acts as a search engine to find both places and potential sources of finance?

Mr. Willetts: I pay tribute to the work that my hon. Friend does on behalf of the Open university, which is based in his constituency. His point is well made and I strongly agree with him.

Anne Main (St. Albans) (Con): I draw my hon. Friend's attention to Oaklands college in my constituency, which provides many courses for severely disabled learners, who struggle desperately to get funding, especially those in the 19 to 21 age bracket who cannot access student grants. The Government have severely cut the support given to my local college.

Mr. Willetts: My hon. Friend is right, and that is another example of the obsession with paper qualifications. I spoke recently to a student with learning difficulties who was studying horticulture at an FE college, but the course would not gain her an NVQ. The LSC decided that it would fund the course only if it resulted in a paper qualification, so her worthwhile activity was cut as a result of a policy decision by the Government, and they should be ashamed of that.

Tom Levitt (High Peak) (Lab): Does the hon. Gentleman regret the way in which the Conservative Government introduced the national curriculum into schools in the early 1980s? It had the effect of pushing vocational education off the curriculum and alienating a generation of less able children.

Mr. Willetts: We are now digging into the distant past. In fact, I support the principle of a national curriculum. As the hon. Gentleman will know, over the years it has been amended and changed in the light of concerns such as the one that he has expressed. I am trying to draw attention to why the decisions made by the Government have meant that this nation is not investing in the skills that we need, especially now in these tough times of recession.

Mr. Mark Field (Cities of London and Westminster) (Con): My hon. Friend has made a powerful case about elements of complacency in the lifelong learning agenda over the past 10 years, but I am sure that he and others would want to look to the future instead of going through the history. Does he agree that, in view of globalisation and the tumultuous economic events of recent months, which will have a great impact in the decades ahead, we now need to train and retrain for four or five different careers over a lifetime in work that may last for 50 years, depending on changes to the retirement age? That is important beyond the paper qualifications achieved at university and to those who may never go to university, but who will need skills in a career that may last many decades.

Mr. Willetts: I agree with my hon. Friend. That is why many of my hon. Friends were shocked by a brutal answer from the Under-Secretary, the hon. Member for Birmingham, Erdington, in oral questions last week. We were talking about the importance of what are called—if I have permission from my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) to use the phrase—green collar jobs. The Under-Secretary said that people could get such jobs only if they had studied a STEM subject—science, technology, engineering and mathematics—at university. We then asked about retraining, including going back to university to get a new qualification that might help people to obtain one of those new jobs. Such opportunities have been cut yet again by the notorious equivalent level qualification cuts made by this Government. They simply do not get the importance of adult learning and giving people the opportunities to learn and reskill.

Mr. David Chaytor (Bury, North) (Lab): Will the hon. Gentleman give way?

Mr. Willetts: I have been generous in giving way, and I will give way to the hon. Gentleman because I know he has a longstanding interest in this subject. However, after that I will try to make some progress.

Mr. Chaytor: If the hon. Gentleman is so concerned about adult training places, why is he proposing to cut £610 million from the budget?

Mr. Willetts: No such cuts are proposed. We are refocusing the Train to Gain budget on what we think is the real need in our economy, which is more apprenticeships. Those are the proposals that my party has set out and they are the right policies for the economy.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham) *rose—*

Mr. Willetts: I want to make some progress by inviting the Secretary of State, as he is about to intervene, to tell us more about the facts and figures behind the concern of many further education colleges across the country about the future of their capital spending plans. That is what we want to hear about today.

Mr. Denham: Indeed, I shall do that in a moment. However, will the hon. Gentleman help us? The leader of his party announced billions of pounds of spending cuts for the next financial year. He protected some areas of spending but not this Department. That is where the £610 million of cuts comes from. Is the hon. Gentleman in complete denial about the promises made by the leader of his party on 5 January?

Mr. Willetts: The leader of the Conservative party made it absolutely clear that there would be reductions in the growth rate of public expenditure in the financial year 2009-10. They are a proposal in aggregate. Where we would make those necessary savings if we were in government is a subject for careful consideration. That is the position. I want to hear about the Secretary of State's plans for the capital spending of FE colleges which are today trying to decide whether they should go ahead. We have already heard from several Conservative Members, but I shall quote to the Secretary of State some of the concerns that are being expressed in local papers. Let me quote from *The Argus* in Brighton, for example. City college Brighton and Hove was

"approaching a key stage in its application for funding but will now face an anxious wait to see the LSC's next move...Plans for major work at Chichester College, Worthing College, Northbrook College in Worthing, Central Sussex College's Crawley campus"—

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and other colleges "have also been affected". We have the same concerns about Wakefield college in Yorkshire and there are concerns in north Norfolk about an FE college there. We want to know from the Secretary of State—

Mary Creagh (Wakefield) (Lab): Will the hon. Gentleman give way?

Mr. Willetts: If the hon. Lady is going to tell us what she is doing on behalf of her FE college, which is faced with capital cuts imposed by this Government, we shall be very interested to hear her.

Mary Creagh: I met the relevant Minister and representatives of Wakefield college less than a week ago, as soon as I was aware of the delay to the capital spending programme. I reinforce what I am sure my Front-Bench colleagues will say: this is a three-month review. It is a delay, not a capital cut. The hon. Gentleman and his colleagues should be wary of exaggerating and causing greater anxiety up and down the country.

Mr. Willetts: If I may say so, the anxiety is not created by us. There is real anxiety among people on the governing bodies of FE colleges and the principals of FE colleges who are approaching us and asking us to raise on their behalf a statement from the Government about what they are doing. Perhaps it was my eternal optimism, but I thought the Chancellor meant something when he said in his pre-Budget statement last November:

"I can announce today that £3 billion of capital spending will be brought forward from 2010-11 to this year and next."—[*Official Report*, 24 November 2008; Vol. 483, c. 495.]

I thought the Prime Minister meant it when he said in a speech on 5 January that

"we have...taken...tough decisions that will also benefit every region and nation of the UK to bring forward our capital spending programmes".

If the Government are bringing forward capital spending, why is capital spending being delayed in the FE college sector?

The Secretary of State said in answer to questions on the subject last week that we should not worry because it is all in the pipeline. His pipeline is about as reliable as the one bringing gas to the Ukraine. His pipeline is not delivering the capital projects that Conservative Members are fighting for on behalf of our FE colleges. If it is all so fine, why has the Secretary of State asked Sir Andrew Foster to review the matter? What is the purpose of calling for yet another review if it is not a recognition that there is a problem? We want to know how many capital projects proposed by FE colleges are affected, the size of the funds involved, and when the Department first knew about the problem.

Another matter I want to refer to is the crisis involving wildcat action by workers in various parts of the country, which has been caused by their concern about what they believe to be the threat to their jobs from foreign workers. Clearly, we have to be very careful in how we approach this, as no hon. Member on either side of the House would have any truck with xenophobia. We believe in the free movement of goods, services and people around the EU, but perhaps the Secretary of State will illuminate the rather striking gap between what the Secretary of State for Health and the Secretary of State for Business, Enterprise and Regulatory Reform have said about the action. The Secretary of State for Health said:

"If workers are being brought across here on worse terms and conditions to actually get jobs in front of British workers...that would be wrong and I can understand the anger about that".

However, the Business Secretary said in another place the following day that there was no problem with the EU rules on the free movement of labour. He said:

"The statement issued by Total last night confirmed that workers from overseas are paid at the same rate as other workers on the site."—[*Official Report, House of Lords*, 2 February 2009; Vol. 707, c. 473.]

Being very generous-spirited, I shall take at face value the words of Lord Mandelson—and it is a long time since anyone has done that—about what he had discovered and the "confirmation" from Total. If all that is so, however, what is the competitive advantage of the workers being brought in from abroad over the workers we have seen demonstrating and asking for their jobs? That is the crucial question, and the crucial clue is surely in what the Prime Minister said when trying to explain the slogan—taken from the British National party—that passed his lips about British jobs for British workers.

On "The Politics Show" of 1 February, the Prime Minister said:

"When I talked about British jobs, I was talking about giving people in Britain the skills, so that they have the ability to get jobs which were at present going to people from abroad."

That was the Prime Minister's attempt to explain his egregious remark. If we take him at face value, the only explanation left for the failure of the workers we see protesting to get the jobs they hope to secure is the failure of his Government's policies on skills. That is the only explanation left if we accept what the Business Secretary said and what the Prime Minister has offered as the meaning of his remarks. He meant that he was going to raise the skills of British workers so that they could secure those jobs, and they are protesting because they cannot get them.

Dr. Gavin Strang (Edinburgh, East) (Lab): I know the hon. Gentleman wants to be constructive on this issue, and it is clear that we want more skilled people and that there are people in this country who need more skills if they are to compete in any labour market, be it in England, Scotland or elsewhere. I have no particular knowledge of these matters, but I want to make an observation about remuneration and the rates for the job. I do not know what arrangements are made for workers' accommodation—for instance, they may be put up in a large hulk or vessel—so we must be careful about this matter. The real point is what they take home and what they can send home, and I hope the hon. Gentleman will agree that we must be constructive in our approach. We want as many skilled people as possible in this country, and it does not matter whether they are 20 or 60.

Mr. Willetts: The right hon. Gentleman's comments are a very salutary warning for Lord Mandelson, who should bear them in mind before he makes remarks such as the one that I cited about pay rates for workers from different countries.

Mr. Denis MacShane (Rotherham) (Lab): The hon. Gentleman represents the party that gave us "Auf Wiedersehen, Pet", at a time when hundreds of thousands of British workers had to flee because there was no work for them here. He is talking about European directives, so can he confirm that, were his party to win power, its official policy would be to withdraw from the European social rights packages that are part of the law of this land—yes or no?

Mr. Willetts: We believe that that is one of the things that need to be looked at as part of a negotiation about how the EU can tackle the jobs crisis that it faces. I am trying to focus on the Prime Minister's words: his defence of the statement "British jobs for British workers" was that he meant that, by investing in more skills, we would be able to secure more British jobs for British workers. By its own measure, that approach has clearly failed.

We need more apprenticeships, and we can finance them by refocusing the money in the Train to Gain budget; that would pay for more apprenticeships, especially for people aged over 19. Labour Members raised the issue of the age range of people studying. The difference between the funding for apprenticeships for those aged under 19 and those over 19 is a form of age discrimination that we do not think is right. We want to offer workers aged over 19 a better deal when it comes to apprenticeships. We also want to offer a better deal to small and medium-sized enterprises. We believe that that, too, could be financed by a refocusing of the Train to Gain budget.

I have waded through one of the more tedious Government documents—their response to the Cabinet public engagement event in Birmingham in 2008. On that occasion, the Cabinet went to my home town and apparently met large numbers of local people, who raised with the Cabinet their concerns about various aspects of Government policy. Most of the comments in that Government document are pretty sanitised, but on skills for employment, the following crept in:

"While acknowledging the greater availability of apprenticeships, some employers were of the opinion that Government initiatives such as Train to Gain did not always meet their needs. Individuals also found it difficult to find the right apprenticeship for them, particularly in their local area."

That is the Government saying that Train to Gain is not meeting the needs of local employers. That is what employers tell us, too, and that is why we think that the money should be focused on helping with apprenticeships.

I have set out the problems that the nation faces when it comes to skills. We want investment in apprenticeships, and we want more opportunities for people to get practical training, including adult learning places that are not linked to paper qualifications. What we have from the Secretary of State is an endless flow of announcements, many of which, on close inspection, add up to very little. Last week in oral questions I referred to the national internship scheme, which does not appear to exist.

Perhaps I could refer to another of the Secretary of State's announcements—one that made the front page of *The Daily Telegraph* before Christmas, on Tuesday 9 December 2008. Underneath a fantastic banner headline of an article by Boris [redacted] "When did Christmas Trees Get So Expensive?", there was the following headline: "Jobless middle class get study cash". That article included the statement:

"John Denham, the Skills Secretary, announced in the Commons yesterday that he had spoken to university vice-chancellors to urge them to use the extra funds they will receive as a result of recent changes to VAT rates to spend on the 'hard to reach' group."

I was in the House debating with the Secretary of State on 8 December, and I read that day's *Hansard*. There was no such announcement by the Secretary of State. He did not announce any use of VAT. He had briefed *The Daily Telegraph*—*[Interruption.]* Well, the story comes from him. He had briefed *The Daily Telegraph* on an announcement that he did not even make in the House of Commons. That is typical of the way in which the Government approach skills—through bogus announcements with no real policies behind them. That is no way to tackle the skills crisis that we face in this country.

Mr. MacShane: Will the hon. Gentleman give way?

Mr. Willetts: I have already given way to the right hon. Gentleman. What we need is very simple: less bureaucracy, less interference in further education colleges and fewer fake announcements. We need more real apprenticeships, more adult learning, and more assistance to get young people who are not in education, employment or training into work. We need a more robust and responsive skills system. That is why we Conservative Members will vote for the motion tonight.

4.14 pm

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"commends the Government's efforts to boost the number of apprenticeships, provide more support to young people not in employment, education or training, and improve opportunities for adult learners and introduce an adult advancement and careers service; welcomes the real help provided to those affected by the downturn, including increasing the support available through the further education and skills systems; further welcomes the £240 million allocated to help those facing redundancy or newly unemployed; welcomes the additional £140 million to boost apprenticeships, the trebling of Professional and Career Development Loans, and making the Train to Gain programme more responsive, including through £350 million support for small and medium-sized enterprises; notes the Government's planned investment of £2.3 billion in renewing and modernising further education facilities over this spending review; commends its efforts to help colleges and universities become more responsive to the employer's needs, including the £50 million Higher Education Funding Council for England economic challenges fund; and to ensure the £175 billion public procurement budget maintains and strengthens investment in skills; further welcomes the simplification of existing systems; further notes that three million people access the skills system every year, with more 18 to 24 year olds working or engaged in full-time education compared to 1997; further notes the number of students in higher education in England is rising, not falling; and further notes that the Government will resist calls to cut skills budgets, as this would undermine the steps being taken to provide real help to business and individuals now."

I shall choose my language with care. The hon. Member for South Staffordshire (Sir Patrick Cormack) chided his Front-Bench spokesman, the hon. Member for Havant (Mr. Willetts), for using the words "up-skill"

[Mr. John Denham]

and "re-skill". He may not know that I know that the hon. Member for Havant took those words from the recent Innovation, Universities, Science and Skills Committee report on skills—the same Select Committee that recently criticised my Department for using "impenetrable" jargon in our annual report. This is probably a topic where we should all tread very carefully, because it is easy to slip into the jargon of the insider and the professional.

I very much welcome the debate. The hon. Member for Havant has saved me a little time and effort, as I had been urging the usual channels to hold a debate in Government time on the very same topic that we are discussing today. The debate is needed to remind everyone just how much the Conservatives neglected skills and further education when they were in government, and how much the legacy, such as the appalling number of adults left without basic numeracy and literacy at the end of the Conservatives' term of office, has hung over, and still hangs over, the population of this country. The debate is necessary to remind people just how much of a threat the Opposition still pose, because they get it wrong time and again—as we have heard this afternoon. They misunderstand the problem and propose the wrong solutions time and again—as we have heard this afternoon.

David T.C. Davies (Monmouth) (Con): Can the Minister explain why, after 10 or 12 years of a Labour Government, 40 per cent. of school leavers are unable to get five GCSEs, despite the fact that those have been watered down, and 60 per cent. of working class boys are leaving school with virtually nothing at all—one in four people unable to read and write after 10 or 11 years of Labour government? How on earth can the right hon. Gentleman put the blame for that on the Conservative Administration?

Mr. Denham: I suggest that the hon. Gentleman go back and look at the statistics about 10 years ago, and he will see that on every one of the measures that he quoted, there has been a dramatic improvement under this Government as a result of the investment that we have made. I, and other Labour Members, give nothing to the Opposition for the fact that we remain dissatisfied and want to continue to press forward, but we have every right to know how much we have achieved following the appalling legacy that we inherited.

I acknowledge, by the way, that there are hon. Members on both sides of the House concerned about local further education college projects currently in the pipeline, and I will deal with that situation as fully as I can in a few moments.

Mary Creagh: Does my right hon. Friend find it interesting that the Front-Bench spokesman for the Opposition totally neglected to mention the huge amount of money that has been spent on union learning representatives—the £400 million or so that is vital to provide peer education? In Wakefield 39 per cent. of people in work have no formal qualifications whatsoever. Is it not vital that we invest in peer education and making sure that those people have qualifications? When we talk about ancient history and people in the 1980s going on youth training schemes and on the other botched training schemes that the Conservative Government ran, we should recognise that those people are now in their 30s and 40s, and will be working for the next 20 years.

Mr. Denham: My hon. Friend is right on both points. It is indicative that the hon. Member for Havant was unable to recognise one of the biggest success stories of recent years—that by providing modest financial support for people at work to encourage their friends to get involved in learning, we have reached many thousands upon thousands of people—about 250,000 every year—who would not otherwise have gone into learning. And they often volunteer for learning in basic numeracy and literacy, two areas where people find it most difficult to say, "I've got a problem and I want some assistance." My hon. Friend is absolutely right.

I shall set out the huge gulf between the Opposition and the Government in respect of skills. We believe that in a downturn we need to invest in skills and training. The Opposition want to cut investment in skills and training. It is not acceptable for the leader of the Conservative party, the right hon. Member for Witney (Mr. Cameron), to announce that if his party was in power, from 1 April 2009 it would cut billions of pounds from public expenditure, and to name the Departments that would be protected and those, including this area of work, that would not be protected, and then for the hon. Member for Havant to say that there would be no cuts in any of these areas of spending. It is not credible or believable, and until I get a different answer, I will proceed by analysing the share of cuts that would fall to this Department and telling the House exactly what those Conservative cuts would mean for education and training.

Rob Marris (Wolverhampton, South-West) (Lab): Has my right hon. Friend noticed that there are seven spending commitments in the Conservative party motion before us? They are:

"support for second-chance students...opportunities to up-skill and re-skill...boost the number of apprenticeships...more support to young people not in employment...help small and medium-sized employers access training, improve opportunities for adult learners, and introduce an all-age careers service."

Does my right hon. Friend agree that a lack of shame is a hallmark of the bourgeoisie, and is now being exposed in Conservative Front Benchers, who put forward all those spending commitments but also wish to cut spending?

Mr. Denham: I might choose more temperate and moderate language. However, it is reasonable to assume that many Conservative Members seeking to intervene will, like the hon. Member for Havant, want to suggest that more money should be spent. Conservative Members need to understand that they come from a party whose leader has told them that less money—that includes less money for skills and further education—should be spent. That means cuts.

Mr. Gordon Marsden (Blackpool, South) (Lab): On the subject of Train to Gain, I should say that the Government, along with the various bodies, have announced some important flexibilities for small and medium-sized companies. That will be really important for constituencies such as mine.

We have talked about how money has been spent in different ways. Does my right hon. Friend not find it curious that the Conservative party seems to be unclear about whether it intends to abolish Train to Gain or whether—like the Liberal Democrats and their "penny on income tax" before the last election—it intends to spend the money in about five different ways?

Mr. Denham: As the Conservative party has made clear, the whole £1 billion in the Train to Gain budget for 2010-11 would not be spent on those activities. I shall come back to that issue later. The whole package of support for small businesses, and now for larger companies, and for the 1 million people who will gain qualifications every year under the Train to Gain programme, would be removed. There is no doubt about that, and it is a great shame.

Anne Snelgrove: Further to my right hon. Friend's comments about cuts, does he share my puzzlement that the hon. Member for Havant (Mr. Willetts) claimed that under his plans there would be more apprenticeships for young people over 19? In fact, the cuts announced by his party leader would mean that not one young person over 19 would have an apprenticeship next year.

Mr. Denham: I am afraid that that is true. If we move to cut hundreds of millions of pounds from a budget in just a couple of months' time, large areas of spending will not be possible. For that sort of cut, we could shut six universities—but of course we could not do that overnight, and huge costs would be involved. The only things that could be turned off to achieve that are those that can be turned off quickly, and that means cutting all apprenticeships for those over 19.

Mr. Chaytor: Will my right hon. Friend give way?

Mr. Denham: I shall make a little progress and then come back to my hon. Friend.

We believe that, in addition to support for investment in skills and training, there should be an increase in support for those who lose their jobs. The Conservative party opposed the measures needed to pay for that. It would do what it did before—nothing. We should work with Britain's businesses to deliver the training that they say they want. That would give people the chance to gain the skills that they need. As we have just said, the Conservative party would take that chance away from 1 million people and thousands of firms.

In these difficult economic times the Government have three priorities: first, delivering global action to tackle a global downturn; secondly, delivering real help now to families and businesses to help them through the challenges of the here and now; and, thirdly, delivering real hope for the future by stepping up investment in our infrastructure, industries and skills.

Let us start with investment. When the Conservative party left office—at the time when the current, recycled, shadow shadow Chancellor was Chancellor of the Exchequer—the budget for further education colleges was zero. At the time, the National Audit Office described FE colleges as

"ageing and their quality and fitness for purpose was often unsatisfactory, affecting the reputation of the sector."

Colleges were not fit for purpose. Since 1997 the Government have invested more than £2 billion in renewing and modernising FE facilities, and we will spend another £2.3 billion in the current spending review period. Since the programme began, nearly 700 projects in 330 colleges have been agreed.

Mr. Burrowes *rose*—

Mr. Denham: I will give way to the hon. Gentleman, yes.

Mr. Burrowes: I sense from the Secretary of State's tone that he welcomes this intervention. I hope that he will be able to give good news in advance of his visit to Southgate college, where people are hoping to improve their build dramatically but where its principal and governors, and other constituents, are concerned that although a lot of money and time has been spent on these plans, which went to the planning committee last Thursday, they have effectively been withdrawn because of the removal of capital approval. Will he now give a commitment that there will be approval for Southgate college's plans?

Mr. Denham: As I understand it, no college plan has been presented to the LSC in the hon. Gentleman's constituency for approval, even in principle. It may well be that his local college has aspirations and hopes to move forward, as many others do and rightly should, but it does not do this debate much good to claim that colleges were on the verge of final approval when they are clearly some way further down the line in terms of planning procedures. I will be happy to discuss the situation at the college when I visit it in a few days or a few weeks'.

As I was saying, since the programme began nearly 700 projects in 330 colleges have been agreed. At present, 253 schemes are under way or are fully approved. Only 42 colleges in the whole of England have yet to receive any investment. Last summer, the National Audit Office reported the programme as making good progress with the renewal and modernisation of the FE estate. It found that the great majority of projects had come in on budget and delivered great improvements for learners, and said:

"The capital programme for further education is enabling colleges and the Learning and Skills Council to achieve together what neither could have achieved on their own, and is delivering high quality buildings."

Ann Coffey (Stockport) (Lab) *rose*—

Mr. MacShane: Will my right hon. Friend give way?

Mr. Denham: Let me get a little further, if I may, in setting out the position.

As part of the boost to the economy, which the Conservative party has opposed, we have brought forward £220 million over the spending review period to this year and the next. Let us be clear: it is my intention to ensure that every pound that we have promised to spend will be spent. The capital programme has not been suspended.

Ann Coffey: Does my right hon. Friend agree that part of the problem has been that the Learning and Skills Council announced the deferral of a small number of projects for three months, alarming every college principal with a capital project? Aquinas and Stockport colleges in my constituency have capital projects worth over £60 million, which is a big investment in Stockport and in further education. Those two colleges have planning permission. Can he assure me that their plans will go ahead?

Mr. Denham: As I understand it, the two projects to which my hon. Friend refers have received full approval in detail. None of the colleges that have received such approval is affected by the current delay in LSC consideration.

Mr. MacShane: My constituency, Rotherham, has been hard hit, with job cuts at Corus and with Burberry shutting down. Three weeks ago, the *Rotherham Advertiser* filled two pages with the new plans for the new development at Rotherham college of arts and technology, which had been signed off. I was concerned about that being displayed, given the misleading guidance to which my hon. Friend the Member for Stockport (Ann Coffey) has just referred. I am meeting George Trow, the college principal, on Friday. Could the Secretary of State's private office write to me before then with the assurance that he has now given at the Dispatch Box, with reference to Rotherham college of arts and technology? I would be most grateful.

Mr. Denham: The remarks that I made apply to colleges that have received full approval in detail to proceed. I am happy to write to my right hon. Friend ahead of his meeting.

Having set out the success of the programme and made it clear that it is my intention to ensure that every pound that we have promised to spend will be spent and that the capital programme has not been suspended, let me turn to an issue that is of genuine concern to Members on both sides of the House. There are schemes in the pipeline that have not yet been fully approved, and the LSC has put further approvals on hold until it has assessed the whole programme. The LSC has not yet provided a full analysis of all those schemes, but I need to be frank: many more schemes are currently in preparation than can be funded in this spending round. Some colleges that have anticipated early approval will be disappointed. Priorities will have to be set and hard decisions will have to be taken.

It is clear that in some cases, unrealistic expectations have been allowed to develop or have been encouraged, which is unacceptable. The LSC is, by statute, responsible for the management of the capital programme, but as Secretary of State, I will apologise to any colleges that find themselves in the position we have discussed, and as Secretary of State I need to find out how that situation arose and what lessons must be learned for the future. That is why I have agreed with the Learning and Skills Council that Sir Andrew Foster should carry out an independent review of the LSC's handling of the programme. I hope that I have outlined the current position to the House as much as I can, and I undertake to bring forward more detailed information when it becomes available and when I am able to do so.

Mr. Willetts: I appreciate that the Secretary of State has recognised the problem faced by FE colleges. Could he add a bit more information about the number of colleges whose plans are "in the pipeline", and on the value of those projects, so that we can have a rough idea of the scale of the disappointment that he is talking about?

Mr. Denham: I am not able to do that reliably. The problem is that if I were to give the number of schemes that have formally been through every process and which are, as it were, sitting in the LSC's in-tray for approval either in detail or in principle, I would be understating the problem—and I do not want to do that. We have just discussed a college in north London that would not fit into that category, but where I accept that some work has been done in drawing up plans for the future. The procedure has a regional and a national element, and I would prefer to make information available to the House when I have a full picture of the number of projects in the pipeline, and the stage that they are at. I hope that the hon. Gentleman accepts that as an honest answer. It would not help for me to present what might be seen as a narrow definition of the colleges that have expectations of approval in the next year.

Mr. Willetts: I am grateful to the Secretary of State for giving way a second time. I understand what he is saying, and I appreciate the suggestion that he will make information available, but will he undertake to come to the House with such a statement? Can he tell the House when he might be able to give us the information? The uncertainty is itself part of the problem for the FE sector.

Mr. Denham: The LSC told me that it is working towards being able to take the complete picture, with some clarification on the decisions it can take, to its council meeting, which is due to take place on 2 March. I hope that in the days or weeks before 2 March it will be possible, by written statement or in whichever way is appropriate, to make information available. I make that undertaking to the House because we are very proud of the programme. It was praised by the NAO and it has achieved a great deal of good. Colleges are being built, the programme will be delivered over the next two years, and it is unacceptable that some colleges that hope to be part of that process in the near future may face disappointment. We will make available any information that we can as it becomes available.

Alistair Burt (North-East Bedfordshire) (Con): Before the Secretary of State leaves that point, he will note that the management and administration of the LSC has been one of the most mooted-about aspects of education in recent years. Will the inquiry have a look at whether the continual chopping and changing in the way in which the LSC did its job contributed in any way to the freeze that he is dealing with at the moment?

Mr. Denham: I have asked Sir Andrew Foster to look specifically at the handling of the capital programme. Moreover, we are going to establish an agency focused on young people and on skills, which the House will be debating in a few days' time, to advise us and the LSC on what lessons should be drawn from what has happened in the past few months for the future handling of the programme by those two agencies. I hope that that addresses the hon. Gentleman's point, at least in part.

Mr. Clayton: I look forward to the Secretary of State's visit to my constituency in a few weeks' time, where he will be able to see for himself the remarkable rebuild of the two outstanding colleges in my constituency. But, as far as future capital spend is concerned, would he remind us about what the Opposition have said about the extent to which they are prepared to match the Government's spending programme?

Mr. Denham: It would have been seriously remiss of me to forget to draw attention to that point, so I am grateful to my hon. Friend. The Opposition spokesman told the Association of Colleges that he could not even guarantee to deliver the capital spend promised by this Government in 2010. I hope that any Opposition Members who are rushing to put out press releases saying how terrible the whole thing is will say that their own party wishes to cut spending in 2010.

A global economic slowdown is the time to increase, not to reduce, investment in skills and training. Companies that invest in training are two and a half times more likely to come through the downturn successfully than those that do not. Today it is even more important that business knows that it can get real help from the Government. Those who lose their jobs need support, including help with skills to get back into work, and young people need more opportunities to learn and train for the jobs of the future. That is what we are providing, and what the Opposition oppose. They say that my Department should cut £610 million a year, starting from 1 April. They oppose the Government's fiscal stimulus and the borrowing needed in a downturn, so they could not match the new investment that we are making or the new support provided by Jobcentre Plus. Now is the very worst time to make cuts, just when people need training to help them keep their jobs, when businesses need to train their staff to boost productivity, and when people need extra support to help them train or retrain to get a job.

The hon. Member for Havant talks of young people without work, education or training. He knows that the figures that he throws about represent a smaller proportion of a much larger generation of young people. Not content with ignoring the extra 1 million young people in work or education since 1997, he throws into the figure young people who are at home bringing up children—the Tories used to be in favour of that. He throws in part-time students—they used to be in favour of them, too—and students on gap years, just to pad out his press release.

Of course there is a real, if much smaller, problem of young people apart from the system. But what does the hon. Gentleman do? He opposes the very things that would help, such as raising the participation age so that more young people get work with training, and the new deal, which is giving young people extra support. His concern turns out to be empty rhetoric.

Mr. Lancaster: I hope that the Secretary of State will treat this as a genuine request for information. Given his commitment to getting people back to work, what assessment has he made of the potential cost of adding students currently on benefit to those who are exempt from his reversal of funding for equivalent or lower qualifications?

Mr. Denham: That is a slightly complicated question, which I may need to reflect on when I have a look at *Hansard*. As the hon. Gentleman knows, the change that we have made to ELQ funding, to create new opportunities for those who have never been able to go to university, was the right decision. Further measures have been taken to ensure that there are higher education courses to enable people with higher-level skills to reskill—I can say that word, as the hon. Member for South Staffordshire is no longer in his place—and gain new skills. That is the right approach to meeting the labour market's need for people to retrain for a new career or a new direction.

The hon. Member for Havant mentioned apprenticeships. This Government have rescued apprenticeships from their collapse under the Conservatives and built them up so that they are well on their way to taking their rightful place as a mainstream option for young people. He could not match the extra £140 million that we are investing to provide 35,000 extra places this year. We want more than 250,000 apprenticeships next year, just when young people, and business, need that boost. The new national apprenticeship service will enable us to meet our ambition that one in five young people will take up an apprenticeship in the next decade, and to extend group training associations and support the extension of existing schemes. We expect the public sector to shoulder its share of responsibility.

Mr. Paul Truswell (Pudsey) (Lab): Labour Members all know that when the Opposition were in power, apprenticeships were going the way of the dodo. None the less, does my right hon. Friend accept the concern about the position of some apprentices, given the difficult economic circumstances in which their employers find themselves? What action might be taken to ensure that the investment in current apprenticeships is not lost?

Mr. Denham: We have established a clearing house in the construction sector to try to match apprentices who may lose their jobs with other placements. We have also changed some of the rules in the system to make it easier for apprentices to continue their college-based training to get the necessary technical qualifications. We acknowledge the problem that my hon. Friend mentions and we are tackling it.

Simon Hughes (North Southwark and Bermondsey) (LD): Will the Secretary of State give way?

Mr. Denham: I have taken many interventions and I need to make some progress. I shall take more interventions if I can.

Even if the Conservative party stopped all apprenticeships for those over 19 next year, they would have to make further cuts of £400 million in education and training. We continue to expand higher education; Conservative Members could not.

More than 330,000 people learned new skills through Train to Gain last year, and more than 100,000 employers have engaged with the programme. By 2010-11, the programme will train 1 million a year. Train to Gain means training when and where employers want it, and it works for businesses and individuals. Forty-three per cent. of Train to Gain learners reported that they earned better pay, and 30 per cent. gained a promotion as a result of their training. Fifty-one per cent. of businesses reported an increase in staff productivity and 64 per cent. said that it improved their long-term competitiveness. The deputy director of the CBI recently said that Train to Gain is exactly the product we need at this time.

Yet the hon. Member for Havant and the Conservative party have repeatedly called for the abolition of Train to Gain. That means denying 1 million people and thousands of firms the chance to get on or use training to come

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through difficult times. Train to Gain lets us offer small businesses flexible training—short courses, which have an immediate impact on productivity. It has enabled us to work with companies such as Nissan, JCB and others to train workers who face short-time working. The Conservatives would stop that.

In the past two years, more than 1 million adults have gained their first literacy or numeracy qualification. Last year, almost 300,000 people got a level 2 qualification and 130,000 got a level 3 qualification—huge increases compared with five years ago. Those record improvements transform people's lives and make a genuine difference. What would the hon. Member for Havant do? He believes that we should turn back the clock, end the courses and revert to subsidising Spanish courses for holidays.

Training will help companies through the downturn, but it cannot prevent every job loss. In the last recession, people who lost their jobs were abandoned without help or hope. Many drifted or were dumped on to incapacity benefit. Some never worked again. We will not turn our backs on those who lose their jobs. We have provided £158 million in new support to colleges, third sector organisations and Jobcentre Plus to help people get the skills they need to keep their job or find a new one quickly. We are challenging the whole education and training system to change the way in which it works, and to respond better to individuals and businesses. An extra 75,000 college places will be there for those who are out of work for more than six months. People will not have to choose between learning and earning: as they get into work, their training will continue.

At every level of education and training, people may want to reskill or retrain. We have supported and encouraged the Higher Education Funding Council, with £50 million match funding to help universities and support individuals and businesses now. A few moments ago, the hon. Member for Havant complained that he had read about that in *The Daily Telegraph*. Now the scheme is a reality, but he has not even congratulated us on it. That funding is possible because of the VAT cut, which the Conservative party also opposes.

We are trebling professional and career development loans, allowing for 45,000 new chances to gain skills and qualifications. We are planning for the future. We are establishing the skills funding agency to ensure that we can develop the skills that we need in the strategic parts of the economy, which will enable us to prosper when the upturn comes.

I welcome the fact that we are having this debate—a debate that the Government themselves intended to hold. I hope that I have explained why we wanted it. The Conservative party has a bad history, a wrong analysis of the problems, the wrong policies—and does not even have the courage to come to the House and explain how the cuts that its party leader has promised would affect this area of activity. Everybody will learn lessons from that.

4.44 pm

Stephen Williams (Bristol, West) (LD): The Secretary of State mentioned previous recessions. I have bitter memories of two recessions—one when I was in school and the other when I had just started work.

In the early 1980s, when I was in secondary school, my community in south Wales was devastated. Hundreds of people in one village could be thrown out of work in one day, sometimes as a result of the deliberate policy of the Government of that time. Shops were boarded up and people were in despair. Indeed, some people of my father's era faced unemployment and insecurity for an entire generation.

I also remember being a young graduate trainee in 1990 in what is now PricewaterhouseCoopers, when the three people who sat near me—my manager and two supervisors—got a telephone call, reported to the fourth floor and were made redundant. They were then marched on to the pavement and I was told to clear their desks.

I have bitter memories of previous recessions, but many young people today simply have no idea what a recession is, because for the past 15 or 20 years they have grown up in an environment of increasing prosperity, rising house prices and a credit bubble—that is, in an age of consumerism. Now they suddenly find that that certainty—indeed, that bubble—has been pricked.

In a few months' time, one third of a million undergraduates will be leaving university and, for perhaps the first time in a generation, they will not really know what the future holds for them. When I graduated 20 years ago, the pattern was the same as it is at present. Traditionally, the largest employers of graduates were in financial services, banking, the City and the professional services that support those occupations. However, the sector is facing its worst recession in a generation, so young people leaving university will be uncertain and worried about their future.

Those who are yet to decide what to do beyond school—to go into further or higher education—must be wondering whether it is worth making that investment, which now comes with increased personal debt, or whether they would be better off taking their chances in the workplace. Those already in the workplace knew that the dynamic 21st-century economy meant that they would probably have to train and retrain throughout their working lives. However, in a downturn or recession, they will have to rethink and to retrain all over again.

It must be something of a record in a debate on skills—I have had to do several in the three and a half years that I have been a Member of Parliament—that neither the Conservative spokesman nor the Secretary of State mentioned the Leitch report, which was meant to be the foundation of the Government's skills strategy, taking us up to the 2020 economy. Perhaps that is because, two years on from Leitch, the Secretary of State and the Government realise that many of the recommendations and conclusions of that report are already effectively redundant, because the economy has changed. Many of the criticisms made of the report from the Liberal Democrat Benches in 2006 and 2007 are perhaps more apt now. In particular, employer-led demand does not seem so relevant when many people no longer have an employer.

Those who are unemployed or who fear unemployment will not be interested in arbitrary targets for qualifications. They need practical help now. We need a skills strategy, not a target for qualifications. The hon. Member for South Staffordshire (Sir Patrick Cormack) may no longer be in his place, but I am afraid that we do need reskilling.

which is ever more relevant, and not just the upskilling that seemed to be the foundation of the Government's strategy just two years ago.

Some of the targets in the Leitch report, which are still embedded in Government policy, such as the attainment of a full level 2 qualification, as well as the funding linked to those targets, are perhaps not relevant to the many people who are having to refocus their lives and their priorities. For older workers in particular who may need to retrain to get a specific new skill, attaining a broad level 2 qualification, which is the Government's main target, is not necessarily appropriate.

Anne Snelgrove: If we take reskilling to mean learning new skills in order to move into a different area of employment, I can tell the hon. Gentleman that such work is certainly happening in my constituency, particularly with the Honda workers. The Government are not ignoring such work; in fact, it is happening apace in my constituency.

Stephen Williams: I am not saying that no reskilling is taking place at all—obviously that would be absurd—but all the Government's targets in the strategy that was commissioned by the Prime Minister when he was Chancellor back in 2006 are linked to upskilling the work force. Those targets were not so focused on whether people needed to reskill throughout their working lives. That is the point that I was making.

That point is backed up by research that some of us will probably have received in advance of today's debate from, among many other organisations, Age Concern. A study by Age Concern has shown that an unemployed man over the age of 50 probably has only a one in five chance of returning to employment within two years. That is worse than the survival rate for many critical illnesses. Those people need a quick, personalised intervention.

We need a whole new approach to adult learning that involves retraining the older workers in an ageing work force as well as preparing the young for the fast-changing world of work. Adult learning—formal and informal—is especially good for women, as was illustrated by the conclusions of the skills study that the hon. Member for Blackpool, South (Mr. Marsden) has been chairing. Perhaps he will speak about it shortly. The study shows that women in particular benefit from adult education, because many of the women who are now in the work force did not attain particularly good results when they were at school. The attainment levels of girls in the 1970s and 1980s were behind those of boys—a complete reversal of where we are today.

Mr. Marsden: I am grateful to the hon. Gentleman for publicising the "Women and Work" report that was published today. Does he agree that, when we are looking at reskilling in the downturn, we need to look carefully at giving proper value to what some people might call soft skills—the hon. Member for South Staffordshire (Sir Patrick Cormack) is not here, so I can say that—although I prefer to call them enabling skills? They are precisely the kind of development and personal skills that will assist older workers, and women in particular, to get back into work or to improve their work skills base.

Stephen Williams: I agree with the hon. Gentleman. I was pleased to be able to play my part in giving evidence and taking part in the seminar that assessed the evidence that has led to today's report. Soft skills are relevant to women in the work force, and to young people entering the work force. One of the most common things that I hear from employers, and the organisations that represent them, is that they want people entering the work force to have not only literacy and numeracy skills but cross-cutting skills that will enable them to sell, persuade, articulate and engage in teamwork.

Simon Hughes: Does my hon. Friend agree that we need to get across the message that we are absolutely determined that people who are just over 50 should have the same opportunities as anyone else? I had two such people in my surgery last week, one woman and one man. Such people might have 10, 15 or 20 years' work left in them, and they have the capacity and the will to do it. They must not be made to feel that they are second class when looking for new skills, new opportunities and new work.

Stephen Williams: My hon. Friend is absolutely right. As a result of the demographic change that is to take place over the next decade or so, our national prosperity will become increasingly reliant on the people who currently make up that part of the work force. As a result of the economic downturn, their pensions and economic stability are now more uncertain, and many of them have realised that they are going to have to stay in the workplace for a lot longer than they envisaged 20 or 25 years ago.

One qualification that definitely needs greater support is the recognised brand of apprenticeships. A forthcoming Bill will include the Government's provisions for dealing with apprenticeships, and I am sure that we will spend more time discussing them during its passage. In the present economic downturn, however, it is vital to support employers and help them to meet the training costs of those whom they take on as apprentices. That would be a better use of the growth in the Train to Gain budget over the next couple of years, which would release £500 million into meeting the training costs of new apprenticeships. That would not involve a cut; it would simply be a refocusing of the growth in the budget that will take place in any event.

There also needs to be greater certainty for young people—or, indeed, older people—who are thinking of entering an apprenticeship. It is not easy to find out who is offering apprenticeships, whether in someone's own locality or further afield. We need an apprenticeship service that would, in some ways, replicate that available for those wishing to enter higher education—a UCAS-type system—so that people could find out what places and remuneration were available, and what opportunities were open to them.

The public sector should also set an example, certainly for Government construction contracts but in other Government services and procurement projects too. The Government could make a tangible difference in this area, in contrast to the rather meaningless announcements that they have made so far about interns.

The issue of capital expenditure in further education colleges was the subject of an earlier exchange. The information that I have is that more than 20 schemes were delayed for three months by the national Learning and Skills Council in December. That means a real cost to those colleges; it is not just a matter of uncertainty about whether they can proceed with their plans. Many

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colleges have already engaged architects, for example. In my constituency, a leading firm of architects has laid off a third of its work force; other architects have approached me and said that they were expecting to have the go-ahead to work on these projects, but because of the downturn across the entire construction area, many of those professional people are now fearful for their jobs. Of course, some FE colleges have sunk professional fees into working up proposals, so the delay, albeit of only three months, should not be so easily dismissed.

Mr. John Hayes (South Holland and The Deepings) (Con): Have some of the colleges not also raised money? They have gained money from other sources, perhaps from private sources, so in those financial circumstances pulling the plug has very serious consequences.

Stephen Williams: The hon. Gentleman is absolutely right. The costs of the projects are often more than simply a central Government grant, vital though that is, as grants are often matched by sales of land, for instance, by the colleges. City of Bristol college, for example, has had a huge amount spent on it, including from Government resources, but its capital programme was made possible only because of a sale of part of the site for housing. Ironically, those houses are in the process of construction as well, so the college has got its money and had its improvements, but any college anticipating using a land sale as part of a capital project must now realise that land sales are plummeting and that their entire project might be in jeopardy on account of the delay.

I found it rather curious that the Secretary of State had to announce in Department for Innovation, Universities and Skills questions last week that he was inviting Sir Andrew Foster—whom I recall in 2006 calling further education the "unloved middle child" of the British education system—to review something that should be directly under the control of the right hon. Gentleman's own Department.

Kelvin Hopkins (Luton, North) (Lab): Does the hon. Gentleman agree that it is regrettable that colleges have to indulge in land deals to fund rebuilding? Should it not be more like the position with schools, where rebuilding is wholly funded by the public sector or the state? Does he agree that that is particularly important for sixth-form colleges, which in many ways are more comparable to schools than colleges?

Stephen Williams: I thank the hon. Gentleman for his intervention, but I am not sure that I agree with him. Surely value for money for the taxpayer should be a consideration in any council programme. If any part of the public sector, whether it be a college or not, has surplus land that can be used and sold on the market in order to release its value to the public sector, it is surely right to embrace that rather than dismiss it. I am not an advocate of the state being solely responsible for funding everything.

As I was saying, it is rather curious that the Government felt the need to announce the Foster review of decisions that should have been under their control. At the very least, the Secretary of State should have been keeping an eye on what the Learning and Skills Council was doing, because in November the Chancellor pledged in his pre-Budget report that £400 million of capital expenditure in higher and further education was to be accelerated in this comprehensive spending review period rather than held over to a future budgetary period. Why did the Government not therefore keep an eye on things and ensure that that £400 million was released rather than delayed?

Mr. Denham: The hon. Gentleman may have missed the thrust of what I said earlier, which is that that money is being spent. That is not the problem. The problem relates to schemes outside the budget to which we have committed and are seeking approval. We are going to meet what was set out in the pre-Budget report. I will not repeat myself. I acknowledge the issue that is being raised, but the problem is not that we will not spend the money that we were given in the spending review period.

Rob Marris: The hon. Gentleman was not listening.

Stephen Williams: I was listening. I listened carefully to the pre-Budget report statement, to what the Secretary of State said during DIUS questions last week, and to what he said today. The fact remains that the review of capital expenditure should have been under the Government's control, especially given that they made good-news announcements and attempted to secure publicity for them just a few months ago.

Rob Marris: Three months ago.

Stephen Williams: As I said earlier, three months make a difference.

The motion also covers higher education. As I observed at the outset, undergraduates who will leave university in June and July this year will face an uncertain period. It is important to remember that they will be the first university graduates to exit from the brave new world of top-up fees and £3,000-a-year tuition fees. They will be the most heavily debt-burdened generation of graduates that the country has ever produced. *[Interruption.]* I thought that I heard the hon. Member for High Peak (Tom Levitt) say "Nonsense", but surely he cannot have said that.

Tom Levitt: I did.

Stephen Williams: It is an empirical fact that graduates who have accumulated probably £10,000 of tuition fee debt and £4,500 of maintenance debt, as well as credit card bills and overdrafts, are likely to constitute the generation of young people with the highest level of debts as they leave our higher education system and enter a market in which they cannot be certain of securing jobs. I do not believe that they would think that that was nonsense.

David T.C. Davies: The hon. Gentleman is certainly right in one respect—it is an empirical fact—but we may differ on another point. The real tragedy is that many of those graduates have been given degrees in subjects that will not lead to any sort of job, because there are no jobs available for people with degrees in film studies and the like.

Stephen Williams: The hon. Gentleman began by making a serious point about graduate unemployment. Certainly many people with degrees—including those who may expected to enter highly paid jobs in financial services—will face an uncertain future. However, I do not share his dismissive, *Daily Mail*-like attitude to certain degree programmes. The employment outcomes of many people who undertake new media courses—or study golf course management, or whatever other subject the hon. Gentleman may have wished to cite—show that such courses often result in high employment and good wages.

Mr. Chaytor: The hon. Gentleman has made a strong case for more investment in capital, reskilling and upskilling, and more investment for the over-50s, but how does he square all that demand for more investment with his party's policy, which is to continue to subsidise free tuition for full-time undergraduates who come from the most privileged families and who are at the most prestigious universities?

Stephen Williams: I was expecting such an intervention from the Labour Benches, and I am surprised that it has taken so long.

All the expenditure commitments that I have made so far today have consisted of commentary on existing Government pledges. That, surely, is the point about the further education capital programme. As for funding our spending pledges at the next general election, this Opposition party—perhaps unlike the other Opposition party—always goes into a general election with a fully costed programme. The fine detail is combed over independently, usually by the Institute for Fiscal Studies.

The leader of my party is absolutely clear about the fact that our spending pledges on family care, schools and higher education, all of which will be debated at our spring conference in Harrogate, will have to be met—particularly in these difficult economic times—through a refocusing of other Government programmes to which we do not give priority. Obviously we shall announce what they are at the time of the next general election.

Mr. Chaytor: For the purpose of further clarification, will the hon. Gentleman give us a progress report on the specific issue of the review of the policy on university tuition fees?

Stephen Williams: I invite my friend the hon. Member for Bury, North (Mr. Chaytor) to be patient and wait until a week or two from now, when those conclusions will be published in advance of our conference.

Tom Levitt: Will the hon. Gentleman give way?

Stephen Williams: I think that I have given way enough. I need to make some progress now.

Tom Levitt: It relates to my earlier intervention.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman knows that he must not barrack from a sedentary position. However, it appears that on this occasion his barracking has succeeded.

Tom Levitt: I am grateful to the hon. Gentleman for both giving way and observing the custom of the House that when a Member making a speech refers to an intervention, they then give way to the Member who made the intervention. I said "Nonsense" when the hon. Gentleman was repeating the claims about student debt that got him elected in a constituency with a high student population, because his argument falls apart when we accept that the most debt-challenged student is not as debt-challenged as the graduate who takes on a mortgage. We do not see that debt in the same way. It is not a debt that has to be repaid immediately, or a debt on which high interest rates are charged. It is a debt that will be repaid over 25 years and anything not paid will then be ignored. It is a good situation for someone—

Mr. Deputy Speaker: Order. That is a very long intervention in what is a time-limited debate. I hope that the hon. Member for Bristol, West (Stephen Williams) will also, in his generosity, recall that many Members wish to speak.

Stephen Williams: I think I have been generous in allowing interventions. I say to the hon. Member for High Peak (Tom Levitt) that if he represented a university city and tried that argument with tens of thousands of students, he would not get a very good reception.

If higher education is to expand in the future, it will need to be more flexible, particularly as we have a fast-changing economy. We need to have more people learning part-time, building up their degrees on a credit or modular basis. Therefore, we need to treat those who choose to study on a part-time basis more equitably than at present.

As the hon. Member for Havant (Mr. Willetts) also said of the Conservatives, Liberal Democrats take the position that the £100 million reallocation—or cut—from the equivalent or lower qualifications budget that was directed by the Secretary of State to the Higher Education Funding Council was a mistake. We said that at the time, and it is even more of a mistake now, when people would benefit from taking on new qualifications. It would be interesting to hear in the ministerial summing up what has actually happened to that £100 million that was supposedly refocused. The justification given for that cut in ELQs was that the £100 million was to be refocused on setting up new places in higher education, but all we have heard recently is either that applications have stalled or that the Government are warning the sector not to expect any growth in funded places in future.

The hon. Member for Havant referred to NEETs—those not in any formal mode of education, whether FE, higher education or apprenticeships. The Government's big idea for dealing with them in the Education and Skills Bill of last year was to raise the education and training age to 18. My party resisted that position at the time. The Secretary of State has been rather cagey in some of his statements to the press about this, but I hope the Government will not be tempted to bring forward the raising of the leaving age in order to mask worsening youth unemployment.

My final substantial point is on the need for independent advice and guidance, not only for those not in education or training, but for 13 and 14-year-olds, who are entering a completely different landscape of educational provision, whether they go down the traditional academic path of

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GCSEs and what comes after that, or take up the new diplomas or young people's apprenticeships. It is vital that that advice is independent of the educational setting in which they find themselves at 13 or 14. It should also be aspirational, particularly for children educated in poorer backgrounds, or those educated in more affluent backgrounds who come from a poorer family. They should challenge the stereotypes, whether based on gender or other grounds, that they might otherwise face, in order for them to be prepared for an increasingly uncertain future.

Such new skills and training should prepare young people for the emergent economy as well as for the current economic emergency. Whether the UK's future lies in life sciences, digital media or, to use the jargon term, green-collar jobs, it is important that people are prepared for them, and have appropriate advice on the pathways open to them.

Rob Marris: Will the hon. Gentleman give way?

Stephen Williams: No, as I am reaching my conclusion, and I have been generous in allowing interventions.

It is to be hoped that we are facing a relatively short-term economic emergency, but it is creating uncertainty for young people and anxiety for those who have been in the workplace for rather longer. We need appropriately focused short-term interventions for them, but in the long term we need a cultural shift by both employers and the state, to make sure that all modes of study and training are valued equally, so that we can deliver lasting prosperity and real social mobility.

Mr. Deputy Speaker: Order. I must remind the House that the 10-minute limit on Back-Bench speeches begins now. I call Mr. Eric Illsley.

5.10 pm

Mr. Eric Illsley (Barnsley, Central) (Lab): First, may I make a complaint that I have made many times in this House? In a three hour and twenty-minute debate in which Mr. Speaker has imposed a 10-minute limit, it seems remiss that the three Front-Bench speakers have, between them, taken an hour and a half. I suggest that it would be incumbent on them to take a little less time in future, especially when the time available to Back Benchers is so limited.

We are debating further education, so I make no apologies for the fact that I wish to speak about Barnsley college, although I do apologise to hon. Members for the condition of my voice. I want to discuss the college, first, because it has been a success story over the past few years and, secondly, because it is caught up in the capital funding programme. The rebuilding colleges scheme is excellent, and I am delighted that my local college has been able to benefit from it thus far, although I shall discuss my concerns about its continuation.

Barnsley college has done very well over the past few years and, together with other institutions in Barnsley, it has, for example, managed to reduce the number of our NEETs—an awful acronym that means those not in education, employment or training—to 8 per cent. through a lot of hard work and effort. Barnsley college is also responsible for, among other things, the Arctic Monkeys, whoever they are—I am told they are pretty good. I am happy with the way the college has performed and with the funding up to this point.

The college has benefited from the capital programme thus far, and we are halfway through a capital refurbishment programme—we are halfway through phase 3 of it—which involves a large building in the middle of the town centre. Work has started on the demolition of that building, including the removal of asbestos and so on, but that work has basically been frozen. If the programme is suspended, we will not be able to re-use the building, and if we do not get the money, the programme cannot go ahead—that is a matter of concern.

I have listened to hon. Members talking about the situation of colleges prior to Labour's coming into office. When the Secretary of State said that the budget for further education colleges in 1997 was about zero, it reminded me of the problems faced in the FE sector from 1993 and the incorporation of colleges—that was when they were freed from local authority control. I remember vividly the corruption and the problems in that sector, including at my college—it lost some £6 million at that time through criminal activity. At that time, the reputation of colleges was not very good and they were not well regarded. We have come a long way from that particular point.

To reassess capital spending in the face of an economic downturn such as this one seems an entirely reasonable thing to do—I could not argue against it. If a capital programme has not been "approved in detail" and if one faces an economic downturn such as we have and probably a shortfall in the amount of funding available, it is entirely sensible to reassess exactly what spending will go ahead. But, as I have said, Barnsley college is committed to a number of phases under its capital programme, two of which have already been completed. The third phase is under way and the fourth is yet to go ahead, but all four are linked. The problem is that we have completed two, the third is midway through and the fourth is yet to have plans submitted for it, yet they are all linked. As I have mentioned, building on phase 3 has been suspended pending what we assumed would be a decision later in March on whether the funding would go ahead. But there now appears to be some confusion over what the LSC is saying and what the Government are saying. The principal of the college has said that the LSC expected the college to demolish the buildings because it was necessary to carry out enabling works before the approval of the main build projects. The LSC national and regional offices agreed on 9 January that the college had acted within its powers. So the college had the approval of the LSC to go ahead with the preparatory works and the demolition within phase 3, but a moratorium now appears to have been placed on that phase.

My right hon. Friend the Secretary of State said last Thursday that no college that had received final approval would lose out, but the college principal wrote to me and said that he had attended a meeting in Bradford on 9 January, called by Mr. Phil Head, the head of infrastructure and property strategy at the LSC national office. It was attended by national and regional officers. The principal wrote:

> "At the meeting I was informed that the LSC was reviewing its priorities for all capital programmes and no assurance could be given that any individual project would be funded or, if funding is agreed, when it may be released."

With the best will in the world, that tends to suggest that some programmes have been suspended indefinitely.

I welcome what the Secretary of State has said today, but I hope that we can look again at the situation of Barnsley college. The project has been approved at every stage as it has progressed through the system. The funding has been put in place by the college and there is no question of it not being able to raise its share of the money. The scheme does not rely on the sale of land or the use of other assets. The funding is in place, except for that coming from the grant. However, there is now confusion about whether phase 3 will continue, despite the fact that work has already started. The fourth and final phase, for which plans must be submitted in spring 2009, is also in doubt. I ask my right hon. Friend to look again at Barnsley college's position and give me some reassurance that the last two phases—of a four-phase programme costing £55 million—are safe. With two phases completed, one half-way and another one remaining to be approved, it would be ridiculous to allow the scheme to falter at this stage.

5.18 pm

Tony Baldry (Banbury) (Con): I hope that the hon. Member for Barnsley, Central (Mr. Illsley) will forgive me if I do not follow his specific comments, but the whole House will understand his concerns.

Last Friday we saw in Banbury the launch of a job club, which involved pretty much every organisation locally—Jobcentre Plus, the LSC, Business Link, Oxfordshire county council, Oxfordshire Economic Partnership, Cherwell district council, the Shaw Trust, RESTORE and others. On the official statistics, the Banbury travel-to-work area has an unemployment rate of about 1 per cent., but nearly 300 jobseekers turned up on Friday to take part and get involved in that job club. That indicates the scale and the depth of the present recession. What is happening in the labour market is very serious indeed.

The people there had different needs. Some needed to maintain their skills, but one thing that struck me was that quite a lot of those people were the hidden unemployed. They are technically self-employed subcontractors, but they have been working for one or two contractors or companies. They have effectively lost their work but they do not get income-related jobseeker's allowance and so maintaining their skills and qualifications is quite difficult. For example, HGV drivers need to do more than just maintain their HGV licence. How are they going to do that?

People need to adapt their skills, too. For example, Prodrive in Banbury will make just short of 200 people redundant this year, simply because Subaru has pulled out of world rallying. Prodrive is probably an excellent employer and those who it is reluctantly having to make redundant are highly skilled automotive engineers. How do they adapt their skills in a marketplace where other automotive engineering jobs are going, such as those at Aston Martin and along the whole corridor from Cowley to Longbridge? They need to be able to adapt those skills.

Lastly, there are people who need to acquire completely new skills. In an area such as mine, where do they go to do that? The answer is, surely, the local FE college. I am trying to understand how my constituents who turned up last week to the Banbury job club, which will run every Friday—in my patch, we are going to ensure that so far as is possible nobody gets left behind in this recession—can acquire those skills.

One difficulty at the local college, as I understand it, is that unless an adult signs up to a whole NVQ they cannot get funding. Many people do not necessarily need to sign up for a whole NVQ or cannot do a whole NVQ in one go. They just want to take a unit of the qualification. I do not see why the Learning and Skills Council funds adults only if they are going to do an NVQ level 2 or 3, because many of my constituents want to adapt and acquire skills on a piece by piece basis.

In a written answer last week, the Under-Secretary of State very kindly answered a question that I tabled, which asked

"what work his Department is undertaking with the further education sector to provide training or retraining for those who become unemployed."

He said that the Department was providing

"£158 million to support those looking for work".

Perhaps we could have a breakdown of how that £158 million will be used. To what extent will my constituents who have become unemployed be able to access it to acquire further skills at the local FE college? The Minister also said that there would be

"£350 million improved flexibilities in Train to Gain for bite-sized courses for SMEs": [*Official Report*, 29 January 2009, Vol. 487, c. 788W.]

That is absolutely fine, except for the fact that if small and medium-sized enterprises are laying people off, it does not necessarily help those who become unemployed to acquire new skills.

In my patch, and I am sure in other hon. Members' constituencies, we experience a dysfunction in that quite a number of people are being made redundant in retail, yet in every single nursing home I am told that it is very difficult to recruit nursing staff. The homes have been relying for a very long time on nursing staff from countries outside the European Union area, such as the Philippines. How will we ensure that we can train people to work in those areas of the economy where there are vacancies as speedily as possible? How do we share information about skills needs? I am told that my local regional development agency, the South East England Development Agency—SEEDA—is doing research on skills needs in the area. However, it seems to be very patchy and to be quite slow in coming through.

We need a speedier analysis of where the skilled vacancies are arising in the local economy and of how we match job vacancies much more quickly to those who become unemployed. For a long time, JobCentre Plus has been concerned primarily with getting people on to jobseeker's allowance. It has rather relied on local recruitment agencies to get people into work, but they tend to know only about jobs that are immediately available in the local labour market. However, if 200 automotive engineers are made redundant in an area where lots of other automotive engineers are also being made redundant, the local recruitment agencies will not know about other vacancies in engineering elsewhere in the country. We are going to have to get a lot smarter about how we ensure that the vacancies that exist in the economy get promoted, promulgated and filled much more quickly.

[Tony Baldry]

I have been in this House for 26 years and I still think that I am pretty much of a novice in these matters. I find it pretty difficult to get to grips with the Learning and Skills Council. I think that I have a pretty good grip of my constituency, but tracking down who is running the local LSC is pretty tough. Moreover, as soon as I get to understand a body—the Manpower Services Commission, then the area manpower boards, then the training and enterprise councils and now the LSCs—it goes. I am at a complete loss to understand why that happens.

Moreover, I believe that the present arrangements will end in 2010 and that we will then have to get to grips with three new bodies. One, funded by the Department for Children, Schools and Families, will be for young people; another, funded by the Department for Innovation, Universities and Skills, will be for adults; and the third will be a national apprenticeship body funded by a different group. How on earth are college and FE principals meant to get to grips with those three organisations? We are in an economic crisis and loads of people right across the piece are losing their jobs and needing help, so why on earth are the LSCs being scrapped now? Let us at least have a degree of stability.

Anne Main: My hon. Friend has described the rigmarole that causes confusion for everyone, but does he agree that another factor is the sheer cost involved? The Government do not seem to be encouraging economy. I find it amazing that they should be relaunching their "Life is a Great Thing" initiative to expand access to university. It is yet another promotional and rebranding exercise that will incur lots of extra expense.

Tony Baldry: I entirely agree. I cannot see the rationale behind the Government's approach. People are in desperate need of some understanding of how to get help, and rebranding the LSC will not help them—and particularly not adults who need to acquire new skills—in that regard.

I hope that I do not sound rather portentous, but I thought some of the Punch and Judy stuff earlier this afternoon about who would make the greatest cuts was pretty pathetic, given that most of us taking part in the debate are truly concerned about what is happening in our constituencies. All of us in this House are grown up enough to know that the general black hole in the public finances means that whoever forms the Government after the next general election will have to make some difficult decisions about public spending. Those of us who have been around for a while realise how difficult they will be.

In relation to FE colleges, we are asking only for some degree of certainty. We all recognise that it may not be possible to do everything immediately that we might hope for, but it would be really helpful to know about what programmes and capital projects are not going to go ahead, as people will not then waste time, energy and effort on planning for construction projects that will not happen. We would much rather that some effort were put into what is possible, and we would also like to have some flexibility and understanding with respect to the 16-hour rule.

That rule governs what unemployed people can do to acquire and update their training and skills without losing benefit. It is really frustrating for people if they feel that the only way to maintain their jobseeker's allowance is to sit at home and not acquire new skills, for fear of losing their allowance.

5.29 pm

Judy Mallaber (Amber Valley) (Lab): The hon. Member for Banbury (Tony Baldry) will be pleased to know that, in view of the number of people who wish to speak, I will not go through all my facts and figures refuting the Opposition's motion. I want to highlight some positive examples; I have not sought them out—I have not had time to do lots of research—but came across them in the past few weeks. They are examples of the variety of circumstances in which people can gain skills, and of the opportunities available, all of which we should treasure and encourage. I also want to pay tribute to two friends who died recently, John Hett of the Midland Railway Centre and Paul Buckley, a Derbyshire county councillor. At their funerals, I discovered what they had done to enhance training.

I want to reiterate the point made about the National Skills Forum report on closing the gender gap, and I urge Ministers to look at its recommendations. It is vital that we do not leave out certain groups in the downturn just because it is easy to do so, and that we make sure that the skills of women and others are enhanced. I chaired a report for the Business and Enterprise Committee last year called "Jobs for the girls". These reports cover issues such as flexible training opportunities, including the possibility of offering part-time apprenticeships to enable people to go back into training, and to retrain after taking time out of the workplace. Some of the recommendations in those two reports are important, and I urge Ministers to have a look at them.

In spite of the difficult times that we are experiencing, it is not all doom and gloom. In Derbyshire, we have doubled the number of apprenticeships. In a Westminster Hall debate last year, I gave a number of examples of cases in which employers were very positive about how Train to Gain had benefited their business. I am excited about going with Lord Puttnam—David Puttnam—to open a brand-new post-16 centre, the Phoenix centre, tomorrow. It is attached to the Aldercar community language college in my constituency. The centre is a £4.6 million facility funded by the Learning and Skills Council, and it certainly is not just about paper qualifications.

The college has taken a lead in developing vocational qualifications, and every key stage 4 student has to do a vocational programme. Similarly, those doing vocational programmes have to do academic work so that they have the skills that employers need. The NEET—not in education, employment or training—figures for those who went there have more than halved in recent years, and it has a very good track record. The centre will offer AS and A2 programmes, but it will also offer apprenticeships, at the request of local industry. There will be post-16 industrial apprenticeships for local engineering and electrical companies. The centre is working with Caunton Engineering, structural steel engineers; with JTL, which is sending apprentices from local electrical companies; with Balfour Beatty Derby; and with the

Advanced Composites Group. One cannot have a Formula 1 car without material from ACG in Heanor in my constituency.

The centre is working to provide industrial apprenticeships for post-16 students. It is offering diplomas in a whole range of subjects, and it has programmes for physically impaired and hearing impaired students. It is working with the Key Stage 4 Support Centre in Derbyshire, where permanently excluded students from about 19 local secondary schools are got back into a two-day-a-week programme, to engage with getting nationally accredited status. It can hopefully then go on to get those students into work. The Phoenix centre, opening tomorrow, is very much about vocational education, giving people skills and qualifications and apprenticeships, and getting the involvement of people with disabilities and young people who have been permanently excluded from school. So there are very positive examples of work that is going on, and I am excited about going to the centre tomorrow.

My second example is a local company, Manthorpe Engineering. I read an e-mail from it yesterday; it has asked me to support its application for planning permission so that it can extend its work. It says that despite the recession, it is still expanding, and expects to create an additional 75 high-performance jobs. It runs a successful apprenticeship programme with 21 young engineers, a high proportion of whom are educated at another local school, Mill Hill school. The company also offers work placements. Again, that is another positive example.

I come now to my tributes to my friends, who died tragically young. We do not necessarily realise some of the work that is being done, but both cases that I shall mention show another way in which voluntary organisations have a role to play in reskilling and reinforce the fact that we must take every single opportunity that is offered.

John Hett managed the midland railway museum amazingly and developed it over the past 30 years. A number of volunteers work at the museum—for example, a 24-year-old who had worked for a small engineering company that went bust. As a volunteer, he has been restoring steam and diesel locomotives. He has kept and developed his skills in a voluntary organisation because he is mad on railways. He now has a job with EWS freight hauliers, part of DB Schenker, based at Toten. Another volunteer had his own car maintenance company, which did not work out. He has been doing bodywork at the museum and now has a job with Bombardier tram makers in Derby. In recent years, a number of people from the midland railway museum have got jobs with Bombardier that will end up being permanent.

The museum has always taken on people on programmes such as the new deal, which helps to upskill and maintain the skills of those who have them and train those who have not had the opportunity to gain skills. For those who work in construction, the museum makes sure that they get their CSCS—construction skills certification scheme—certificate. It is important that voluntary organisations such as the museum can provide and develop skills. It developed a railway carriage with local youngsters, which was donated to a youth club in a deprived village in my constituency.

I mentioned my county councillor, Paul Buckley. I knew of his commitment to the Derbyshire unemployed workers centre, but I did not realise until I was preparing to speak at his funeral—he died, tragically, at the age of just 43—that he had wanted to train as an advice worker at the unemployed workers centre. He was unable to do so because he was virtually blind from an earlier disability, so he went on to get involved in the workers centre and ended up as its chair. I did not know until his funeral that he had been encouraging a young man at the unemployed workers centre in Chesterfield to use the new IT now available to train as an advice worker, which Paul had not been able to do previously when the IT was not available. We should not think of training only in particular categories; it can happen in all kinds of circumstances.

Many positive things are happening, but Lord Puttnam asked me to raise some of the downsides. We must make sure that employers are on the ball. Skillset is one of the two most successful pathfinders, the old sector skills council, which provides technical training for film, television and digital. Apparently, Ofcom allowed ITV to pull out of some of its public service obligations. ITV subsequently announced that it was pulling out of Skillset. ITV should realise that it will need those skills in the future and that it is absurd for it to pull out of the organisation providing them. However, there are many positive examples, and I will be going to help open the wonderful new centre in my constituency tomorrow.

5.38 pm

Mr. Ian Taylor (Esher and Walton) (Con): I shall try to reskill myself and be brief. Perhaps the House should take part in such a programme, as many of the arguments have been made in various ways from those on the Front Benches.

I pay tribute to my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes), who has done an amazing amount of work on skills. I especially appreciate that because I chaired the Conservative party's policy review on science, technology, engineering and mathematics, and we have worked in harmony. I mention mathematics not least out of disappointment: I do not know what Carol Vorderman has that I have not got, but the party appears to have preferred her to be the mathematics tsar, rather than me. Nevertheless, I shall thoroughly enjoy working with her.

Too much of the debate, if I may say so, has been about infrastructure, buildings and the cost of buildings, rather than what goes on inside them, which is important to young people and to older people who wish to reskill themselves. As a sort of Foster review of expenditure on facilities is under way, I hope that it will take into account the opportunities that a recession gives for renegotiating construction contracts to get better value for money so that it can go further.

Secondly, and I feel passionate about this, I hope that in any re-evaluated scheme more effort can be put into providing laboratories for science experiments. Too often, schools do not have those facilities, and that is one of the reasons science is less exciting to young people in our schools than it should be.

That brings me to the key point. We are in a recession and it will last for time enough in any young person's life. We need to make even more effort to ensure that young people get the opportunity to learn things that will be useful to them in the broadest sense and that they understand what skills they need if they are to be

[Mr. Ian Taylor]

employable. For example, it is perverse that in this country the number of young people who have applied for university degrees in IT subjects has been declining just when demand for those skills has been rising. Indeed, if one listens to the experts, it seems that during this recession demand for IT skills will be at least stable if not increasing. Why is that happening?

Why do we still struggle to get enough young people to learn physics and chemistry, despite the wonderful efforts of the Institute of Physics and the Royal Society of Chemistry to encourage the training of teachers or at least to provide the opportunities for their retraining? Our universities have had a real problem not only in getting people to study the sciences but in ensuring that people are retained in teaching. One of the big efforts that I hope the Government will make is to use the recession as an opportunity to capture at least those who are now studying sciences at university and get them to go into teaching.

Interestingly, the recession in the finance industry is at least an opportunity for the Government. In 2002, 6 per cent. of physics graduates entered the world of finance; by 2007, that had risen to 19 per cent. Efforts are already being made to encourage graduates to go into teaching, but if our schoolchildren are to get science opportunities at school, it is essential that they get them from people who have done the relevant science at university. In many schools, I am afraid, biology teachers, who are regarded as having done science, teach physics and chemistry as well; they often mug it up the night before. I am not being disrespectful to them—and the children are lucky to have biology teachers—but I have talked to such teachers in my constituency and I realise their struggle to keep up. It is therefore hardly surprising that young people are not as inspired as we try to get them to be by the wonders and problem solving that physics and chemistry can lead to.

This country has produced remarkable engineers, who should be an inspiration to young people. However, it is no good their being inspirational if there are no teachers to teach the subject. I ask the Secretary of State to make more effort, please, to make sure that young people are inspired to do those important things.

Finally, there is a lot of talk about big areas of effort that we should make in this country. Often, however, they are not related to jobs likely to be on offer—at least, not in the same numbers—to British people. For example, I hear an awful lot about green technologies. I am all in favour of them; they are one of the areas of science and engineering that we need to stimulate. However, in terms of our skills, they do not exist in this country. Many of the windmills and wind turbines that we might be able to bring forward from research into practical application are going to be made abroad.

Furthermore, the Government have rightly encouraged the nuclear industry to bring forward plans, and by 2020 I hope that the next generation of nuclear technology will come into application. However, the skill sets are just not there. In a recession, in particular, we need to do a series of things: first, train people with the basic skills that they require; and, secondly, ensure that there is a match between the skill sets that they might think they want and the demand the Government are producing. If we are saying that there will be a nuclear industry reborn by 2020, then let us ensure that we are encouraging schools and universities to run courses for nuclear physicists and engineers.

This is a very important debate that has been well stimulated by my Front-Bench colleagues on an Opposition day. I hope that the Government draw lessons from it instead of just getting into competitive debating about the amount of money that might be spent. Money is important, but what goes on in the institutions is even more important.

5.45 pm

Tom Levitt (High Peak) (Lab): Much of what I have to say complements the remarks made by the hon. Member for Esher and Walton (Mr. Taylor) in his very constructive contribution.

If we were not in a recession, the message for British industry would be this: what we need is a high-skill, high-wage economy if Britain is to compete successfully on the global stage. That would mean investing in the skills of our work force—investing now for the skills that we will need in 20 years' time. We must get those whose basic skills are not on the NVQ ladder up on to that ladder, and help those who are halfway up to reach the top. As we are in a recession, the message to business and industry must surely be exactly the same: if Britain is to compete successfully on the global stage, what we need is a high-skill, high-wage economy. We have to look now at where we want to be at the end of this recession; we have to look now at the skills that we need in a rapidly changing globalised economy; and we have to be aware of what our competitors are doing, not only in the UK market but abroad. The mantra of "education, education, education" has never been more important for the British economy or for the fulfilment of British people than it is today. We do not yet know how the measures that we have put in place in schools will have benefited the future skills of the work force and the future economy, but we know that they will have done.

In the late 1970s, when I started teaching science, the comprehensive school where I worked had courses in rural studies, car mechanics, home economics and many other subjects, all designed to engage the less academic pupil—to bring qualifications, where they were earned, in skills other than those demanded by universities, and to give a whole swathe of young people a purpose in education which otherwise they might have missed. However, such courses disappeared rapidly, and by the end of the recession of the early '80s very few schools were still teaching them. The iron fist of the Conservatives' national curriculum had come in. It had reduced diversity in schools, reduced opportunity for the many, and reduced the ability of young people of lower academic levels to gain qualifications and specialise in subjects of their choice. One day in 1983 or thereabouts, a young boy came to see me, just weeks before he was due to leave school at 16. This inoffensive youth with a shy smile had got an apprenticeship to go to. He was made up—over the moon. But the following week he was more withdrawn than ever, and would not even make eye contact with me or anyone else. I asked him what was wrong, and he showed me a letter. The apprenticeship had been cancelled: "Government cuts", it said. That must not happen again.

Mr. Brian Binley (Northampton, South) (Con): Will the hon. Gentleman give way?

Tom Levitt: I will not, if the hon. Gentleman does not mind, as other people wish to speak.

The staying-on rate in our schools has improved, but it is not as good as it should be. However, the decision to raise from 16 to 18 the age at which one can leave formal education for good is a real investment in the future. It ensures that every 16-year-old who does not want to stay on at school will still have a place—full-time or part-time, in college or as a day-release student, or in some other combination of training and work—that ensures that the skills habit becomes part of their working lives. The first children to whom that will apply started their secondary school careers last September.

Good employers have always valued skills and training. Learndirect and union learning representatives contribute, too. I am delighted that as a result of these measures an increasing number of good employers are out there. How do I know that? I know it because of the genuine success that Train to Gain is having, even at this difficult time for industry and the economy. Tens of thousands of employers and hundreds of thousands of employees have already been in touch with the Learning and Skills Council and met their skills brokers—people whose job it is to match the right employee with the right training.

I attended a conference in Eastwood in Nottinghamshire last Friday and the enthusiasm and interest that employers from throughout the east Midlands showed there was incredible—it was wonderful to behold. Employers know that "invest to save" makes sense, and that investing in skills now to get on in the future is a good way of investing their money.

At the same time, this Government have trebled the number of apprenticeships to nearly a quarter of a million, with more to come. Ten years ago, apprenticeships were regarded as a thing of the past, but I am delighted that Tarmac will create dozens of apprenticeships in my constituency this year through its cement-making operation, despite the problems that the construction industry currently has. There are still goods and materials that need to be created for others to use—recession or no recession. The manufacture of such materials will require different skills from those that their counterparts of 20 or 30 years ago required.

Companies know that they can bring skills into their industry by looking to the international market and buying them in, but that is not the sustainable way of doing things. Tarmac has recognised something of the philosophy of the Jesuits—"Give me an apprentice when they are young and I will create the skilled craftsman and woman of the future." This is an example of invest to save—investing to make profits in the future, and investing in the quality of the work force—and it is an example of why the current debate about foreign workers is so wrong. We have created 2 million British jobs, which were all available to British workers, and many of them have been taken up by British workers. We have never had more British people in work than we did in 2008, and there are hundreds of thousands of British workers working elsewhere in the European Union, with the same basic rights and protection as they would have here. There are 400,000 vacancies in the British economy, and we want to create more. Jobs need doing in the caring professions, as we have heard, in manufacturing for export and in green technology. If we are serious about giving British workers the skills to compete with the best in the world, British jobs for British workers is a legitimate aim. I stress, as my noble Friend Lord Campbell-Savours did in another place yesterday, that British jobs for British workers is not the same thing as British workers for British jobs.

In the east midlands, our economy has been hit by the downturn in the motor trade, and companies in my constituency that are involved in the supply of parts for the motor trade have been affected, such as Federal-Mogul, which makes brake linings, and Otter Controls, which makes thermostats. Just down the road, near Derby, we have the European training centre for Toyota, one of the world's largest companies. It is the largest producer of cars in the world, and last week it announced record losses on its balance sheets, but it is not a company planning to economise on skills. It knows that to compete at the cutting edge of international trade, it needs an ever-changing mix of the right high-calibre skills. It is willing to invest when times are lean in order to make the good times happen sooner, and better, than they would otherwise.

As for further and higher education, the university of Derby has a campus in my constituency, and a couple of years before it moved to that campus, it merged with High Peak college in Buxton. The principal reason for that was that the high-quality vocational qualifications provided by the college in fields such as catering, tourism and hospitality could not attract an international market because the college did not have university status. Those institutions were put together and the merger worked. The university upholds the principle of excellence for all; I am proud that it is in High Peak, bringing young blood into our communities, and providing opportunities for people with learning disabilities and other disabilities.

One of the roles of jobcentres is to talk to workers facing redundancy not just about counselling and benefits, but about the training that might be available and job opportunities, too. Those workers need to ask themselves what skills they will need to get back into the work force as soon as possible if they are made redundant, bearing in mind that there are 400,000 vacancies in our economy. Where can they get the skills that they need, and who will pay for the courses? Jobcentres are on hand to provide that information, and to work with skills brokers to provide a comprehensive system of support.

A weakness in the system is that some employers are actually refusing the support and help that is available, and are not allowing jobcentre staff to come on to their premises to talk to workers who are facing redundancy. To get out of this recession with as few wounds as possible, we need to have all sides working together. I urge companies considering redundancies to make sure that their people have access to advice and the opportunity to gain the skills that they need at this difficult time. I ask my friends in the Department for Work and Pensions to make sure that these partnerships happen. People facing redundancy have a right to support, and their soon-to-be-former employers have no right to deny it to them.

We are pulling together with schools, colleges, universities, trade unions and increasing numbers of employers, who all recognise the need for developing skills. Together with the Government, they are committed to making sure that skills are generated for the economy of the future and the fulfilment and happiness of our people.

5.54 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): Before I came to the House I spent 34 years in teaching, and most of that time was spent in depressed areas of Leeds, the north-east and Middlesbrough. For the last 20 years of that time, I was the head teacher of two very large comprehensives, and the great tragedy of my life in teaching is that when I finished, the same sort of students were failing in our school system as when I started. Successive Governments have failed to achieve the effective training of young people, not only for the economy of tomorrow but for the life of tomorrow.

Despite the depressing start to the debate made by the hon. Member for Havant (Mr. Willetts), I would like to put on record the fact that the Government have, during the past 10 years, placed a real emphasis on the skills agenda. They set up a national skills taskforce, and asked Lord Leitch to complete his seminal report, which analysed the skills of the nation. They brought all the major parties together to agree that skills are highly important. We might disagree about how we implement the policy, but that agreement has been achieved. It is rather sad to see that that consensus appears to be on the wane today.

The Leitch analysis is central to how we regard the problem. Leitch analysed the skills that we need not simply for today, but for the emerging economy of 2020. If all our concentration is on the huge problems of today's recession, we will miss the opportunity to provide our work force with the skills that they need for tomorrow. The hon. Member for Esher and Walton (Mr. Taylor) put his finger on one of the key issues: it is not just a matter of providing skills—I shall return to the question of skills and qualifications—but of providing the right skills for the jobs of tomorrow. The STEM agenda—science, technology, engineering and mathematics—is absolutely fundamental to that. We have learned a significant lesson over the past six to nine months about depending heavily on the service sector, particularly the financial services sector, for our economy. It used to be the proud boast that we were the financial centre of the world, but once that imploded, we were left short in the area of actually making things. We need to build the skills of tomorrow such as our science base, which is second only to that of the United States, and our engineering prowess, which ranks alongside that of any nation in the world.

Dr. John Pugh (Southport) (LD): Does my hon. Friend not admit that a few years ago, financial skills were seen as the skills of tomorrow? We were wrong then, and we could quite easily be wrong now, too.

Mr. Willis: I readily accept that we do not live in a certain world, and we have never experienced anything like the current recession before. We have never seen the collapse of global capitalism in such a way, because nations such as China and India were never part of a global capitalist system before. My point is that being so heavily reliant on the service sector has caused major problems during this economic downturn. I am imploring the Minister, when looking at the skills agenda, to have 2020 constantly in sight, as Lord Leitch recommended, and not simply to concentrate on the here and now. That is a major issue.

One of the central planks of Lord Leitch's report, which the Government readily accepted, was upskilling the nation to OECD standards. It is an attractive proposition to say that by growing the number of qualifications, we grow more skills and greater productivity and wealth creation—but in reality that is a flawed model, especially in the current situation. We need upskilling, as Lord Leitch and the Government have accepted, but we also need an emphasis on reskilling. That does not simply mean people who were in one area of employment reskilling for another. All of us, particularly in the House, are constantly looking to reskill. One sad characteristic of our nation is that the higher up the academic scale someone goes, or the higher up in a company, the more access they have to retraining at the expense of people lower down the food chain. In our report, the Select Committee on Innovation, Universities, Science and Skills unashamedly stated that upskilling was central.

Hon. Members have referred to the complexity of the Government's delivery system. I say to the Minister, in a spirit of comradeship, that the current system for delivering the skills agenda is not only complex but incoherent. Chris Humphries, who is the chief executive of the new UK Commission for Employment and Skills, said to our Committee that there was not an employer in the land who understood the current system. He said that when the chairman of the UKCES was appointed, 60 organisations contacted the chairman to say that they were essential in delivering the skills agenda. It is important that the Government keep an eye on that.

The Government have said that employers should lead the skills agenda both of today and of tomorrow. They were right to do that, as skills are central. I have commented before in the House that apprenticeships without the involvement of employers should not be called apprenticeships. I hope that in his closing remarks, the Under-Secretary of State for Innovation, Universities and Skills will assure the House that in the drive to include further education colleges and other public sector organisations in ratcheting up the number of apprenticeships, we will not go down the road of programme-led apprenticeships with no employer involved. I earnestly hope that the Government will support that point of view.

Employer-led schemes using Train to Gain were a great idea when Lord Leitch delivered his report, but we must remember that he carried out his analysis when the economic cycle was on the up, employment was virtually full and we were looking forward to yet more quarters of unprecedented quarter-on-quarter growth. Employers are now shedding labour. They are not looking to take on apprentices, and in many cases, despite what the hon. Member for High Peak (Tom Levitt) said about his constituency, they are not looking to provide skills for workers. They are trying to cut their costs. There is not a Member in the House who would not accept that it would be tragic if that were all that was going to happen. I am looking to the Government not simply to keep to their mantra because they have set policy objectives, but to be fleet of foot and recognise that we have to make employers an attractive offer to maintain their training, and in particular to retrain and upskill their workers.

I should like the Minister to respond to a point that I hoped the hon. Member for Huddersfield (Mr. Sheerman) would make, if he had been in his place. A real problem

is that this recession will hit 16 and 17-year-olds harder than any previous recession. Many skilled workers are coming on to the employment market. They are used to working, and employers are used to having them in their businesses, so they will become very attractive to employers when jobs are available. My concern is for 16-year-olds leaving school for whatever reason. I do not believe that the Government would be wise to raise the school leaving age this September. That would be a foolish mistake, as we would just have mass absenteeism. However, we must ensure that we make employers an attractive offer to employ 16-year-olds. If they are unemployed for three, six or nine months, in many cases that becomes a pattern for the rest of their lives.

Why can a 19-year-old carry a £1,000 recruitment and retention premium for their employer—a golden hello—whereas a 16-year-old cannot? Why does a 19-year-old attract a £1,000 training premium, but a 16-year-old does not? The answer may well be, "Well, we want those people to do apprenticeships." However, at the top of the employment boom, only one in 10 employers took on an apprentice. If we want to engage employers to take on 16-year-olds and help with their training and employment, we must be flexible with our policies. To hell with saying that there is a divide because of the machinery of Government. We need a comprehensive policy on careers guidance, employment and training to ensure that from the age of 16 onwards, everyone is entitled to a training package that is world class and second to none. That is a policy that my party and I will earnestly support.

6.6 pm

Anne Snelgrove (South Swindon) (Lab): Swindon is in the national economic spotlight, but it is one of the most productive towns in the country, with arguably the best business location and most highly skilled and hard-working work force. Yet even we are not isolated from the global downturn that is affecting every community in the developed world. There have been job losses in Swindon across all sectors—manufacturing, distribution, finance and service. However, the Government are providing real help to give people skills to get back to work. As my right hon. Friend the Secretary of State said, we are not going to turn our back on those who lose their jobs. I thank him for that commitment and add mine.

As the House will know, Swindon has a strong connection with transport manufacturing, from railways to cars. Hon. Members will be aware that Honda, one of the biggest employers in south-west England, has closed its factory for four months, but its commitment to Swindon is not in any doubt. About 1,200 people will continue to work full time at the plant during the shutdown, and the remaining 2,500 employees will receive their full basic pay, without shift bonuses, for the first two months. That will be reduced to 60 per cent. for the rest of the period. Honda has made that commitment to Swindon because it does not want to lose its skilled work force. Although it has not asked the Government for any financial help, it has asked for help with skills training. I am very pleased by how the Government have responded, through the regional development agency and the Government office for the south-west.

Businesses large and small across Swindon have been hit by the international financial storm. We hear about the Hondas, Tycos and Woolworths, but we do not hear about the one or two people made redundant by small businesses. My town has seen hard times before, such as the collapse of rail manufacturing 30 years ago, but due to the resilience of people in Swindon, it has recovered, attracted new businesses and emerged stronger. I have absolutely no doubt that, with the Government's support, it will do the same in future. It has the location and the motivated work force, but we need to keep our work force at a skills level that will compete with anywhere in Europe and the world. That is why Government commitment and, better still, Government action on training have been so important to us in the past few months.

To that end, as a constituency MP I am working with the regional development agency to ensure that Honda, for example, gets the investment in skills that it needs to be sustainable in future. As deputy to the regional Minister, I have a responsibility for and interest in all businesses in the south-west. I was delighted by the RDA's response and by the fact that it is leading the region's response by helping businesses and their work force through the recession and by sustaining the economy in preparation for a return to growth. In Swindon, we have had a great deal of help from Steve Richards, the head of business development at the RDA, and Tony Bray, its area director. I pay tribute to them and their colleagues for their good work.

The RDA is working from the grass roots to the strategic level. I am sorry to say that Opposition Members have pledged to get rid of it, because they do not particularly want such regional support. Without it, there would be no co-ordination, no training packages and no one to work with Swindon's businesses. The RDA ensures that information is shared between agencies on, for example, skills shortages. That means that action on the ground is informed by current developments. It avoids duplication and maximises the effective use of scarce resources. Direct support has been given by investing an additional £450,000 in "Learning Works for All", which the south-west TUC runs. It promotes training in businesses.

Last year, I visited the trade union centre at New college in Swindon to talk to regional manager Helen Cole about unionlearn's work. I was told about U-Net, the recently launched network of learning centres across the south-west, and I met people who have benefited from learning at work. It is a great example of what happens when unions, employers and further education work together. Representatives have worked hard to place learning on employers' agendas and I applaud their work, which is even more important during a recession.

The RDA also provides direct support by extending the "graduates in business" scheme, which places graduates with local businesses beyond the original 2008 deadline, at a cost of £1.5 million.

We are getting support for the region's strategic companies through a dedicated case officer, who can act as a broker for a company in dealing with the relevant public sector agencies, gathering information and championing issues that the business raises. That is important and our local businesses have asked for it. They do not have time to make all those contacts and it is vital that we have an organisation such as the RDA to do it for them.

[Anne Snelgrove]

Through management of the regional Business Link franchise, the RDA has supported a stronger focus on helping employers access a range of skills services and advice, including Train to Gain and the leadership and management training programme. In contrast, the Conservative party would abolish the Train to Gain workplace training programme. In tough economic times, people need more, not fewer opportunities to train. Why would Conservatives phase out the contribution to the apprenticeship programme?

In my office, I employ an apprentice, Jennylee, who is studying for an NVQ in administration. She does four days a week in my office and one day a week in college. It is a good thing for other hon. Members to get involved in. Jennylee is a great asset to our office, and would be to any apprenticeship scheme. Some members of my family who did not go on to higher education trained as apprentices. My cousin Barrie, who is still with the same company that he joined as an apprentice some 25 years ago, is a shining example of how someone can become an apprentice at an early age and work through the ranks to a responsible and highly paid job. I commend the Government for bringing back apprentices. During Barrie's time as an apprentice in the 1980s, apprenticeships were cut by the Thatcher Government.

The Government are providing real help for people to get and keep jobs. No one who is worried about losing a job will be left without support. Such support will be available for everyone who is at risk or who has recently lost a job, not only the long-term unemployed. Colleges and other training providers are being asked to bid for funds and that means that people can get the help they need without having to go to the jobcentre.

My constituents have benefited enormously from the funding that the Labour Government have given to rebuild colleges locally. Recently, New college completed a £4.08 million project for classroom extensions and refurbishment, of which £1.02 million came from the Learning and Skills Council. Before that, the college had another project for classrooms and a sports hall. Projects are under way and being completed—I am sure that recent delays will soon be sorted out.

Swindon college is in the constituency of my right hon. Friend the Member for North Swindon (Mr. Wills) and I understand that my hon. Friend the Under-Secretary is due to visit it next week. It has had a £15.5 million project to rebuild the college on the North Star site. I hope that my hon. Friend will see how successful it has been and the good work that the college does in the vocational sector.

Further education in Swindon has done well under Labour. By 1997, the Conservatives had let further education go to rack and ruin. I was in education for many years and I saw it happen. There was simply no capital spend on FE. Any complaints from the Tories—we heard some today—are therefore simply opportunistic.

The priority remains securing the survival of viable businesses and retaining jobs, but it is also important to plan for the upturn and help businesses such as Honda and its supply chain ensure that they are fit for the future. There are several challenges: ensuring that there is a viable supply chain; supporting the development of the next generation of products; and—most essentially—supporting the retention of a skilled and motivated work force who are well placed to respond to increased demand. The Government are up for that. They are providing the support, and I hope that hon. Members of all parties will back the Government's work on such important matters.

6.15 pm

Mr. Brian Binley (Northampton, South) (Con): I have been disappointed in the debate. It is important, but I have heard too much party political point scoring and, as my hon. Friend the Member for Esher and Walton (Mr. Taylor) said, too much about fabric and structure and too little about the quality of provision. The latter is what genuinely counts. I have heard little from a business perspective, or from the perspective of those who need retraining and reskilling—and a basic form of education to allow them to go on to be retrained and reskilled.

I want to present a point of view from the business sector. I tell Government Front Benchers that many people are deeply concerned about the quality of basic education in our schools. It is no good talking about reskilling and upskilling unless we also discuss basic primary and secondary education. We are not getting the quality of people that we need to compete in the modern world. Unless the Government recognise that, we could fail to meet the objectives that we all support. I want some answers, and I want the Government to express some concern about the matter.

Let me say a little about Leitch. He said that 5 million people in Britain have been classified as functionally illiterate and that 17 million are known to have problems with basic numeracy. More than one third of British adults do not have basic school-leaving qualifications—double the proportion in Germany and Canada. Twenty-eight per cent. of British workers are qualified to apprentice, skill, craft and technician level, compared with 51 per cent. in France and 65 per cent. in Germany. We have a genuine skills problem. To deny it would be foolish, but I am not sure that the genuine concern that I would expect to emanate from the Government, especially in a difficult time, exists.

The Confederation of British Industry said that more than half British firms are concerned that they cannot find enough skilled staff to meet their future recruitment needs. If that is the case, we will fail to meet the global challenge. We will get out of recession in three or four years, and we need to be ready so that we can benefit from the green shoots that will emerge. I am fearful—so is British industry—that we will not have the skills to do that.

Dr. Pugh: Does the hon. Gentleman acknowledge that British industry has not been an unparalleled success in training workers?

Mr. Binley: I was about to deal with that point, and I am glad that the hon. Gentleman has prompted me. In a survey by the British Chambers of Commerce, more than 80 per cent. of British companies spend £100 or more per employee and 50 per cent. spend £250 or more per employee on training. More than 75 per cent. spend time identifying staff training needs, and more than 60 per cent. evaluate the effectiveness of the training for which they pay. Only 3.8 per cent. said that training was not a priority. British business and commerce are interested

in training and they could not run their companies unless they were. It is foolish to claim otherwise, and it is about time that we knocked the myth on the head.

Dr. Pugh: Will the hon. Gentleman give way?

Mr. Binley: I would rather not, because time is limited and other hon. Members want to speak.

British business is ready, willing and able to receive help with training and it wants to be involved. The problem is that all too often we do not talk to British business about training. We do not do outreach work; nor do we take training packages into the workplace in anywhere near the numbers needed. We do not get British business men on our skills councils in the way that we need to. It is a difficult task, but we do not make the effort to get out there and talk to business—I can tell that to hon. Members as a business man myself. Indeed, I am told by businesses the length and breadth of the country that that is the fact of the matter.

The trouble is that skills training is seen as an extension of education. Education likes to keep its skills and expertise to itself, but it needs to get out there and invite business into areas of educational activity, so that its point of view and good ideas can be put forward and so that they can help in this particularly important project. We need to reach out to business and involve it. We need to take training packages into the workplace and make them bespoke.

Let me tell the Government Members here that of the 17 members of the skills council in my area, only four had a business background and—are Government Members listening?—that most of those were politicos. There was barely one business man on the skills council in his own right. That may be a fault of business. However, from the information that I have, I believe that the fault lies very much with those who run the skills councils, for not reaching out effectively—and by golly, if there was ever a need to do so, it is in this area.

My second point is about those areas where we have failed to achieve the levels of quality that we need in this country if business, commerce and technology are to thrive and meet the global challenge that we are all so concerned about. I talk, of course, of our failure in applied sciences and technology, and similar areas of training. I do not need to tell the Government that the proportion of first degrees taken in STEM subjects—science, technology, engineering and maths—is 25 per cent. of the total. In China, the figure is 50 per cent. of the total. Indeed, many other advanced economies reach that sort of level. We have failed abysmally to ensure that we train the scientists, technicians and technologists whom we will need to face the global challenge that we keep talking about, and which I am particularly concerned about.

It is true that there has been some increase in STEM graduates over the past five years. However, among those taking STEM A-levels—the next generation of graduates—there has been a 15 per cent. decline in those taking mathematics, a 14 per cent. decline in physics and a 47 per cent. decline in computer science. Those figures come from a report by the Council for Industry and Higher Education, so it is not a political point that I am making. However, it is a point that the Government should be greatly concerned about and one that they should act upon. Unless we ensure that we have the skilled technologists and scientists, we will—I repeat—fail.

I want to conclude, because I know that others want to speak. First, we need to get out and involve business much more effectively in the training, skills and packages that we need to deliver to achieve a more trained and skilled work force. Unless we do so, we will—I repeat—miss a massive opportunity. I fear that I have not heard enough from the Government about that. Secondly, we must ensure that we have the trained scientists and technologists, who will be at the heart of the global challenge that I have mentioned three or four times already. I have not heard enough from the Government about how they are going to achieve that objective either.

Britain faces a particularly difficult recession and a particular challenge in competing in the world to earn our living. I have grandchildren. I want to see them living a life of well-being and being able to fulfil their ambitions. Unless we meet the challenges and overcome them, I fear that they will not be able to enjoy that well-being to the level that I would like. I urge the Government to give me some answers to the two major problems that I have raised.

6.24 pm

Alan Simpson (Nottingham, South) (Lab): This is an extremely important debate, but it has the capacity to lurch from the real to the surreal.

I doubt whether any Member of the House would disagree with that part of the Opposition motion which reads:

"providing improved opportunities to up-skill and re-skill is more important than ever given the challenges posed by the recession."

or with that part which

"calls on the Government to boost the number of apprenticeships".

Given that context, however, it would not be unreasonable to expect the Opposition to recognise that by the time Labour came to power, the Conservatives had reduced the number of apprenticeships to 75,000. Under this Labour Government, that number has been increased to almost 250,000. Nor would it have been unreasonable to expect some recognition of the fact that when the Opposition left office, the completion rate for apprenticeships was down to around 22 per cent. Not only has Labour increased the numbers going into apprenticeships; we have trebled the numbers successfully completing apprenticeships. It would be helpful to provide that recognition.

It would also appear reasonable to expect that anyone calling for a boost in the number of apprenticeships should also be saying that they would be able not only to match the current spending going into apprenticeships, but potentially to increase it. Instead, we are in the absurd position whereby the Opposition cannot even guarantee that their spending commitments will match Labour's as we enter the next decade, let alone say that they will be sufficient to take us through the entirety of that decade. That is where we drift into the surreal.

I am reminded of the words of Aneurin Bevan, who cautioned politicians against the futility of willing the ends but not the means. That is what being in government

[Alan Simpson]

involves—taking the responsibility. We have to will the means that take us to where we want to be at the end of the next decade.

Mr. Binley: Will the hon. Gentleman give way?

Alan Simpson: No, I am not going to accept any more interventions, because that just takes someone else's time.

I would argue in favour of an increase in Government spending and in favour of the Government accepting the fiscal responsibilities of raising the cash to fund that expenditure. However, this will not avoid difficult decisions that have to be made along the way. The only thing that we can say about a recession is that it always contains the silver lining of allowing the Government to choose to come out of it in a different place from where we into it: so it is with the decisions that this House will face over the coming years.

We have to be clear about the nature of the economic transformation that we face, which has to be rooted in our skills and apprenticeships programme. That is why, if we are to have an equivalent of Obama's Apollo programme moment, the blueprint or starting point for me would be the Government's "Building a low-carbon economy" document. We recognise that by 2010, there will be opportunities for so-called green-collar jobs in a global market that has the prospect of being worth $700 billion. Economic prospects, skills prospects and transformation prospects go hand in hand if we take them seriously.

One of the problems that we face in doing that is recognising that our skills agenda can no longer be detached from changing the demand side of our economy. Other parts of the EU have been much more proactive in doing so. Britain needs to show some humility and follow suit. We already know that in the energy sector, the electricity companies are saying that even in a recession they anticipate a shortage of 9,000 jobs by 2015. We have to plan and train to fill these known gaps in the market, as well as the gaps that we expect to face in a market that we are seeking to transform.

Obama has sought to do this with his own Apollo programme, making no apologies for the fact that it is rooted in a commitment to deliver 5 million jobs, on the basis of $150 billion of direct investment to transform the nature of the US economy into a more sustainable one. That, for me, is where Britain's future will be found as well.

The House has made certain commitments in the Energy Act 2008. We have pledged to come back to the House and the country by 2010 with feed-in tariff schemes, along similar lines to those that already operate in Germany. Those schemes have delivered more than 250,000 new jobs in four years, and the domestic industry in Germany is now worth €30 billion.

The thing that scares me, having done some work on the transformation of housing stock myself, is that, at every point during the kitting out of my house, the architects and the builders told me that we would have to source the various elements from Germany, Italy, Denmark, the Netherlands, Sweden or France—anywhere, in fact, apart from the UK. We know that we are going to change the nature of our domestic energy market. We need to change the skill bases of the apprenticeships that are being offered now to do so. We cannot wait until we start to transform the market, and then realise that the jobs are going to non-British workers because we have not delivered the skill base that our workers are entitled to expect from us, in order to access the jobs that we are generating. This is not rocket science; it is simply a matter of market and economic transformation.

The same applies in relation to fuel poverty. The debate in the UK has been about the construction of up to 200,000 new houses a year, some of which might be eco-homes, after 2016. In reality, the challenge lies in the 25 million houses that people are living in today. The number of job and skill opportunities that exist for the refurbishment of that housing stock is vast. I have looked at some of the intervention schemes that are operating in other parts of Europe, and I want to convey to Members that the difficulties there are not about reaching out to young people who are not academic high-flyers and getting them into the schemes. The difficulty is in finding enough apprenticeships to cater for the demand. The young people there see the prospect of real jobs and real skills that will kit them out to deliver solutions in the 21st century, and they are queuing up to be part of that transformation process.

We will not be able to shop our way out of the recession, but we will be able to build and transform our way out of it. That also applies in the context of transportation. I have heard numerous Members talk about initiatives that are being taken in the vehicle sector to maintain jobs. However, the real question is whether we can transform that whole sector, over the next five years, into one that delivers vehicles, all of which have to operate within a carbon emissions standard of 100 g/km. Other countries are already doing this, and if we do not, we will find that our kids just do not have the skills to deliver for tomorrow's sustainable market.

My plea to the Minister is simply to continue to invest, and to increase the volume of investment, but also to tie training into the direct intervention measures to which other parts of the Government are committed. We need an approach to training and apprenticeships that is about joined-up doing, not just about joined-up saying. If we can achieve that, the generation of young people who are hungry for skills for the 21st century will be there to thank us, as will the fuel poor and those who want to be part of our carbon reduction agenda. Whole societies and communities will see that this is the shape of a better future. It will be different from the one left for us as an inheritance when we came into power in 1997. I had hoped that we could expect more from the Opposition, who say that they want to be part of that future, but who are just not prepared to put the money up to deliver it.

6.34 pm

Mr. John Hayes (South Holland and The Deepings) (Con): The Government's record on skills is one of failure, fallacy and falsehood. If we are to emerge stronger from the recession, to foster enterprise and innovation and to unlock individual potential, we must understand the true value of skills, as my hon. Friend the Member for Havant (Mr. Willetts) made clear at the outset of the debate. That sentiment was echoed in the

typically thoughtful speech made by the hon. Member for Harrogate and Knaresborough (Mr. Willis) and also by my hon. Friend the Member for Northampton, South (Mr. Binley).

Although the Government inherited a strong, growing economy and benefited from 11 years of benign conditions, they are failing to skill the nation to meet economic need. It is not, as the hon. Member for Harrogate and Knaresborough suggested, that they have failed to grasp the central role that skills play in facilitating social mobility and the social justice that is at the heart of Conservatism; it is that the management and funding of skills are simply not fit for purpose.

Through the good times, Ministers actually restricted the opportunity for people to improve their knowledge and skills. I was disappointed that the Secretary of State's speech, which was long on the avuncular style that he personifies but short on substance, failed to acknowledge that. He knows that, in colleges, workplaces and communities, there has been a shocking collapse in access to education and training.

Rob Marris: Will the hon. Gentleman give way?

Mr. Hayes: I will in a moment, because the hon. Gentleman always makes valuable, interesting and measured contributions to our considerations—and now that I have said that, he will not be unkind to me. He knows, as does the Minister, that enrolments in further education colleges have plummeted. There are now almost 1 million fewer learners than there were when Labour came to power. Perhaps he would like to intervene on me to defend that.

Rob Marris: I would like to invite the hon. Gentleman to have a word with his colleagues who are now running Wolverhampton city council in a rotten coalition with the Liberal Democrats. They are cutting £640,000 from the adult education budget. Now, I am not wild about what my Government have done about adult education, but these measures are really hitting home in Wolverhampton. Will he speak to his colleagues there, please?

Mr. Hayes: I would be delighted to accept the hon. Gentleman's invitation to go to Wolverhampton, and I would expect to benefit from his largesse and hospitality when I do so.

The figures published in December showed that enrolments in FE continue to fall. We also heard today about the awful situation in respect of capital spending. I acknowledge that the Secretary of State made it clear that he had launched an independent investigation into the problem. That itself is newsworthy, because he clearly does not want his own officials to investigate the matter. Instead, he has brought in a third party. I also acknowledge that he has said that it was "unacceptable" that ambitions were "encouraged" when they should not have been. However, that does not alter the fact that colleges up and down the country are facing an end to the capital ambitions that they put in place with the support—and often the encouragement, as the Secretary of State said—of those who should have known better. We look forward to debating that issue at greater length after 2 March, as the Secretary of State has promised.

Mr. Rob Wilson (Reading, East) (Con): I know that my hon. Friend has personally given a great deal of consideration to ways of widening participation. May I suggest that he looks at how community colleges in the USA have successfully integrated higher and further education, and done a great deal to widen participation there?

Mr. Hayes: My hon. Friend also did a great deal of work on this, before his recent move. I share his view that one of the most effective ways of broadening participation is to allow more to be taught in FE. Sadly, there are many bureaucratic obstacles to that kind of expansion, but they are obstacles that a Conservative Administration would clear, allowing more people from under-represented groups to have a chance to go to college to study the courses that they wished to study and that would serve our society and the economy.

The Government promised to revive apprenticeships, but they have actually succeeded in restricting access to high-quality, employer-based schemes. The Minister might be surprised to hear me say that, but he knows that the Government's record on apprenticeships is about as convincing as his colleague's performance on "Mastermind". There are fewer people in advanced apprenticeships—the equivalent of all apprenticeships in countries such as Germany—than there were in 1999. The figure is down from 130,000 to just under 100,000. The number of young people starting an apprenticeship continues to decline at all levels.

I agree with the hon. Members for High Peak (Tom Levitt) and for Nottingham, South (Alan Simpson)—an old friend, who always makes useful contributions to these debates—that apprenticeships are a critical way of ensuring that we develop high-level skills for an advanced economy, but I have to tell both of them that the only way to revitalise the apprenticeship system is from the bottom up, by encouraging more small and medium-sized enterprises to get involved with apprenticeships, and the only party with a practical plan for doing so is the Conservative party, the official Opposition.

At a time of economic growth, perhaps most shocking of all is the number of young people not in any kind of education, employment or training: that number has actually grown since Labour came to power. In the past five years, nearly 100,000 have been added to their number and it has risen to almost 200,000 since the turn of the decade. I know that Members of good conscience cannot sit comfortably on the Government Benches when they know that an army of young people with unfulfilled potential and wasted talent has been raised on their watch—a generation of broken lives and shattered dreams. How did a Government who had so much opportunity fail to provide opportunity for so many?

Judy Mallaber: Will the hon. Gentleman have a word with the Conservative-controlled Amber Valley borough council, because the budget cuts it has just made as a result of its financial incompetence has meant that programmes to help and encourage NEETs to get into education and training have had either to be put on hold or to be handed over to other organisations?

Mr. Hayes: Let me say that, in my few moments of spare time, there is nothing I would like more than to visit Amber Valley, and I will certainly do so at the earliest opportunity.

[Mr. Hayes]

It is not just failure that characterises this Government's record on skills, as their attempt to perpetuate fallacies about what has been achieved is also characteristic. Ministers claim that they have built a demand-led system.

Tom Levitt *rose—*

Mr. Hayes: I will not give way, but I assure the hon. Gentleman that I will also come to High Peak, as I know that that is what he wants to intervene about.

We do not have a demand-led system; we have the same old centrally driven micro-managed supply-led system, but rebranded. Let us consider Train to Gain, about which we have heard so much: it is simply not fit for purpose. As John Stone of the Learning and Skills Network told the Education and Skills Select Committee,

"it is the sort of demand-led you get in a Russian supermarket".

More recently, evidence was presented to the DIUS Select Committee, when one employer said:

"There is a clear mis-match here between some qualifications funded by... Train to Gain, and the skills required by industry".

It was argued forcefully that Train to Gain, far from increasing skills, was

"having a serious negative impact on the UK skills base".

Elsewhere still greater fallacies permeate the Government's record. Money to support training by individuals is divided between what the Learning and Skills Council calls "adult learner responsive funding" and adult safeguarded funding. The former supports training towards qualifications, but it is available only if an individual undertakes a full qualification, even though it is difficult for many people to study full time. We heard about that from the hon. Member for Bristol, West (Stephen Williams) and, indeed, my hon. Friend the Member for Banbury (Tony Baldry). That entitlement is not available for those who now need to reskill in the recession. Adult safeguarded funding supports the kind of short adult and community courses that could play a central role in helping people to update their skills, but substantially more than 1 million adult and community learning places have been lost since 2005 and funding is set to continue to fall in real terms.

As if failure to provide opportunity and the fallacy of a demand-led system were not bad enough, Ministers have added falsehood to their list of indictments. In recent weeks, we have seen a cascade of false claims and fake promises from DIUS. We have had the promise of a national internship scheme with no new internships. We have had the promise of new apprenticeships, when apprenticeship starts for young people are actually declining. We have had the bogus promise of retraining at universities, when the Government's decision to cut funding for second chance education has, in fact, cut access to university for those who want to study equivalent and lower qualifications. I pay tribute to my hon. Friends who fought such a fierce campaign in defence of Birkbeck college, the Open university and other institutions most damaged by those cuts.

What we need is not fake announcements, but a response to the recession built on a demand-led training system. We need opportunities for people to reskill and upskill. That means freeing further education from the byzantine bureaucracy of the LSC and its successors and rebuilding the broken infrastructure of adult and community learning. Adult and community learning does not simply fulfil an economic purpose; it also changes lives by changing life chances, it feeds civic engagement and it builds democratic citizenship. We need to boost the number of apprenticeships and the teaching and testing of those practical competences that are needed.

That is why the Conservatives will create a self-regulated FE sector, funded by a single streamlined agency. That is why we will put 100,000 more apprenticeships in the system each year and give a £2,000 bonus for each apprentice employed at a small or medium-sized enterprise. It is why we will put in place an all-age independent careers service as advocated by the hon. Member for Bristol, West in his speech and by us in our Green Paper. In place of failure, fallacies and falsehood, we need a fitting response to the recession, a proper concentration on skills, a determination to allow people to fulfil their potential and to feed the economic good that we seek as a House and, I hope, as a nation.

There are many people who criticise the Minister. Some people say that he is not up to the job, many of those on his own Benches. I will not repeat the claims that have been made on websites and elsewhere not because they are simply rude and unparliamentary, but because I do not believe them. I think that the hon. Gentleman is going to stand up today and acknowledge much of what I said. I think that he is going to apologise to the adult learners who have lost their places. I think he is going to admit that apprenticeship numbers are declining. I think he is going to argue that the Conservatives are right about the need for a streamlined system for the funding and management of skills. I have faith in the Minister, even if others do not. In place of Labour's fear and strife, we need a Government true to their principles, honest about their intentions and determined to succeed, not for themselves but for the people they serve. We need new hope, a new Britain, a new Conservative Government.

6.46 pm

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): Many people have spoken this afternoon and several contributors have said that they found the debate rather disappointing. I think that, with the exception of that from my right hon. Friend the Secretary of State, the contributions from Front Benchers have been very disappointing. *[Interruption.]* For those who have been here throughout the debate, however, the contributions from Back Benchers have been interesting, constructive and worthwhile—and that is almost as true of the Opposition Back Benchers as of the Government Back Benchers.

As for what we heard about apprenticeships from both Opposition Front-Bench teams, all I will say is that it was extraordinary nonsense. The hon. Member for Havant (Mr. Willetts) said that we needed more apprenticeships, especially for those aged 19 and above. In 1996, when the Conservatives were in charge, there were 67,000 apprenticeships; last year, there were 225,000—and next year there will be an additional 35,000 specifically in response to the recession. Yet Conservative Members tell us that we need more!

Rob Marris: Does my hon. Friend, like me, find it shocking that the Conservative Front-Bench team, in the motion and the winding-up speech, today made seven large spending commitments? The Conservatives will not put a price on them, yet their leader is saying that they will cut funding by £610 million. Is that not shameless of them?

Mr. Simon: It is shameless, but it is not shocking. The hon. Member for Havant wants more apprenticeships for the over-19s, yet if he had his £610 million spending cuts, there would be no new apprenticeships for that age group and there would still be £427 million of cuts to find from the science budget, the rest of the skills budget and the universities budget.

Mr. Hayes: I was very nice when I spoke about the hon. Gentleman. Will he make it clear whether the number of level 3 apprenticeships has risen or fallen on this Government's watch?

Mr. Simon: The hon. Gentleman was not nice; he was just not quite as rude as he was previously. Let us be clear about that; let us also be clear that the total number of apprenticeships has gone up massively on this Government's watch; and let us be clear that the difference between level 2 and level 3 apprenticeships is a matter for business, not the Government, which the hon. Gentleman would know if he were a bit more interested in government and a bit less interested in cheap point scoring.

Speaking for the Liberal Front-Bench team, the hon. Member for Bristol, West (Stephen Williams) said that for the last 15 or 20 years there has been no recession. I thought that an interesting choice of phrase. It made the position seem a bit random, as though it did not matter which party was in power. The truth is that for the last 12 to 15 years, since the end of the last Tory recession, there has been no recession.

The hon. Gentleman said that during his three and a half years as a Member of Parliament, he had observed that Members never mentioned the Leitch report in debates such as this. I was surprised when he said that, because in the mere four months for which I have held this position, I have found that people go on and on about the Leitch report. I assure the hon. Gentleman that we remain committed to the report's underlying thrust and ambitions, such as the creation of 400,000 apprenticeships in England by 2020.

The hon. Gentleman also said that the thrust of the Leitch report was upskilling, whereas the current challenge related to reskilling. His hon. Friend the Chair of the Select Committee, the hon. Member for Harrogate and Knaresborough (Mr. Willis), made the same point later in the debate. I do not see a contradiction between the two. I think that we need to reskill now, at the same time as upskilling for the future. It has to be the same job, and I think that we are doing that job.

I was not sure that my hon. Friend the Member for Barnsley, Central (Mr. Illsley) entirely understood what my right hon. Friend the Secretary of State said about capital expenditure. I thought my right hon. Friend made it quite clear that there was no freeze in the capital programme, and that none of the money was not being spent. In fact, £110 million is being brought forward to this year and £100 million to the following year. The programme is being accelerated. What has happened is that expectations have not been managed as they should have been, and there is now more demand in the system than can be met in the current budgetary period. That is what the Secretary of State apologised for, and that is what the independent Foster review is examining.

Stephen Williams: The Minister says that the problem has been caused by too much in the way of expectations. Who built up those expectations?

Mr. Simon: That is what the independent review is about. That is what the Secretary of State has said. We think it unacceptable that some colleges were allowed to believe that their programmes would go ahead according to a timetable that it now seems may not go ahead. That is what we are looking into and trying to put right.

Mr. Burrowes: Will the Minister give way?

Mr. Simon: No, I will not. I have no time.

My hon. Friend the Member for Barnsley, Central cited the specific case of a college in his constituency. I understand that problems of the same type have been experienced by other Members. A multi-phase project received approval in principle for all its phases, but detailed approval was needed for each phase. We are sensitive to that problem, and I am discussing ways of finding solutions to it with the Learning and Skills Council. My hon. Friend and I were due to meet and discuss the matter, but were not able to do so. I should be happy to rearrange the meeting.

Mary Creagh: The new Whitwood campus, in the neighbouring constituency of Pontefract and Castleford, will open in a couple of weeks. May I ask my hon. Friend to visit that brand-new vocational training campus, and to speed up approval for the city centre campus in Wakefield about which he and I have spoken in private?

Mr. Simon: I am very grateful for that kind invitation, but I suspect that my hon. Friend has so many Cabinet Ministers on her doorstep that she can do better than me. However, if she is still stuck, I should be more than happy to come.

The hon. Member for Banbury (Tony Baldry) made an insightful and thoughtful contribution. I do not think I disagreed with anything that he said. He made the case for bite-sized chunks of learning; he made the case for unitisation of the qualifications credit framework, which we are moving towards; he made the case for replacing the LSC with a slimmed-down, more demand-led, more responsive body, which is exactly what we are doing; and he made the case for strategic skills. In fact, he talked such good sense about those matters that I am beginning to wonder whether he really is a proper Tory.

My hon. Friend the Member for Amber Valley (Judy Mallaber) is an extraordinary representative who speaks for the grass roots in her constituency. She showed us that further education really is at the heart of the community—across the country and in Amber Valley, where she is an outstanding Member of Parliament—and that further education colleges are for the whole community, from 16-year-olds to 106-year-olds, from the first steps towards literacy and numeracy to degrees, one in 10 of which are delivered in further education settings. She

[Mr. Simon]

gave us concrete examples of the fact that the billions of pounds of investment in maintenance of people's lives to which the Government are committed to makes a real difference on the ground.

The hon. Member for Esher and Walton (Mr. Taylor) enlightened us all about how it feels not to be Carol Vorderman. He said that he wanted the capital programme "pause", as it has been called, to be used for the purpose of renegotiation and seeking better value. I am not sure that that is what we want to do. I think that we want as little renegotiation as possible, and as much "business as usual" as possible.

Mr. Hayes: Will the Minister give way?

Mr. Simon: No thanks.

Last year's National Audit Office report was extraordinary. It was a report such as the NAO rarely produces, unreservedly praising the work of the Building Colleges for the Future programme. I think that the programme has delivered value for money so far. It has certainly delivered some outstanding buildings.

My hon. Friend the Member for High Peak (Tom Levitt) spoke of his own experience of the disastrous effect of a Tory recession on skills, employees and employers, contrasting it with the resilience that he observes on the ground in his constituency and the Labour response to a global downturn. He spoke of Tarmac's Jesuitical determination to invest in skills during a recession. He is right: business and Labour are in tune on skills. It is the Tories who are all over the place.

A member of the Select Committee who is no longer in the Chamber described what I consider to be a false dichotomy between investing in skills now and investing in future skills. I shall discuss the detail of what he said when he returns. My hon. Friend the Member for South Swindon (Anne Snelgrove) spoke outstandingly on behalf of her constituents. Like me, she is a "car MP". She told us of the difficulties experienced by Honda, and how the Government are working with Honda—just as they are with Nissan—to make skills part of the car industry's response to recession.

The hon. Member for Northampton, South (Mr. Binley) told us that there was too much political point scoring in the debate. I can only suggest to him that if his taste for political point scoring is not great, rather than attending Tory Opposition day debates he should try to get on to the Committee that will consider the Children, Skills and Learning Bill, which I think is about to begin its work and will run until, I think, 2017.

I first met my hon. Friend the Member for Nottingham, South (Alan Simpson) before either of us entered the House. I have therefore waited almost 20 years to be able to say this. I agreed with every word that he said. I quaked a bit when he stood up, but I was grateful for his support.

As a Government, we are doing all that we can to help employers, workers and families through this difficult time. We are investing £4.5 billion a year in crafting the skills base that the economy needs. Since 2006, Train to Gain alone has supported the training of more than 780,000 people and 120,000 businesses, enabling 370,000 individuals to obtain formal qualifications. We have allocated £158 million to pay for 35,000 more apprenticeship places with major employers such as Sainsbury's, Tesco, Superdrug and Phones4U. We have allocated an additional £350 million to Flexibilities and Train to Gain. We have trebled the number of personal and community development learning programmes.

We will not slash £610 million from our budgets as the Tories would, because we know that the answer to recession is investing in people. We will not leave generations on the scrap heap of unemployment as the Tories did, and we will not leave hard-working families to face the world recession alone as the Tories would.

Question put (Standing Order No. 31(2)). That the original words stand part of the Question.

The House proceeded to a Division.

Madam Deputy Speaker (Sylvia Heal): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 218, Noes 308.

Division No. 29] **[7 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick

Hoban, Mr. Mark
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald

Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Claire Ward and
Mr. Frank Roy

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)), That the proposed words be there added.

Question accordingly agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House commends the Government's efforts to boost the number of apprenticeships, provide more support to young people not in employment, education or training, and improve opportunities for adult learners and introduce an adult advancement and careers service; welcomes the real help provided to those affected by the downturn, including increasing the support available through the further education and skills systems; further welcomes the £240 million allocated to help those facing redundancy or newly unemployed; welcomes the additional £140 million to boost apprenticeships, the trebling of Professional and Career Development Loans, and making the Train to Gain programme more responsive, including through £350 million support for small and medium-sized enterprises; notes the Government's planned investment of £2.3 billion in renewing and modernising further education facilities over this spending review; commends its efforts to help colleges and universities become more responsive to the employer's needs, including the £50 million Higher Education Funding Council for England economic challenges fund, and to ensure the £175 billion public procurement budget maintains and strengthens investment in skills; further welcomes the simplification of existing systems; further notes that three million people access the skills system every year, with more 18 to 24 year olds working or engaged in full-time education compared to 1997; further notes the number of students in higher education in England is rising, not falling; and further notes that the Government will resist calls to cut skills budgets, as this would undermine the steps being taken to provide real help to business and individuals now.'.

Martin Salter (Reading, West) (Lab): On a point of order, Madam Deputy Speaker. Could you give us some guidance as to what remedies are available to the House to establish an accurate version of events now that it is clear that the Select Committee on Home Affairs was misled earlier today over the extent of the collusion between the Mayor of London—

Madam Deputy Speaker: Order. Would the hon. Member care to rephrase his words?

Martin Salter: I would, Madam Deputy Speaker. Can you give us guidance as to how the House can establish an accurate version of events now that it is clear that there was some discussion between the Mayor of London and the Leader of the Opposition with regard to the arrest of the hon. Member for Ashford (Damian Green)?

Madam Deputy Speaker: That is not a point of order for the Chair, but the matter is now on the record and I hope, therefore, that the people responsible will respond to the hon. Member.

Child Protection

7.17 pm

Tim Loughton (East Worthing and Shoreham) (Con): I beg to move,

That this House is alarmed that nine years after the tragic death of Victoria Climbié the level of child abuse and deaths at the hands of parents and carers remains unacceptably high; notes that many of the shortcomings of child protection services raised in reports on the death of Baby P and other high profile cases recently echo concerns raised in Lord Laming's enquiry from which lessons have still not been learned despite the best endeavours of social workers and other professionals working in increasingly difficult and demoralising circumstances; calls on the Government urgently to restore confidence in the system by ensuring that all serious case reviews are published in full, appropriately anonymised and redacted where that would not compromise the welfare of the child and siblings so that all agencies can learn from mistakes made; urges further moves to increase transparency and accountability by requiring all local safeguarding children's boards to be independently chaired as recently recommended by the Conservative Party; and that the OFSTED inspection system should be overhauled to be fit for purpose in the inspection of children's services departments; and calls on the Government to free up social workers and other professionals to maximise the time available to spend with vulnerable families by scrapping the highly prescriptive template for the Integrated Children's System and other cumbersome data systems which have engendered a 'tick box' assessment approach which is undermining child protection.

I am pleased to move the motion—*[Interruption.]* Despite the evacuation of the Chamber, this subject is important to all hon. Members and it is also topical—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. We are just commencing this debate, so would hon. Members who do not wish to stay please leave as quickly and as quietly as possible and would those who remain be aware of the level of their conversations, so that hon. Members who wish to contribute to this debate may hear what is being said?

Tim Loughton: I am grateful for that, Madam Deputy Speaker. As I was saying, this topical subject requires urgent attention, but yet again, it is not Government time being given over to debating children's issues, but Opposition time—that has been the case ever since the Government created the post of a children's Minister.

Despite a constant stream of well-intentioned legislation on child protection and child-related issues, and despite the best endeavours of many hard-working and dedicated professionals, the child protection system is just not working. Last November's Ofsted report suggested that up to four children a week in England die from abuse or neglect—and two thirds of those killed or hurt were babies under a year old. That includes cases where parents or carers were not directly culpable for causing death, but the figure is still substantially more than the one to two deaths a week assumed previously by children's charities, and it is an alarming revelation almost nine years after the tragic death of Victoria Climbié, which has become synonymous with the cancer of child cruelty. From her death came the comprehensive report by the highly respected Herbert Laming, who is undertaking a follow-up review in the light of the baby P case.

Subsequently we have had the Children Act 2004, the Safeguarding Vulnerable Groups Act 2006, the Children and Young Persons Act 2008, the integrated children's system, the child assessment framework and, most recently, ContactPoint. We have local safeguarding children boards, directors of children's services departments and so on. It is not the quantity of legislation that is at fault, but the quality, content and direction. Indeed, there is now a growing body of opinion that many of the structural changes that we have seen over the years—especially the constant upheaval and drain on resources and morale that they have brought about over the last five or more years—are actually undermining the effectiveness of the child protection system.

Following the trial of those responsible for the death of baby P in November, the spotlight again fell on Haringey children's services department, and particularly its director. When challenged about the findings in that awful case—and when elected members had fled the scene—Sharon Shoesmith responded that as far as she was concerned, her social workers had done their jobs properly, all the procedures had been followed and she would not be resigning. By the way, a 17-month-old boy had died in horrific circumstances, despite being on the council's at-risk register and having had contact with various professionals on at least 60 occasions.

Absurdly, therefore, we are expected to accept that as long as the right pages in the rule book were followed and the requisite number of boxes were ticked, the system was working properly. Child protection has undoubtedly become a big enterprise, and many more people now have an interest in it than, say, 10 years ago, which is quite right. But are we in danger of having created a sophisticated system that has inadvertently put the protection of that system ahead of the protection of the vulnerable children whom the system is surely there to protect and prioritise?

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): The hon. Gentleman is rightly drawing attention to some horrific cases in which children died in dreadful circumstances. However, he is not drawing attention to the good work that so many social workers do, and how many children they save. When I meet social workers in Blackpool—especially those who work with children—they are proud of the work that they do. They work hard to protect the children the hon. Gentleman is talking about.

Tim Loughton: I entirely agree with the hon. Lady, which is why I started my second paragraph by commending the great efforts of the social work professionals. That is also why this party set up a commission on social workers two years ago, which reported again today. And that is why I shall make some further comments commending the activities of social workers later in my speech, if the hon. Lady will be patient.

When the right hon. Member for Darlington (Mr. Milburn) launched the Laming report on 28 January 2003, he told the House:

"We cannot undo the wrongs done to Victoria Climbié. We can, though, seek to put right for others what so fundamentally failed for her." [*Official Report*, 28 January 2003; Vol. 398, c. 739.]

A key action point from that statement was the setting up of children's trusts—a substantial structural innovation. But have they really turned out to be the universal panacea that we were promised? If so, why were they panned in a recent Audit Commission report in which

[Tim Loughton]

the chief executive, Steve Bundred, said that improvements to children's services have happened in spite of the trusts, rather than because of them? He said:

"There's no evidence that the trusts have resulted in any improved outcomes for children".

Again, apparently well-intentioned structural changes have turned out to be bureaucratic nightmares at best, and at worst seriously counter-productive to the business of protecting vulnerable children.

Over the weekend I reread the Laming report. Its findings were not exceptional. Its 108 recommendations were not insurmountable. It said:

"The extent of the failure to protect Victoria was lamentable. Tragically, it required nothing more than basic good practice being put into operation. This never happened."

It claimed that

"scarce resources were not being put to good use. Bad practice can be expensive."

It concluded:

"The single most important change in the future must be the drawing of a clear line of accountability, from top to bottom, without doubt or ambiguity about who is responsible at every level for the well-being of vulnerable children. Time and again it was dispiriting to listen to the 'buck passing' from those who attempted to justify their positions."

I think that we would all endorse those comments.

Lord Laming ended by saying:

"I am convinced that the answer lies in doing relatively straightforward things well."

But six years on, relatively straightforward things were still not being done well in Haringey. The fundamental message from Laming was that there should be clear lines of accountability. That is why directors of children's services departments were created, but in Haringey no one stepped up to the plate voluntarily to take responsibility.

The joint area review produced before Christmas contained depressing echoes of the original Climbié inquiry, as set out in the letter from the Secretary of State dated 1 December. It mentioned

"significant weaknesses in safeguarding and child protection procedures and practice in Haringey…inadequate leadership and management of safeguarding by the local authority and partner agencies…poor gathering, recording and sharing of information…a failure to identify those children and young people at immediate risk of harm…poor child protection plans…agencies generally working in isolation from one another and without any effective co-ordination and a failure to consult with children in some cases".

Those are all familiar failings that we had heard before in the case of Victoria Climbié.

In many respects, the circumstances surrounding baby P are worse than those of the Victoria Climbié case. Whereas the abuse of Victoria Climbié went on primarily under the radar of local services much of the time, baby P was the subject of at least 60 contacts with professionals and was firmly on their radar.

Of course the tragedies of Haringey are not unique. This year started with the news that in Doncaster no fewer than seven children have been the subject of serious case reviews over the past four years. Five of them were less than 16 months old, including Amy Howson and Alfie Goddard, whose cases have been brought to court.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I know that the hon. Gentleman has taken an interest in this issue for some time, but when we cite such figures, it is important to look at the detail. Of those seven children, three were found to have died for reasons not related to abuse. Although local authorities may have serious case reviews when children die, those deaths are not always directly attributable to failures in care by social workers or other professionals.

Tim Loughton: The hon. Lady is right; we have debated these issues on many occasions. In some of the Doncaster cases, the deaths were the result of dysfunctional families, with parents with drug and alcohol addiction who should have been the subject of much closer scrutiny by the children's services department.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): The hon. Gentleman makes an important point, and we are all horrified by the baby P case, and any case in which a child is killed. I know that his job tonight is to blame the Government, but if he looks at Scandinavia—which my Committee has visited to look at their systems, which I admit are better than ours in many ways—he will see that the levels of child murder are about the same. He should bear that in mind, instead of making this a party political issue that divides us across the House.

Tim Loughton: I am afraid that the hon. Gentleman severely underestimates the purpose of this debate. This is not a partisan issue. This is an urgent issue that affects all hon. Members, and it is about the most vulnerable members of our society. We set up our commission on social workers dealing with child protection in that vein, to try to produce solutions to deal with a failing child protection system.

We have instigated this debate—the Government did not do so—because we wanted to draw attention to the continuing problems and allow the House to debate them. So far it has been denied that opportunity. We could have a whole debate on the example of Scandinavia. As the hon. Gentleman knows, members of the shadow children's team and I have visited Denmark and Finland in recent years to look at the child protection systems there. There is a high degree of alcoholism in Denmark, especially among parents from Greenland, and that demands the sort of interventions that should perhaps have happened in Doncaster, but did not.

John Hemming (Birmingham, Yardley) (LD): Does the hon. Gentleman share my concern that, notwithstanding a letter sent by the Secretary of State to the hon. Gentleman, to me and to my hon. Friend the Member for Yeovil (Mr. Laws) earlier today, the Government's promise to provide a list, or at least a number broken down by local authority, of serious case reviews following the death of a child since 2003 has not been honoured—

The Secretary of State for Children, Schools and Families (Ed Balls): What?

John Hemming: No, it has not. I am sorry, I mean that the Department has not provided that information and the Secretary of State will have to explain why. Does the hon. Member for East Worthing and Shoreham (Tim Loughton) share my concern that that has not happened?

Tim Loughton: I share the hon. Gentleman's concern, and I shall talk about serious case reviews shortly. I noticed that my office got an urgent call from the Secretary of State's office to rush out that answer, which I think the hon. Gentleman was expecting.

In Doncaster, there were again chilling echoes of what happened in Haringey and elsewhere. The published executive summaries of the serious case reviews in Doncaster spoke of missed opportunities—and in any case, in November Ofsted found that 41 per cent. of those serious case reviews were inadequate. Children met their deaths as a result not of one-off violent incidents but of systematic violence. The case of child A involved grossly inadequate responses by social services. Social work departments were in chaos, suffering from unmanageable workloads and not engaging remotely satisfactorily with vulnerable families. Health services had failed to take proper precautions and liaise with other agencies—a fundamental weakness identified in the case of Victoria Climbié and repeatedly since. Similar common themes have come out in other high-profile cases in Birmingham and Huddersfield that have hit the headlines—and, I fear, will come out in many other cases elsewhere that are still to work their way through the system.

We will never prevent all such tragedies in the future. Evil human beings will continue to commit unimaginably evil acts, even against their own kin. However, it is the job of child protection services to reduce the opportunities, to be vigilant concerning the likely candidates, and to intervene in a timely and appropriate manner whenever possible. So how on earth is this still happening, and what must take place to reduce such tragedies in the future? On one level, of course, we are being denied the vital opportunity to find out, to learn from the lessons and to implement the solutions, because we rarely get to see the full serious case reviews of such tragedies. Worse than that, Ofsted reports have thrown significant doubt on the integrity, thoroughness and value of many of the unpublished reviews. Even executive summaries are not necessarily published in full, let alone an accurate picture of the detailed underlying review.

In the case of baby P, the Secretary of State said that he had taken advice from the Information Commissioner that advised against the publication of the serious case review. That turned out to be news to the Information Commissioner. Instead, my hon. Friend the shadow Secretary of State and three other privileged hon. Members were allowed a furtive sight of the report behind locked doors, without pen and paper, and were sworn to secrecy. As David Hencke put it in *The Guardian*,

"how could we know that these summaries are perfect—except to rely on"

the Secretary of State's

"words—and that even if all reports under"

the Secretary of State

"are perfect, how can we be sure that under a future children's secretary they won't lapse into previous bad ways...The public and the profession deserve better than this. It is s... wonder that similar cases to Baby P happen with monotonous regularity. It also seems to make a mockery of Lord Laming's good work if the professionals, let alone the public, do not get unfettered access to these reports. The fact that reports could be published could sharpen up future case reviews."

Ed Balls: May I correct a mistake made by the hon. Gentleman? At no time have I ever claimed that I asked the advice of the Information Commissioner in the case of baby P. In a letter of 18 November to the shadow spokesmen, I quoted a decision that the Information Commissioner had taken on a different case in 2006, in which he decided that it would be wrong to release that report at that time. I quoted that in support of the decision that I was making not to publish the information in this case. I have never made such a claim. I did not seek the advice of the Information Commissioner in this case. I ask the hon. Gentleman to withdraw that statement, because he knows it not to be true.

Tim Loughton: If anything I said is not true, I withdraw it. However, I distinctly remember the Secretary of State at the Dispatch Box praying in aid the name of the Information Commissioner, with whom he now says he had not checked beforehand. Will he clarify what he said?

Ed Balls: In the letter of 18 November, which was sent before I made the statement to the House, I said:

"You may be aware that the Information Commissioner took a decision on a request to make available a Serious Case Review in 2006."

I said:

"This risk was one of the considerations taken into account by him in that case. He decided to uphold the decision of a local authority to refuse to release the report."

Then, in the House, I referred to the previous decision taken by the Information Commissioner, which is clearly documented in the letter that I sent to the shadow spokesman and the Liberal Democrat spokesman. At no point have I misled the House, and I ask the hon. Gentleman to withdraw the allegation about my seeking the advice of the Information Commissioner when I did not. It was my decision not to release the serious case review, not the Information Commissioner's, and I ask the hon. Gentleman to withdraw that statement.

Tim Loughton: The Secretary of State is very defensive. If this is such a big issue with him, why did he not seek the advice of the Information Commissioner in this case before his name was prayed in aid? We can check what it says in *Hansard*. If it would please the Secretary of State and enable us to get on with the debate, I will certainly withdraw the comment. However, Opposition Members remember him praying the Information Commissioner's name in aid as an excuse for why the serious case reviews could not be published.

Perhaps I could move on.

Ed Balls *rose*

Tim Loughton: I have given way twice, which I think is generous. The Secretary of State will have ample opportunity to respond shortly.

We agree with David Hencke of *The Guardian*. The Secretary of State put it succinctly in his letter of 18 November to my hon. Friend the shadow Secretary of State when he said that:

"the purpose of a Serious Case Review is to learn the lessons from what happened....The most effective and efficient way of learning lessons from these tragedies is to provide an environment in which professionals can freely discuss the circumstances of a case as openly as possible."

[Tim Loughton]

How can we learn the lessons when the reviews are not published in full and there are serious question marks over the accuracy and veracity of what they investigate and recommend? The need is not only for political and public scrutiny: how can other local authorities share best practice and learn from inadequate practice when they cannot see the reviews in full? It is nonsense.

Meg Munn: Will the hon. Gentleman give way?

Tim Loughton: I want to make some progress, because many other hon. Members want to contribute.

Meg Munn *rose—*

Tim Loughton: The hon. Lady would be denying her own colleagues, of whom there are many, the opportunity to speak.

Ed Balls *rose—*

Tim Loughton: I will let the Secretary of State respond in his speech when I have finished. He has had two opportunities to clarify; he can have a third in his own time.

For the reasons that I have given, the Conservative party believes that serious case reviews should, as a matter of course, be published in full, duly anonymised and appropriately but not excessively redacted, unless it would compromise the welfare of the child or his or her siblings. I can report that the cabinet member for children's services in Birmingham has undertaken in principle that the serious case review of the Kyra Ishaq case, and subsequent reviews, will be published in full subject to the above criteria. I hope that the Secretary of State will take note and encourage other authorities to do the same.

Ed Balls *rose—*

Tim Loughton: I will willingly give way if the right hon. Gentleman will give that guarantee and undertaking to the House now.

Ed Balls: I shall guarantee to take very seriously the advice of the National Society for the Prevention of Cruelty to Children and the deputy Children's Commissioner, both of whom say that the publication of full serious case reviews would put children at risk. The fact is that the hon. Gentleman is disagreeing with that advice. It is important to put on the record the fact that he is taking a different view from that of the NSPCC on this matter.

Tim Loughton: It is also on the record that the NSPCC has sent round an e-mail clarifying its position, because it did not take kindly to being cited in the amendment. The Secretary of State can claim in aid only two opinions, one of which has been called into doubt by a subsequent e-mail.

Conservative councils have also introduced an urgent initiative to safeguard the integrity of the important local safeguarding children boards, another important product of Lord Laming's inquiry. LSCBs are there to bring together all the local agencies, co-ordinating safeguarding action and, where necessary, commissioning reviews. The independence of the boards is essential, and that independence was called into question in the case of Haringey—*[Interruption.]* The Government Whip is getting very excited. Does he want to intervene? I would be happy to hear his words of wisdom if he has anything sensible to add to the debate. He does not.

The independence of the boards is essential, and that independence was called into question in the case of Haringey. Boards and the serious case reviews that they commission must pull no punches, and be openly critical of the commissioning authority paying the bills where necessary. After consultation with Conservative cabinet members for children's services running many authorities throughout the country, I find that those authorities either have already, or are in the process of, installing independent chairmen of LSCBs rather than the directors of children's services, as was the case in Haringey. We put that into effect urgently soon after the news about baby P. I am sure that Lord Laming will recommend the same thing in his review, so why has the Secretary of State not instructed Labour-run authorities to make the same changes now without delay, to safeguard those reports?

Those issues are important, but the fundamental key to the effective working of children's services departments must be the professionals who work at the sharp end. In particular, we need properly resourced, appropriately trained and suitably motivated social workers who are able to get on with their jobs and spend quality face-to-face time with vulnerable children and families. They should not be shackled to computers, paperwork, rigid procedures and bureaucracy. Without that, any amount of structural change—new boards, and shiny new positions for shiny new managers—will amount to nothing at the sharp end, where it matters.

Mr. John Gummer (Suffolk, Coastal) (Con): Does my hon. Friend agree that it would be much easier for these devoted social workers to work if they knew that, when some disaster took place, the head of the department involved would resign, automatically and without exception, because it was his or her responsibility? Do we not have to recover that kind of attitude if we are to revive the real responsibility that should obtain in all such departments?

Tim Loughton: My right hon. Friend raises a very good point. It was a clear tenet of the Laming report that the buck should stop somewhere. The shortcoming of the Victoria Climbié case and so many others was that nobody stepped up to the plate and took responsibility. As a result, there were no clear lines of accountability. Clearly, that is what needs to happen but, as I am afraid we saw in Haringey, it still has not happened.

That is why in October 2007 we published "No More Blame Game—The Future for Children's Social Workers", which was the result of an impressive commission of professionals from a wide range of areas of child protection. Lord Laming and Baroness Elizabeth Butler-Sloss were our patrons, and the findings of the commission have turned out to be prescient in many respects. Some of its proposals have been adopted by Ministers, although many were rejected during the scrutiny of the Children and Young Persons Bill last year. Since then, however, the position has undoubtedly deteriorated.

We recently carried out a comprehensive survey of children's services departments. Since 2005, the vacancy rates for children's social workers has risen from 11 per cent. to over 14.6 per cent. In 10 boroughs, the vacancy

rate is over 30 per cent. In Haringey itself, it is now 34 per cent. and at least 18 authorities have vacancy rates of over 20 per cent.

The phenomenon is not limited to inner-city boroughs, as leafy shires are being affected too. Clearly, we need to do much more to retain experienced social workers, who are increasingly disillusioned, and to recruit more new people into social work. The social worker degree course is a welcome aid to raising standards, but initial reports suggest that a third of graduates do not go on to a job in social work, and that a further third leave employment after only a year.

Above all, effective social work with vulnerable families involves establishing an empathetic relationship and continuity in personnel. It is a false economy to cover such high vacancy rates with transient and costly agency staff. Last week's survey by Unison found that child protection services are a

"ticking time bomb that could explode at any minute. There are not enough staff, caseloads are too big and social workers are spending 80 per cent. of their time on paperwork. That is a lethal combination that will leave children exposed... Without decisive action it is only a matter of time before there is another tragedy."

Mr. Graham Stuart (Beverley and Holderness) (Con): Will my hon. Friend give way?

Meg Munn: Will the hon. Gentleman give way?

Tim Loughton: I will give way first to my hon. Friend the Member for Beverley and Holderness (Mr. Stuart), and then to the hon. Member for Sheffield, Heeley (Meg Munn).

Mr. Stuart: I am grateful to my hon. Friend. I have here a copy of *Hansard* from 20 November 2008. The Secretary of State said:

"I endeavoured to see whether I was able to release the full, confidential serious case review to parliamentarians, but the clear professional advice given to me was that that would be the wrong thing to do, given the ruling of the Information Commissioner".

Later in the debate, he said that he had looked very hard at whether he could release the full case review.

"Alongside the Information Commissioner's view, the clear advice that I received was that, if we were to set such a precedent, it would make it much harder in future". [*Official Report*, 20 November 2008; Vol. 483, c. 377-380.]

The Secretary of State gave every impression in the House that the Information Commissioner in that case had given his view. He set out that evening—

Madam Deputy Speaker: Order. The hon. Gentleman knows that interventions must be brief. I think that he has made his point.

Tim Loughton: I am grateful to my hon. Friend, but I shall give the Secretary of State the opportunity to clarify the matter in his response.

Ed Balls rose—

Tim Loughton: The right hon. Gentleman must stop chafing at the bit, as I am coming to the end of my speech and want to give other hon. Members a chance to participate. Before that, however, I shall give way—and for the last time—to the hon. Member for Sheffield, Heeley.

Meg Munn: I thank the hon. Gentleman for his kindness, but I am extremely concerned when he throws around words such as "bureaucracy" and "paperwork" as if they are not important. Of course social workers have to spend time with families, but recording the information that they gain from that contact is enormously important, and even more so when there are staffing difficulties. Without that accurate record—of a child's weight or behaviour, for example—it is not possible to reflect over time. Social workers can go to court and present evidence only on that basis, so the hon. Gentleman should be a little careful about how he talks about paperwork.

Tim Loughton: The hon. Lady was a social worker in a former existence and knows much of these matters, but I bet my bottom dollar that she did not spend up to 80 per cent. of her time when she was in practice shackled to the assessment procedures, filling in forms or working on the computer. Instead, I bet that she was out in the field sharing face-to-face time with her clients. If not, there was certainly something wrong with the syste a.

Separately, the General Social Care Council has reported that social workers are spending at least 60 to 70 per cent. of their time on administrative work as opposed to client contact. Much of this time is spent filling in forms to ensure accountability rather than working with the family. The London borough of Sutton reported that, 20 years ago, only 30 per cent. of a social worker's time was spent on paperwork. Again, more time is being spent on protecting the system than protecting the clients.

Not surprisingly, increased work loads caused by rising demand, together with staff vacancies, have increased stress levels in the social work force. Indeed, the magazine *Community Care*, a key publication for those working in social care, recently commented on the difficulty of finding a social worker who

"is not so stressed that they leave to be replaced by agency staff."

Chief among the bureaucratic obstacle course is the integrated children's service.

Mr. Anthony Steen (Totnes) (Con): Will my hon. Friend give way?

Tim Loughton: I will take my hon. Friend's intervention as the last one from this side of the House, just as I took the intervention from the hon. Member for Sheffield, Heeley as the final one from that side.

Mr. Steen: I am most grateful to my hon. Friend. First, the whole House must recognise that social workers have a tremendously stressful and difficult job. Many are very young, and do not have the experience that the older social worker has. We should pay tribute to the work that they do, as it is not recognised. The status of social workers also needs to be given greater recognition.

Social workers have tremendous problems dealing with our own children in our own constituencies, but is my hon. Friend aware that there is an increasing problem with Roma children? In London alone, 1,017 children from the Roma community have been found on the streets, and that has caused enormous problems for social services. Westminster and Haringey have rejected police requests for care because they are not able to accommodate—

Madam Deputy Speaker: Order. Again, the length of interventions is increasing as the time is going on.

Tim Loughton: I am trying to make progress, Madam Deputy Speaker, but my hon. Friend makes a very good point about a subject in which he has a good deal of expertise. That is yet another challenge for already hard-pressed social workers, who already have excessive case loads looking after people who live in their areas.

I was talking about integrated children's services. The common assessment framework for the assessment of children in need and their families was introduced in 2000, and the core format allowed information to be presented in a helpful and logical sequence, quickly identifying the key issues of concern. However, the ICS recording system, which has been rolled out in the last two years, resulted from a drive for a nationally compliant template and was much more prescriptive. A number of concerns were raised during the consultancy process, many of which were not resolved before ICS was introduced.

In 2007, a major evaluation of ICS concluded that the system, based on a series of tick-box forms, was not tailored to individual children. That important study by Margaret Bell said that it failed to ask important questions of some children while asking others that were irrelevant, resulting in "bland analyses". The study said:

"The process was felt to diminish analysis and risk assessment. There were particular concerns about risk because it was unclear where the information would be located."

Moreover, there were

"serious reservations about the design and use of ICS in its present form and the authors believe that the ICS has yet to demonstrate the degree to which and how it is fit for purpose".

Once again, however, the full report was never published by the Government. If one is able to find the executive summary, one can see that its conclusions have been confirmed by concerns expressed to our commission on social workers. Social workers have said the template is too detailed and requires so much standard information that workers have to focus on completing the document rather than the assessment.

The chairman of the London child protection co-ordinators has warned:

"The forms as they stand are extremely long and their format cannot be considered to be accessible or friendly to parents and children, for whom the child protection process is stressful. Using these forms as a social work report to a Child Protection conference will alienate parents further and will, we fear, prevent their participation in what is often their only chance to meet together with all of the professionals involved with their children."

ICS forms were supposed to help partners of social work, but the direct opposite is the case. The chairman went on to say that some boroughs had estimated that the increased demands of the system had added 12 to 20 per cent. to the amount of time spent on the issue by social workers. David Wastell, professor in information systems at the university of Nottingham, warned that the ICS was unfit for purpose because it was developed by central Government with little input from front-line social practitioners.

One need only look at the blogs, including a blog by Bury social workers, to see the problems that people in the field, at the sharp end, deal with day in, day out. One such social worker said:

"I am…a Social Worker in Bury…and as a team we are collectively struggling with the new ICS System along with managing a substantial case load. 1) It is very time consuming turning us into paper pushers rather than hands on Social Workers! 2) Very confusing for Service Users—if as professionals we struggle with the forms how are families expected to understand the concept behind them. 3) Very prescriptive in the information they required not giving the opportunity for exploring risk, analysis or indeed the Child's views!"

Another said:

"as a practitioner with over 16 years' experience, I feel they are the biggest downfall in terms of direct work with children and families, which of course we cannot do anymore because we're all sitting behind desks…Is anyone listening to the experiences of front line social workers using these forms? Where was the consultation prior to their implementation? We find them impossibly time consuming, families don't understand them so are fearful and made to feel inadequate and stupid".

The system is not working.

Lynne Featherstone (Hornsey and Wood Green) (LD): Will the hon. Gentleman give way?

Tim Loughton: I ask the hon. Lady to bear with me. The commission on social workers strongly recommends that the highly prescriptive ICS template be abolished in favour of a much more streamlined, user-friendly system that allows social workers more empathetic face-time with their clients. Some authorities, such as Kensington and Chelsea, have been developing their own systems at their own expense, which are much more user-friendly. Others should surely be allowed to follow suit without the threat of money from the Department for Children, Schools and Families being held back, as it is if they do not follow the Department's highly prescriptive route.

The Government's obsession with bureaucracy and databases is, of course, set to escalate with ContactPoint, which started to go live just last week. It has cost £244 million so far, and the estimated ongoing running cost is at least £41 million per annum. It is a system of unproven value, and there are no guarantees about security of access. It could turn out to be another measure that is counter-productive to genuine child protection, as resources will be spread thinly over 11 million children, rather than being focused on genuinely vulnerable children, which is what we have advocated all along.

Hilary Armstrong (North-West Durham) (Lab): Will the hon. Gentleman give way?

Tim Loughton: I will not.

It is also clear that the database is to be used for many more purposes than the child protection criteria originally cited, including police investigations, and that many more people will have access to it. The House of Commons Library has estimated that the money spent on ContactPoint so far could have been used to employ 7,575 additional social workers—equivalent to 50 in every local authority. The money to be spent on the system between now and 2012 could pay for an additional social worker every four hours.

The Secretary of State will know that at a briefing that he gave to directors of children's services shortly after the baby P case hit the headlines, a suggestion from one director that ContactPoint should be scrapped and the money instead used to reduce the case load of social workers was greeted with widespread cheering.

yet the Government are ploughing ahead with this latest data disaster waiting to happen. ContactPoint is handled by the same firm that managed to lose the details of the entire prison population, and the Government refused to publish in full the security review carried out by Deloitte a year ago, which warned that

"there will always be a risk of data security incidents occurring."

If that was not bad enough, the special security arrangements that apparently involve the children of hon. Members being subject to shielding safeguards last week resulted in headlines that referred to a "Them and us child register".

Hilary Armstrong: I really am shocked to hear what the hon. Gentleman says. He clearly has not investigated the database effectively. He and the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) have strongly argued that there needs to be a level of knowledge across the Departments and agencies working with children, so that they can intervene early with the most vulnerable. Without a database such as ContactPoint, it will be impossible to do that. He cannot make both arguments and expect us to think that he is being logical. If he is to be logical, he has to be much more—

Madam Deputy Speaker: Order.

Tim Loughton: The answer to child protection problems in this country is not another expensive computer system that has not proved that it can do what the right hon. Lady thinks that it can do.

Fiona Mactaggart (Slough) (Lab): Will the hon. Gentleman give way?

Tim Loughton: I have not even finished responding to the previous intervention.

What will protect children in this country is properly resourced and motivated professionals working at the sharp end, and talking to other well-resourced and motivated professionals to deal together with a problem. They need time to spend at the sharp end, not time shackled to a computer system, constantly inputting data; we do not know whether that will work. I trust professionals; the right hon. Member for North-West Durham (Hilary Armstrong) trusts spending a lot of money on unproven computer systems. That is what divides us in this case.

That is why, having opposed the original provisions in the Children Bill 2004, the Conservative party last year announced that we would scrap ContactPoint and focus instead on a streamlined signposting central database, which would include genuinely vulnerable children—a view wholeheartedly endorsed by the commission on social workers. *[Interruption.]* We are talking about a database of genuinely vulnerable children, not all the 11 million children in this country. That is the difference. Ours would concentrate on vulnerable children. *[Interruption.]*

Madam Deputy Speaker: Order. I ask that the debate be conducted in the proper manner; comments should not be made across the Chamber.

Tim Loughton: That shows that Labour Members yet again think that setting up, and ploughing money into, a computer system is the universal panacea and will solve the problem. That is not what will solve the problem.

Lynne Featherstone: Will the hon. Gentleman give way?

Tim Loughton: I will make some progress so that I can finish. I am grateful for the hard work and dedication of the commission on social workers, whose members were so willing to reconvene to update our original report and to make further recommendations in light of the deteriorating climate, as highlighted by the baby P case and other high-profile cases. Today we are making further recommendations, and I would very much like the Secretary of State to respond to them.

First, and foremost among all the points made to us by our witnesses, an end is required to widespread disruptive structural changes. As I have said, we need to scrap the child databases that take away so much of the time that social workers can spend dealing with vulnerable families, face to face. We also need a national recruitment campaign that will bring in new, properly trained and properly motivated social workers. It should be a high-impact advertising campaign. As my hon. Friend the Member for Totnes (Mr. Steen) said, we need to make sure that experienced social workers stay in place and do not move into early retirement because they are so disillusioned by what is going on.

We need a "care first" programme, modelled on the "teach first" programme, in which highly trained social workers would go into particularly challenging circumstances. We need social workers to have a mixed case load, in which they have supportive and therapeutic work, alongside more serious cases. We need practice training for new social workers, and we need on-the-job training for directors of children's services departments; too often, they are cosseted away in offices and do not go out in the field with social workers.

We need to overhaul the whole process of inspections. We need to make sure that we have a system that is fit for purpose, and that ensures that we are inspecting the right things. It is absurd that there is not a senior social worker on the board of Ofsted. It is absurd that when Ofsted inspections happen in children's services departments, the inspectors do not go out with social workers on a case; an Ofsted inspector carrying out a school inspection would sit at the back of a class. We need to ensure much better interagency communication, which should include the Ofsted inspection. The Ofsted inspection should inspect how well the different agencies work together, and should note which do not.

I have concentrated on the crucial role of social workers—real, human social workers, practitioners out in the field with experience, of whom we need many more. To my mind, they are better value than the expensive, unproven computer system by which Labour Members seem to set so much store, despite the fact that the Government's track record on IT systems over the past 12 years has not exactly been covered in glory. There are many other aspects of child protection that other hon. Members will wish to flag up, not least concerning health professionals. A new study by my hon. Friend the Member for South Cambridgeshire (Mr. Lansley), the shadow Secretary of State for Health, will show how many of the original Laming recommendations are still not being carried out in practice. Interagency working with the police still leaves a lot to be desired, too.

[Tim Loughton]

My hon. Friend the Member for Basingstoke (Mrs. Miller) will, when she winds up, make reference to proposals that we have already announced to expand the health visitor system. Health visitors will intensively visit new parents in those crucial first few weeks, in a system based on the Dutch Kraamzorg model. She will also mention the benefits of other early intervention practices. I want to leave it to others to talk about the importance of extended family members, and particularly about the role of grandparents in helping to counter child abuse. I have not had time to return to the Government's continued refusal to take decisive action on private fostering, which has direct links with the added risk of child abuse.

The Conservative party has called the debate in the interests of continuing to highlight the serious problems and inadequacies in the way that we protect our most vulnerable children and families, and of making further substantial and constructive proposals to find the solutions that I am sure all of us in all parts of the House urgently want to see. I hope that when he has cleared up the muddle about his earlier references to the Information Commissioner, the Secretary of State will engage positively with some of the constructive proposals that we have made.

8 pm

The Secretary of State for Children, Schools and Families (Ed Balls): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"agrees that safeguarding children is everyone's responsibility; recognises that keeping children safe is a top priority for this Government, commends action taken by the Government following the tragic death of Baby P. to keep children safe in Haringey; welcomes the requirement that all local safeguarding children's boards responsible for serious case reviews judged inadequate by Ofsted convene an independently chaired panel to reconsider the review and report to the Secretary of State; agrees with the Deputy Children's Commissioner and the NSPCC that while comprehensive executive summaries should be published full serious case reviews should remain confidential; affirms its conviction that the Every Child Matters reforms are soundly based and essential in driving change for children; welcomes evidence in the joint chief inspectors' third report on safeguarding children of improvements since 2005 in children's services and outcomes for children and young people; commends the development by the inspectorates of new local area assessment and inspection arrangements; welcomes the commissioning of Lord Laming to report on progress being made across the country in implementing effective arrangements for safeguarding children; agrees with his recommendation that serious case review panels should be chaired by people independent of the reporting agencies; commends the creation of a Social Work Taskforce to review frontline social work, including the role and development of the Integrated Children's System in support of its work; and further commends the recent announcement of the first stage of delivery of ContactPoint, which experts agree is vital to keep children safe."

I shall turn to the Opposition motion shortly and reply to the points made by the shadow spokesperson in the opening speech.

It is the first duty of Government—indeed, it is our shared duty—to do everything we can to keep our children and young people safe and protected from harm. There is no greater responsibility on us as Ministers and Members of the House, so it is right that we ask ourselves tonight whether there is more that we can all do to keep children safe from harm. That is why I welcome the debate on this most important issue.

Although I was disappointed that the shadow Secretary of State chose not to open the debate, I start, notwithstanding the speech that we have just heard and the fact that we disagree on some points, by noting that the hon. Member for East Worthing and Shoreham (Tim Loughton) has made some important contributions on these issues in recent years.

The number of child deaths has fallen in recent years, and sharply so for the youngest children, but any abuse or non-accidental death is wrong. I know that many hon. Members will have reacted to the tragic case of baby P. as I did, with incomprehension. How could adults perpetrate such terrible acts of evil against a little boy? When professionals became aware of the risks to the child, why did they not act sooner to protect him from harm? Such a tragic and appalling case must rightly raise wider questions of public concern about the safety of vulnerable children around the country. Also, as the hon. Gentleman said, when some local authorities are judged inadequate in their safeguarding of children, it is rightly a matter of grave public concern.

It is my judgment that following the death of Victoria Climbié and the Laming inquiry, we have put in place a strong framework for tackling child abuse. It is our expectation that social workers, GPs, nurses and police officers see the world from the child's perspective and put the child's safety first. But we also know, as we have seen in recent weeks and months, that there is still a long way to go until we have the best possible child protection arrangements in every part of the country.

That is why, as we have heard in the debate, we have taken a number of actions in recent months to improve further child protection, which include asking Lord Laming to provide a further report on progress in implementing the reforms that were introduced after the Climbié inquiry, with proposals for further improvement to accelerate improvement across the country. We have demanded that local authorities take action in response to any serious case review that has been judged to be inadequate. We have set up a new social work taskforce, to be chaired by the chief executive of Camden council, Moira Gibb, to reform social work training and practice, and we have begun, as we heard, the roll-out of ContactPoint with the widespread support of professionals and practitioners alike. All these reforms are vital to keep children safe and, despite the comments that we have heard, it is still my genuine and fervent hope that we can build a cross-party consensus on the matter in the House and in the country. That is the best way to keep children safe.

John Hemming: The Secretary of State stated that the number of deaths from child abuse and neglect had fallen sharply in recent years. On what basis does he justify that statement, and how would he justify it in the light of the Department's continued refusal to provide figures in an auditable form as on serious case reviews following the death of a child?

Ed Balls: The answer is that the UN figures show that over the past 15 years there has been a 40 per cent. fall in child deaths for under-fives. There has also been a small fall in the number of deaths of children aged 0 to 17. But that is not good enough. We need to do

better. Every death that is non-accidental is not good enough. That is why we need to make further progress.

John Hemming: What are those figures, which we could then audit?

Ed Balls: I am happy to quote the figures from the Office for National Statistics, which show that in 2003 the overall number of deaths of children aged 0 to 17 was 4,990. In 2007 it was lower—4,854. The UN figures show that over the period 1995 to 2006 there has been a 30 per cent. fall in child deaths among under-fives. So I have set out the figures clearly.

Mr. David Kidney (Stafford) (Lab): I meet and listen to many children in care and people who have been in care, and they would remind the House that there are some great performances by social workers and local authorities around the country, but some very poor performances too, some of which we have heard about. They would want us to be intolerant of those poor performers. Can my right hon. Friend confirm that there is the political will and the law to enable tougher earlier intervention on local authorities that are not doing well enough?

Ed Balls: There is the political will, as I believe we showed in the case of Haringey. That was an exceptional case in terms of the gravity of the failure, as was made clear by the Ofsted and wider inspectors, but there have been problems in Doncaster, Surrey, West Sussex, Birmingham and Wokingham. In all those cases we are currently taking action to intervene. There is the political will, and we will act because our priority is to keep children safe. Although the figures have come down, it is still not good enough and we need to do more.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): The Secretary of State for Justice produced a report on care, which the right hon. Gentleman's officials may or may not have read. One of the key issues raised by his right hon. Friend is that in 10 successive Acts the same reassurance, by and large, has been given. This is not a direct criticism of the Government. Here we legislate and say what should happen, but perhaps the guiltiest parties in all this are the many local authorities throughout the country which, the report found, do not implement what has gone through the House and leave social workers trapped between a system that does not want to put children into care because of the financial cost, and blame from us when they do not do so. Is it not time that the Secretary of State sorted the problem out? Councils that fail must be brought to account, and quickly.

Ed Balls: The right hon. Gentleman is right. It is important that councils are called to account. This is not a party political matter. As he knows, those are Conservative and Labour councils around the country. More than 100 of the 150 areas that were inspected by Ofsted in the past year were judged good or very good, but not all were, and where there is inadequacy, we will intervene because that is the right thing to do.

Tim Loughton: Before the Secretary of State moves away from the UN table that he quoted, will he make it clear to the House that what he quoted is a table of all child deaths, which includes traffic accidents, child cancer deaths and meningitis deaths, of which only a small proportion relate to children being killed at the hands of their parents or carers, for which figure he cannot show progress and for which he should be citing his own Ofsted report last year, which said that there had been up to four deaths a week? Is that not the case? If so, he is using figures to create a very false image to the House.

Ed Balls: I think I made it clear that UN figures are for child deaths, and they have fallen by 30 per cent. We need to make sure that we protect children from all kinds of death where there is a non-accidental injury. That matters whether we are dealing with safety in the home, transport deaths or child deaths. I also said that any child death that happens because of abuse or injury by a parent or carer is wrong. That is why we are debating these matters.

Bob Spink (Castle Point) (Ind): May I take the right hon. Gentleman back to the central issue of local authority performance? I first fell out with my local, Conservative councillors over their failure on child protection. Now an Ofsted report has found that Essex county council child protection is inadequate. It has been served with a formal improvement notice and given 12 months to get its act together. Does he think that Tory Front Benchers would have more credibility tonight if they had come to the House, apologised for that and said what they were doing to clean up their own councils' acts—particularly the one in Essex?

Ed Balls: I appreciate the hon. Gentleman's point, but as I said this is not a party political matter. The councils in Haringey and Doncaster were Labour, but those in Essex, Sussex, Surrey and Wokingham were Conservative. In the case of Surrey, I think that I am right in saying that last summer the Minister for Children, Young People and Families wrote to the hon. Member for East Worthing and Shoreham offering a briefing on the serious matter involved. If the hon. Gentleman wants to take that up at any point, he is welcome to. However, this is not a party political matter, but one that should concern all Members and councils of all political colours. That is why I said that I did not want to play party politics with it, despite provocation. I want to get to a consensus on the way forward, and that is what I am determined to do.

Meg Munn: May I return to the point made by the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith)? We have to be careful when talking about whether there is a choice between leaving a child at home and not bringing them into care because of issues of cost. Such judgments are extremely complex. Taking a child away from their family, even when the family is not perfect, has emotional implications. Social workers weigh up trying to improve a child's situation at home with their natural family and the implications for children who live with other families. Even for very small children, those implications can have lifelong effects—even if they end up with a family that meets a lot of their needs better.

Ed Balls: My hon. Friend makes an important point in response to the right hon. Gentleman. Such decisions are not for social workers, but for the courts. The duty

[Ed Balls]

of the courts is to make sure that when children are at risk, action is taken. It is for the courts to decide whether the children concerned go into care. If any social worker or council decided that they would not make referrals because of court costs or any other costs, that would be entirely and completely wrong, and I would condemn it out of hand. I do not believe that that is happening around the country, but Lord Laming will explicitly consider the issue in his progress report.

Mr. Graham Stuart *rose—*

Mrs. Madeleine Moon (Bridgend) (Lab) *rose—*

Ed Balls: I am going to make a little progress. I shall refer to the issue of the publication of serious case reviews in a second.

Mrs. Moon: May I make an intervention on the specific issue of the courts?

Ed Balls: Okay, I will take it.

Mrs. Moon: I thank my right hon. Friend. In reference to court action, there have been criticisms that social workers spend too much time on record keeping. I have a background in child protection, and I advise my right hon. Friend that records are absolutely essential in court cases. Often they can go back a long time and demonstrate that over a number of years of intervention of the social worker has not been successful in getting the family to the point where the child can be kept safely at home. We should never forget the importance of social work records.

Ed Balls: Of course that is the case. The hon. Member for East Worthing and Shoreham did not make the point, because it did not fit into the rhetoric. However, the reality is that good social workers record their interventions with a family and their discussions with other professionals because that is vital not only for the accountability of the service, but to make sure that children are safe. Furthermore, those records are key and critical in court. The idea that a good social worker does not complete records is not of the real world.

Mr. Stuart *rose—*

Ed Balls: I shall make some progress and then take the hon. Gentleman's intervention.

I said that I would turn to the Opposition motion, and I will do so. I want to take seriously the points that they make in the motion and in this debate and show where we disagree and where, with a little more thought and intellectual engagement, we could achieve a consensus. They start the motion by pointing to the failings in Haringey, and say that they mean that the lessons from the Victoria Climbié inquiry have not been learned. Indeed, in the Queen's Speech debate a few weeks ago, the shadow Secretary of State went further and said:

"Lord Laming has said that the foundation of current children's services is robust, but we are not persuaded of that assertion."—[*Official Report*, 11 December 2008; Vol. 485, c. 773.]

Other Conservative Members have called into question the very Every Child Matters reforms, although the hon. Member for East Worthing and Shoreham has not; I absolve him from that. Those Conservative Members have even called for a new inquiry to investigate the child protection system from first principles. I agree with Lord Laming, who says that that would not be the right approach. In his letter to me, dated 1 December, he said:

"I note that, understandably, there have been calls for a further public Inquiry into the services in Haringey following the death of Baby P. But such a course of action would, in my view, set back the progress that has been made in many places. It could undermine important developments gained and progress made during the past six years and possibly put on hold planned further work. Furthermore, it would divert effort from the actions needed now to keep children safe in Haringey."

In its response to Lord Laming, the NSPCC says:

"We welcome the vision of Every Child Matters. There has been significant change in children's services over the past five years".

Indeed, it goes on to say that

"the Every Child Matters programme has the potential to be the most significant achievement for children in recent times."

In the tragic case of baby P, which the hon. Member for East Worthing and Shoreham cited at length, the inspectors did identify clear failings in management, oversight and practice. That is why we took the exceptional action that we took. However, as the chief inspector told me, the failings that she identified were exceptional. So we profoundly disagree that we have not learned the lessons or that we are not properly implementing the recommendations of the Victoria Climbié inquiry. As I said, much good work is being done in many areas by social workers, police officers, GPs and health professionals, who do incredibly tough jobs, often in challenging circumstances, with difficult judgments to make every day to keep children safe. They get no publicity when they make the right call, and we should give them our praise and support.

At the same time, we are not complacent. In the summer last year, the joint chief inspectors' report concluded that more work was needed; the same happened in respect of the end of year Ofsted evaluation. That is why we have ordered all local authorities to look again at all serious case reviews where there was an inadequate judgment and why we have asked Lord Laming to provide us with a progress report. However, to ignore, as the Opposition motion does, the progress made in many areas would not only undermine the achievements of social workers around the country, but put that progress at risk. That would be the wrong thing to do.

Mr. Graham Stuart: I am extremely grateful to the Secretary of State for giving way. May I take him back to the figures on child deaths? It is uncharacteristic of him to have used figures that are essentially misleading. The number of child deaths overall is not relevant to this debate; what is relevant is the number of children who die as the result of abuse. The Ofsted evidence to the Children, Schools and Families Committee was clear: the number of children who had died from abuse over 16 months was 210—that is, three children a week. For the record, and to make the numbers relevant to this debate, will the Secretary of State confirm that that is his understanding?

Ed Balls: I hesitate to do this, but I will have to refer the hon. Gentleman back to the *Hansard* record of the last time that he made the very same point and the reply that I gave. As he knows, the Ofsted figures were different

from the Government's because they used a wider base. They included, for example, children who had died as a result of suicide or anorexia nervosa—or other deaths that could relate to something that had happened in the home—as opposed to the direct death of a child due to injury from a parent or carer. The figures are not comparable. He knows that as I explained it last time.

Mr. Stuart *rose—*

Ed Balls: I am happy to give way again, but can he please make a better intervention than his last one? We answered it a month ago.

Mr. Stuart: I am grateful to the Secretary of State. I am afraid that it is he who needs to go back and read the record. If he goes back to the record of 10 December 2008—the Chairman of the Select Committee is in the Chamber today—he will read that both Michael Hart and Christine Gilbert were quite clear: there were 72 children, of 282, who fell into the category that the Secretary of State has just described. The unequivocal evidence from Ofsted was that 210 children died from abuse in that period. The Secretary of State got it wrong last time, and he has repeated his error today. Will he please look at the record and correct himself on the Floor of the House?

Ed Balls: I did that last time, and I explained the different basis for the figures. We are not disagreeing. Too many children die non-accidental deaths, and we need to deal with that. I thought that the hon. Gentleman was going to refer to his intervention in which he attempted to pin on me the idea that I had asked the Information Commissioner for advice, even though he knows that that is not the case. If he has a decent intervention, he might make it; I will take it if he wants.

The second thing that the Opposition called for is for all serious case reviews to be published in full. We are determined to ensure that we do all we can to guarantee that children in every area are kept safe. That is why it is crucial that we learn from mistakes, which is why we carry out serious case reviews. Where the full report or executive summary is inadequate, that is not good enough, and we have asked for all such reports to be investigated. We have also said, following Lord Laming's initial recommendation, that the overview panel for every serious case review should be independently chaired. Indeed, I have asked the new chair of the local safeguarding children board in Haringey, Graham Badman, to re-run the baby P serious case review, such is the seriousness of the issue.

The Opposition call for all serious case reviews to be published in full, but we fundamentally disagree for two reasons. First, we would not want to compromise the right to privacy or to protection of other siblings or vulnerable children involved who could, in all likelihood, be identified even if their names were redacted; and, secondly, serious case reviews rely on the open and honest involvement of representatives of all the agencies involved. I had to rely on my judgment, and that is what underpinned the letters to Opposition spokespeople that I sent on a series of occasions. Let us hear what the deputy Children's Commissioner says:

> "A system which ensures we can establish the full facts behind any tragedy is essential for keeping children safe. I believe that a confidential process which enables agencies to thoroughly and effectively examine all relevant facts is crucial to securing this goal, supported by a comprehensive executive summary which makes public the key issues and recommendations for change."

That is also the view taken by the NSPCC, which has said:

> "The publication of full SCR reports will change the climate in which they are produced and reduce their value. It is probable that the process would move from one focusing on what could be learnt to one focusing on legalistic technicalities, with an end-product that is weak and of negligible value."

The hon. Member for East Worthing and Shoreham said that I was distorting the view of the NSPCC and that it has had to correct the position. Let me read from the letter that was written to me by the acting chief executive of the NSPCC on 4 December:

> "We therefore endorse the view that full"

serious case reviews—

> "should not be published."

It is there on the page in black and white. That is the view of the experts. It is not the view of the Opposition, but in my view they are out on a limb and outside the consensus on this very important matter, and if they prevailed that would put children at risk.

Meg Munn: Is it not also the case that my right hon. Friend's Department initiates research into serious case reviews in order to bring together the learning gained from those reviews across the country? Having a proper assessment of the issues that have come up in many different cases is probably more useful to staff on the ground—social workers, health visitors, and so on—than having to read through lots of separate case reviews involving circumstances which they perhaps know less about?

Ed Balls: My hon. Friend is right. That is why we publish those reviews. We have also said that executive summaries should have a clear view of all the lessons learned from every individual case. In fact, we have asked Lord Laming to tell us how we can make those reports better in future. In the case of baby P, it is important that there is a full and better executive summary in the public domain. The reason I am not making them public is not because of the advice to me from the Information Commissioner. As I have made clear on repeated occasions in writing and in this House, I did not seek his advice on this matter. It is my judgment—because the professionals tell me so, not only the lawyers but the NSPCC and the deputy children's commissioner—that such disclosure would put children's lives at risk.

This is not something to play politics with but something on which there should be a consensus. I think that it is time that we got off this subject and on to the serious business.

Michael Gove (Surrey Heath) (Con): On the occasion of the Secretary of State's statement to this House, he mentioned the Information Commissioner's ruling. First, why did he not consult the Information Commissioner when he invoked his ruling? Secondly—this is intimately related to the publication of serious case reviews—why does he put the interests of professionals, their anonymity and their shielding from scrutiny ahead of the maximum possible disclosure to ensure that we have the maximum level of information to create the maximum quality of child protection?

Ed Balls: I am grateful that the hon. Gentleman has come to the House to participate in this debate. Even though he has been sitting on the Front Bench all this

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time, he has clearly not been listening to what I have said. I said that the reason I made this decision was not to protect professionals—why would I want to protect professionals who are guilty of making mistakes? I made the decision because I want to protect children who would be put at risk of harm if we made these reports public. That is also the view of the NSPCC and the deputy Children's Commissioner, and the consensus among experts. On 18 November, in a letter to the shadow spokesman, I said that I had made the decision in the light of the Information Commissioner's decision in 2006. I made it clear in the House when we discussed these matters that I had not asked for his advice in this case, but I was relying on a past ruling. I then wrote to the hon. Gentleman—this may be another letter that he failed to read and act upon—on 25 November, saying:

"On this point, my letter to you of 18 November explained that I had been advised, given the strong terms of the decision of the Information Commissioner in 2006, that I should not allow anyone, even parliamentarians, to see the Report."

I went on to explain why, on that particular issue, I had changed my mind. I said:

"In your point of order, you ask me to 'approach the Information Commissioner to establish if a copy of the serious case review can be made available to the public'. As you know, my letter of 18 Nov referred to the Information Commissioner's 2006 decision. At no point have I asked for a ruling from the Information Commissioner on the question of publishing this"

serious case review

"and I have not claimed to have done so. Nor do I intend to do so. It is my judgement, consistent with 'Working Together to Safeguard Children', that it is imperative to keep the SCR confidential."

That is what I wrote in November, before and after the debate. My reason is not to protect professionals, but to keep children safe. That is what I thought was the purpose of this debate, and that is why I urged the Opposition to drop playing politics with this issue and join the consensus to keep children safe. That is the best way to approach it.

Michael Gove: On 20 November, the Secretary of State twice specifically cited the ruling of the Information Commissioner. Later that day, the Information Commissioner made it clear that he had not been consulted. The Secretary of State did not say on 20 November that he had not consulted the Information Commissioner—he did so only after the Information Commissioner went public. I just want to know why he did not bother to ask the Information Commissioner and why the Information Commissioner had to contact the press in order to make it clear that he had been kept in the dark.

Ed Balls: It would have been much better if the hon. Gentleman had decided to speak in this debate instead of just intervening from the Front Bench. We might then have thought that his commitment on these issues was serious rather than just posturing. I made the following clear to him in a letter on 18 November:

"You may be aware that the Information Commissioner took a decision on a request to make available a Serious Case Review in 2006. This risk was one of the considerations taken into account by him in that case."

I made it clear in that letter, and in the House, that based on that 2006 ruling and our judgment concerning the safety of children, we would not publish the serious case reviews. I wrote to him again a week and a half later—*[Interruption.]* The issues being raised in this debate are intended to divert attention from the real issues. My letter of the 28 November to the hon. Gentleman says:

"I have not claimed to have done so"—

that is, to go to the Information Commissioner for a ruling. It continues:

"Nor do I intend to do so. It is my judgment, consistent with *Working Together to Safeguard Children*, that it is imperative to keep the SCR confidential"

That judgment is shared by the NSPCC and the deputy Children's Commissioner.

We should not be playing politics with this issue. We are doing the right thing for the safety of children, and the Conservatives' persistent attempt to find a political difference is at the expense of that safety, which is why I reject their arguments outright.

Paddy Tipping (Sherwood) (Lab): Does the Secretary of State agree that a detached observer listening to this part of the debate would be astonished that the principle that the needs of children are paramount is not being considered? Instead, we have been diverted by small, petty debating points made for political advantage.

Ed Balls: The detached observer would take seriously the views of the NSPCC and the deputy Children's Commissioner that the right thing to do, in order to keep children safe, is not to publish these reports. They would reject the idea that that advice should be ignored by those on the Opposition Front Bench in order to play politics—especially the shadow Secretary of State, who did not even bother to make the main speech in this debate. I shall move on.

John Hemming: Will the right hon. Gentleman give way?

Ed Balls: In a second. My third point concerns the Opposition's call for all local safeguarding children boards to be independently chaired and for the Ofsted inspection system to be overhauled. As they know, the system is now changing with the end of annual performance assessments and the announcement by Ofsted inspectors that there will be unannounced reviews of safeguarding every year in every children's authority area. I welcome that change.

On local safeguarding children boards, we have made it clear in response to Lord Laming's recommendation that the serious case review should always be independently chaired. That is the right thing to do. There are different views, however, on the wider question of whether the local safeguarding children board should also be independently chaired. The Conservatives jumped out with a press release in November, and I understand their view, but there are other expert voices in the debate who are concerned that immediately to require independent chairs of the overall board would weaken their effectiveness and could put children at risk. That is why, despite the urging of the shadow spokesperson, I will not jump the gun. I will not jump the gun for the sake of a press release; I will wait for the views of Lord Laming on the issue, and only then will we take a view as to whether the Conservatives are right that an independent chair is the right way to go.

Annette Brooke (Mid-Dorset and North Poole) (LD): On an earlier point concerning the review of Ofsted's inspection, does the Secretary of State agree with the NSPCC that it would be timely to undertake a high-level review of Ofsted's inspection methodology?

Ed Balls: I know that there have been debates on these matters, and the Select Committee took a close interest in them as well. Change is happening in Ofsted at the moment, with the move towards a joint inspectorate in relation to the comprehensive area assessment arrangements, and new arrangements for safeguarding begin in April. The right thing to do is to get those arrangements in place. I am sure that the Select Committee will take a close look at the way Ofsted proceeds in these matters, which will be welcome.

John Hemming: Will the Secretary of State give way?

Ed Balls: In a second. I have two points to make in the time remaining to me.

I completely agree that we need well-trained, well-led and well-motivated social workers who spend as much time as possible with vulnerable children and their families. That is why we have set up the social work taskforce, and why we are considering the quality of training, leadership and mid-career training. They have an important job, and it is important that we work hard with the taskforce to implement that process. I have also asked the taskforce to make it a priority to review the effectiveness of procurement and IT using the integrated children's system, which was an important part of the speech made by the hon. Member for East Worthing and Shoreham. I know that there have been concerns that the IT systems have not worked as well as they should in some areas, but the integrated children's system does not ask practitioners to collect more information than they should to do their jobs. As we heard earlier, it is vital that proper detailed records are kept. In fact, the reason Scandinavian children's protection systems are commended is that Sweden and Denmark use the ICS system, as do Canada and Australia.

Computing magazine reported last year that the head of safeguarding in Kingston, Mr. Duncan Clark, believed that

"top-quality professionals should be able to treat the system"—

ICS—

"as an everyday part of their work."

It reported that Mr. Clark had said:

"We are not asking staff to be IT bods, we are asking them to learn to use a tool to enhance practice...Any distraction caused will be short-lived. If staff are still stuck at their desks because they are not adapting, they are probably doing less harm there than in the field, because that is not a good-quality social worker."

Myriad quotations from the experts in the field state that ICS, well used, is a good system, but that we have to address the IT issues and ensure that social workers have the training to use it well, as they do in Sweden, Denmark, Canada and Australia. That is what we are asking the taskforce to do.

Mr. Edward Timpson (Crewe and Nantwich) (Con): Can the Secretary of State confirm that as part of the social work taskforce's activities, foster carers will be consulted for their experience of front-line social work, so that the taskforce is fully informed of what goes on on the front line when social workers visit foster carers' homes and the children whom they are there to protect?

Ed Balls: Of course I will, and the British Association for Fostering and Adoption is part of that group, so we will ensure that that happens.

Mr. Sheerman: Will my right hon. Friend give way?

Ed Balls: Of course I give way to the Chairman of the Children, Schools and Families Committee.

Mr. Sheerman: The Secretary of State will know that I do not agree with some of the criticisms of data collection—I agree with my right hon. Friend the Member for North-West Durham (Hilary Armstrong), who made an intervention on that point. However, will the Secretary of State take on board the representations of Professor Susan White and Professor Wastell, who have written to me in my role as Chairman of the Select Committee to say that some modification of the ICS system is necessary? Will he be open-minded about such modification? I do not ask him to get rid of it, and I am not making a sweeping denunciation of it, but it could be modified to be of better use in practice.

Ed Balls: My hon. Friend's point is well made. I have already referred the letters that he mentions to Lord Laming and the taskforce for their consideration. I have said that we will consider the whole use of ICS and its IT effectiveness, but although this is partly about computers, it is partly about training and partly about management. Good social workers record their work, but they also get out in the field. ICS, well used, can enable that to happen, and we will ensure that it does.

Mr. Parmjit Dhanda (Gloucester) (Lab): There is a danger that in discussing these matters, we sometimes become entirely focused on giving social workers more training, more help and even more pay. It is important to respect our social workers, but they also need the tools of the trade and modern-day IT to do their job. I can recall clearly comments that were made, particularly by those on the Opposition Benches, in our debates on the vetting and barring scheme. Coupled with ICS, that can make a huge difference in protecting children. I hope that all Members appreciate both ICS and the vetting and barring scheme, which I believe many Opposition Members now respect because it can make a big difference to the statistics. Those statistics are children, after all, and those things can help to save their lives.

Ed Balls: My hon. Friend makes an important point, and ICS, well used, and ContactPoint are both valuable ways of keeping children safe.

Strangely, ContactPoint was omitted from the Opposition's motion. They omitted any mention of their intention to abolish it. It was developed in response to a key recommendation of Lord Laming and the Climbié inquiry. We all know that no information-sharing system can, in and of itself, keep children safe, but we believe that ContactPoint will make a real difference. It will allow those who work with children to intervene earlier to prevent problems from escalating and ensure that no child slips through the net of support, and it will free up social workers to spend more time with vulnerable children. The idea of having a database that has only

[Ed Balls]

the vulnerable children on it shows a complete lack of understanding of the reality of child protection in our country.

The Opposition disagree with what I have just said. They say that ContactPoint will increase the risk of vulnerable children being abused. The Leader of the Opposition regularly says that it is a waste of taxpayers' money and that they would scrap it, on top of the £300 million of cuts to children's services that they have promised to make in the coming year.

The Opposition are out of step not only with Lord Laming's recommendation, but with the NSPCC, Action for Children, the British Association of Social Workers, the National Association of Schoolmasters Union of Women Teachers, the Local Government Association, the Association of Chief Police Officers, the Children's Inter-Agency Group, the Royal College of Paediatrics and Child Health, the Youth Justice Board, the disabled children's charity KIDS, the Child Exploitation and Online Protection Centre, the Royal College of Nursing, and the Royal College of General Practitioners—yes, the GPs, too. All those experts support ContactPoint and are working with us to ensure its successful roll-out in the summer because they know that it is important for keeping children safe. Again, I urge Opposition Front Benchers to reconsider and tell the Leader of the Opposition that he proposes a spending cut too far.

Mr. Martin Narey, the chief executive of Barnardo's, stated:

"Michael Gove has said that a Conservative government would scrap ContactPoint, the Government's children's database... But I would ask Mr. Gove to think long and hard about whether or not Barnardo's, which works with more than 100,000 of the most disadvantaged and vulnerable children in Britain, would support ContactPoint if we thought it would, as Mr. Gove suggests, increase the risk of children being abused. We believe the contrary to be true."

The Opposition are out on a limb and it is time they stopped digging.

Tim Loughton *rose—*

Ed Balls: I will give way.

Mr. Sheerman: On a point of order, Mr. Deputy Speaker. It is now 8.41 pm The hon. Member for East Worthing and Shoreham (Tim Loughton) made a 47-minute speech. There have been constant interruptions from the Opposition Front Benchers. Should Back Benchers simply give up attending such debates? Are we going to get any time after Front Benchers have finished intervening?

Mr. Deputy Speaker (Sir Michael Lord): I understand the hon. Gentleman's frustration. I have been following the debate carefully, even when I was not in the Chair, and it has been characterised by a large number of long interventions, which contribute to it but inevitably take time out of it. Some of those interventions were made by people who are seeking to catch my eye, and that is counter-productive. I must agree with the hon. Gentleman's point that, increasingly, the share of the debate taken by Front Benchers is not fair on Back Benchers.

Tim Loughton: May I just—

Mr. Deputy Speaker: Order. In the light of my comments, we ought to move on. I call the Secretary of State.

Ed Balls: I am happy to debate the issues at any time and at any length the Opposition choose, because they are vital matters. I hope, next time, that the shadow Secretary of State for Children, Schools and Families will participate properly in the debate rather than just make interventions.

Lord Laming will report this month, the social work taskforce will present its first report in the spring and the full roll-out of ContactPoint starts this summer. I believe that we are taking steps to ensure that our country has the best child protection arrangements in the world. It is no time for opposition for opposition's sake. I genuinely hope that we can achieve a cross-party consensus on the reforms because they are vital for keeping children safe. I commend our amendment to the House.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Perhaps I might venture to say that the matters that we are debating this evening are extremely serious and, too frequently, heart rending. I think that the manner in which we discuss them will be of considerable interest to our constituents, and we should bear that in mind.

The time constraints mean that there will now be a six-minute limit on Back Benchers' speeches.

8.47 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): In principle, I welcome the debate. It is important to hold a constructive discussion on child protection. However, I am not sure about the quality of the debate.

Yesterday "The Good Childhood Inquiry" was published. It reinforced the fact that every child should be entitled to live in a loving and safe environment. Today we are discussing child abuse and deaths at the hands of parents and carers, and we cannot deny that, however we play around with numbers, the figure remains too high. We have spoken a lot about deaths—the tragedies are before us—but we should also remember that child abuse can permanently damage children. They grow into adults who in turn may—I stress the word "may"—abuse others. We should not play with the statistics. We just have to do better. Child protection should be at the heart of our societal aims and embedded as a priority in the whole of the children's work force.

On the whole, we are getting better at listening to children. Indeed, the Government have made great strides, with meaningful consultation with children and young people. Looking back on the tragic Victoria Climbié case, I recall that none of the agencies ever spoke to Victoria. We recognise the importance of that today, but as was said earlier, half the children killed or seriously injured through abuse and neglect are babies less than a year old. A further 20 per cent. are toddlers under the age of five.

When younger children are the victims, professionals must have the opportunity to examine and assess them carefully. Communication can come in all sorts of guises. In the baby P case, the baby did not appear to have been seen in any detail by social workers. At the heart of our

debate should be listening to and focusing on the children and ensuring that we are thinking about their needs and best interests.

The Government must listen and respond more quickly at times; I speak in frustration rather than confrontation. Let me give just two examples. In the debate on the Children Act 2004, we spoke at great length about the quantity and quality of social workers and about how the priority for any new system—more important than the system itself—was to have high-quality, well-trained front-line workers. We spoke a lot about the need for recruitment and retention. I welcome the setting up of the social work taskforce, but it seems that it took yet another series of tragedies to bring that belatedly about.

The Audit Commission published a report in October that concluded:

"there is little evidence that children's trusts have improved outcomes for children".

I asked a question about that to the Under-Secretary of State for Health, who replied:

"We are very disappointed that it chose to take such a negative approach,"

and said that the report

"draws on fieldwork…almost a year old." [*Official Report*, 4 November 2008; Vol. 482, c. 115.]

The response to studies that shed a critical light on services for our children, as the UNICEF report too did, should not be just to rubbish the methodology. A qualified comment is fine, but should we not always consider how we can do things better?

I know that the Government are responding on children's trusts. It would be interesting to know exactly what is planned and how it would dovetail into the safeguarding children agenda. The Government often respond by referring to their national initiatives—"We've done this," and so on. There is no doubt that the Government's children plan, its update and some other strategies are important and to be welcomed. In fact, I would like a national strategy for preventing child deaths, abuse and neglect as well—that is another question for the Minister who will respond to the debate—but surely what is really important is constantly reviewing what is happening at the local level.

At the time of the debate on the 2004 Act there was cross-party support on the need for better multi-agency working and a clear line of accountability—lessons that were to be learned, but appear not to have been put into practice in the case of baby P. I congratulate my hon. Friend the Member for Hornsey and Wood Green (Lynne Featherstone) on the dignified way in which she has pushed for the truth and for improvements in her local social services.

Lessons can undoubtedly be learned from serious case reviews. Training and work force-related recommendations need to be acted upon. The Liberal Democrats have called for serious case reviews to be published, albeit suitably anonymised and perhaps with certain details removed. I do not think that we will return to the crossfire that we have just seen, but it is important to say that my hon. Friend the Member for Yeovil (Mr. Laws), who could not tell anybody else what he had been allowed to read in the serious case review, was convinced that there were issues—the most crucial issues—that needed to be raised publicly. Indeed, that was also the view of others who read that report. This is not about putting children in danger; it is about improving safeguarding practices.

It is important to be clear about the situation with regard to the Information Commissioner. The final point in his letter, dated 21 November, stated:

"The ICO stands ready to provide advice on what may be disclosed on a case by case basis."

However, it has been confirmed that his view on the matter in question was not sought. I therefore do not believe that we have come to the end of the line.

I appreciate that the Secretary of State fears that people would not participate fully. Indeed, Lord Laming has been asked how the quality, consistency and impact of serious case reviews could be improved, and whether the right balance between the public executive summary and the confidential serious case review has been struck. I would like to ask the Secretary of State whether we can be assured that he will approach this question with an open mind. He has already stated that he is against the reviews being made public, and it is clear that there are differences of opinion that need to be evaluated. For example, a senior figure who was brought into Haringey supported the idea that a large part of that case review should be made public. I am looking for a balanced approach, because at the end of the day, we have to learn lessons.

The Ofsted findings from 92 serious case reviews were shocking, and most Members have suggested that there is much more to do. More than a third were found to be inadequate. Commenting on an in-depth report on 50 of the cases, Her Majesty's chief inspector of schools said:

"This report and the latest figures available clearly show that many children's services are failing to learn fast enough from the most serious cases of abuse and neglect. Too many opportunities are missed and too many vulnerable children are still being let down".

We cannot be complacent. Some things have improved, but we must look for more.

The length of time that some serious case reviews have taken has also been highlighted, with some taking between three and four years. They must be completed quickly, and they must focus on the child. They must not just be descriptive; they need to analyse why things have happened, and they must be independent.

We are aware that the Secretary of State is keen to follow the recommendations of the NSPCC. The society has recommended that Ministers should report to Parliament on a biennial basis with a review of learning from serious case reviews of child deaths, and set out how each relevant Whitehall Department will respond to the recommendations. Perhaps a commitment to that practice, while the Laming review is being undertaken, would take us forward.

My instinct is that the local safeguarding children board should be independently chaired. It cannot be right that the director of children's services should hold that post. I have been gathering data from local councils, and I was interested in a comment, offering the opposite view—that no one else would have the drive to take matters forward and challenge other agencies. That highlights how important the person specification, recruitment, appointment, support and training of the

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chairman of the board and its membership will be. I am sure that the board will also need extra resources and strengthening.

We have mentioned the Ofsted inspection service, and I understand that Ofsted will review how it approaches its inspections. I welcome the Local Government Association's summit recommendation that the association should discuss with Ofsted how it can most effectively assess the quality of child protection practice and help councils and their partners to improve.

When we were talking about those issues in the Select Committee, it was noted that Ofsted appeared, on the surface, to have a strong education bias. There are issues about the heads of children's services, the majority of whom have come via the education route. I welcome the fact that there will be a new course at the National College for School Leadership, and I would like to ask whether all directors will be required to take it, because management and accountability are all-important.

My colleague in the other place, Baroness Walmsley, has raised the issue of the General Social Care Council codes of practice, which set out the standards expected of both social care workers and their employers in delivering social care services. There is currently a substantive difference in the status of the codes for social care workers and their employers. Compliance with the code for workers is required for those who are registered with the GSCC, but the code of practice for employers has no statutory force. Would not placing the code for employers on a statutory footing and including it within Ofsted's inspection framework ensure that employers in social care were responsible for making sure that people were suitable to enter the social care work force, to provide sufficient support and so forth?

Training and safeguarding for the whole children's work force is absolutely vital. Obviously that includes social workers, but it is much broader than that and includes teachers, doctors and health visitors. Anybody coming into contact with children in a professional way needs to be able to recognise the signs of abuse and to be confident enough to follow them up. I believe that those two points are recognised by Ofsted and by the NSPCC. Indeed, the GSCC points out that there is no national standard for training and safeguarding.

Tonight, the official Opposition have said a lot about social workers, and I would like to place on record the fact that theirs is an incredibly difficult job: it is an undervalued occupation in which morale can easily become very low; that may be followed by a drive to move away, and with greater caseloads, the whole situation becomes self-perpetuating. This is something that we have to tackle, for the sake of giving better support to the professionals themselves. I welcome the Local Government Association campaign, which will focus on recruitment, retention and respect in children's social work.

We discussed earlier the part of the motion that refers to

"scrapping the highly prescriptive template for the Integrated Children's System".

I do not think I would use the word "scrapping" at this time, but I believe that there is a strong case for reviewing that system. Again, we should think and talk constructively about it, as there are enough criticisms around that risk is not a core focus of the current system and that there is too much paperwork and bureaucracy. That is not to say that there should be no paperwork, but if the criticism has been made, it needs to be examined.

Throughout the change from the old to the new system, a number of academics have questioned whether it was right to get rid of the child protection register. Is there a danger that child support workers will not see the wood for the trees? Are the police being pushed off the stage a bit by the new system? Are they not brought into a situation until it is judged a crime? I think we should be prepared to ask ourselves whether we have got the right system. That does not mean changing the whole thing, but we should be brave enough to ask that.

It seems to me right to ask Lord Laming to carry out the review at this time, and to do it fairly quickly—but is there not a case for having a fresh pair of eyes, or even a group of people coming in to see what else they might see? Obviously, Lord Laming as the architect will see things in a certain way, just as the Opposition see things in a different way from the Government, but I believe that there is a case for having that fresh pair of eyes to look at how things are working out at local level.

We Liberals also oppose ContactPoint, purely on the basis that if we take costs and benefits in the widest sense into account, the benefits do not outweigh the costs. In the costs I include the potential risks. I have never been convinced that it will be a secure system—a doubt that has been backed up by a number of reports.

We have not paid much attention tonight to prevention—a subject sadly lacking in the Opposition motion. This afternoon, fortuitously, I had an opportunity to talk to a member of the WAVE Trust—WAVE stands for Worldwide Alternatives to Violence—who explained that a person's propensity to violence can be determined in the first few years of life. It may result from witnessing violence in the home, harsh parental discipline, neglect or lack of attachment. That shows us that if we really want to improve things, we must home in on preventive measures.

The Family Nurse Partnership is an example of a good intervention. My difficulty with it is that it does not reach out far enough. I should also prefer there to be more health visitors. The number of health visitors is falling, at a time when there is a larger case load. The training has been changed—it is much more generic than it used to be—but whom do parents actually trust? Their health visitor. That really does need to be reconsidered.

The Government have put more effort into parenting classes, which are important, but much more should be done to support families. If we are to promote successful interventions by means of the strategy that I mentioned, should we not establish a national early prevention agency to drive an early prevention strategy? Every time there is a great tragedy, it is the symptoms rather than the root causes that are addressed. Public inquiries are important, but if we really want to do something, we must examine the root causes of abuse.

Further actions that could lead to prevention include confidential hotlines for whistleblowers so that there is no doubt that a complaint is being investigated if, for example, a social worker is feeling less than supported. I often observe that when a tragic case arises, neighbours talk to the media, and they turn out to have been aware

that something odd might have been going on. Why should we not set up a hotline enabling neighbours to report their concern?

Another preventive measure that we need, about which I have said a great deal over the years, is a comprehensive system of therapeutic services. Once a child has been abused, treatment at the time may be life-saving, and may prevent the abuse from being perpetuated and affecting future generations.

I have already mentioned the first point in the Local Government Association's five-point plan. The second is to make it easier to shift services towards prevention and early intervention. The third relates to resources, which is a big question. What we require of our children's services departments is a big ask: we cannot expect them to do their job with less than adequate resources. Fourthly, the LGA says that councils should have access to the best possible advice, which seems pretty sensible. Fifthly, links between the care and child protection services should be improved. That in itself is a subject for debate.

I am well aware that many other Members wish to speak, so I shall merely say that this is all about family support, getting the balance right and always putting the child first. Rather than aiming for confrontation, we should look for more and more ways to reduce what I consider to be a blight on our society.

9.4 pm

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): It is a pleasure to be given almost as long to speak in the Chamber as I was given on the "Today" programme when I was interviewed by John Humphrys. Perhaps I should be grateful for small mercies. However, I consider it a sad comment on our parliamentary procedures that Back Benchers on both sides of the House have been more or less squeezed out of the debate. That is absolutely disgraceful, and should be raised on another occasion.

I was disappointed by the opening speech of the hon. Member for East Worthing and Shoreham (Tim Loughton), and the emphasis that it placed on certain issues. This debate was promoted as a discussion of child protection. We have concentrated almost entirely on issues around one particular case—that of baby P—and other cases of such gravity. Such cases are crucial and heart-rending examples of the dreadful things that can happen to children, but, to be totally honest, I think they are the type of cases where it will be most difficult to achieve a reduction in numbers. I have compared the Ofsted figures and those of the National Society for the Prevention of Cruelty to Children, and I think that the NSPCC figures are more accurate. Indeed, a breakdown of the Ofsted figures suggests to me that it presented its figures to the Committee I chair in a misleading way.

I believe that child protection includes the much broader remit of stopping child abuse of the physical or sexual kind—which very often does not end in death, thank God—and that we should also have regard to child misery. It is out there, and that weighs terribly on my conscience—as well as, I am sure, the consciences of most Members. It is important to be able to pick up through children's social services when a child is deeply unhappy, but that is very difficult to do. We must tackle this in a much more positive way, so I shall now say one or two unpopular things.

We need a well trained, highly motivated work force, and a strategy to provide the skills and training tools needed. The social work profession is good in part, but it is not very good in a much larger part. The culture must be changed. That might involve giving more respect and status, or changing the name of the social work profession, or looking at the relationship between health visitors and social workers.

Meg Munn: Does my hon. Friend agree that it is also important to give status to other people who work in child care, such as nursery nurses?

Mr. Sheerman: I absolutely agree with that point.

I hope that the inquiry that the Secretary of State has set in motion will look very fundamentally at the social work profession. It needs to be better rewarded, better motivated and better trained. Some evidence given to our Committee contained serious criticism of the quality of university training for social workers, and that must be looked at. We also need a trusted interface between parents and carers. We want a profession that is helpful and supportive; we do not want people to think that the inquisition is coming. We must also acknowledge that the social work profession is more difficult than is often thought.

Let me add a point that is central to the debate and has not been mentioned: we need to have the ability to track a child's progress, particularly between birth and the age of five. That is why I certainly will not add my voice to the criticism of ContactPoint. At present in this country, when a child faces problems of the kind I am talking about, it can go totally undetected. Unless he or she comes to the notice of the authorities, nothing is known. Many child deaths occur in families who have had no contact with children's services and social workers. Our system needs to be more like the Scandinavian one, so that we know where children are and we are able to monitor their progress much better. At present, there is very little possibility of doing that, which greatly worries me.

On the system of accountability, Ofsted reports to this House through the Committee I have the privilege to chair. I said to the chief inspector the last time she came before the Committee that I did not think it was good enough to have such a remote inspection system, which did not involve enough face-to-face contact between her inspectors and the departments being inspected. There are only 150 children's departments. Why is an Ofsted inspector not inserted permanently in each of those local authorities? There are 2,300 inspectors and 1,500 extra inspectors. Why cannot we have that? I ask that question because there is great public concern. The role could involve much more support than at present—the role is currently carried out as a paper analysis.

Mr. Graham Stuart: Will the hon. Gentleman give way?

Mr. Sheerman: I do not think I can allow another intervention.

We must also learn from experience and from all these dreadful cases. I urge us to listen to the outside experts; we are not the experts here. I want to secure a consensus, and we might be able to get it from the people who know about this stuff. Politicians do not

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really know about it; we have to be judged by the professionals. When they say that serious case reviews should be published, I will then be convinced, but I am not convinced at the moment.

We also need the systematic collection of records and data. It is so easy to say that it is all red tape and to cite the figure of 80 per cent. Social work and monitoring children and families is a highly complex task. It needs to be done with a human touch, with good management and with the data, which must be scrupulously kept and scrupulously checked. In every serious case review that I have looked at, I have found that so often things go wrong when management decisions are made on the basis of data that do not exist.

9.11 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): It is a great pleasure to follow the hon. Member for Huddersfield (Mr. Sheerman), who is Chairman of the Children, Schools and Families Committee and who has made a number of interesting points.

At the outset, I wish to say, as hon. Members on both sides of the House have said, that social workers are the unsung heroes of the public sector. They put their heart and soul into their jobs, and they work long hours, often for little reward and in some extremely difficult circumstances. It is an incredibly sad fact of our political life that public perceptions of social work, especially throughout this country, are so low. As hon. Members have mentioned, someone who visits one of the Scandinavian countries will witness a people who value and respect the work done by social workers on behalf of society's most vulnerable and neglected individuals. I am sure that we would all like to see the profession join the likes of teaching and medicine as something that more children and college students aspire to enter once they reach adulthood. The baby P case reminded us all of just how high the stakes can be, because when things are not running smoothly, when systems do not work and when people take their eye off the ball, tragedy can strike. That is why it is so important for us to look at the state of the profession and take urgent steps to reform it.

I wish briefly to touch on recruitment, which, put simply, is in crisis. According to Unison, vacancy levels in children's social care work are running at more than 10 per cent., and three quarters of all local authorities are reporting difficulties in recruiting social workers for these teams. Higher numbers than those provided by Unison could be cited, but undoubtedly the vacancy rate is very high. There has been a 30 per cent. rise in vacancy rates in just four years, and more than a third of those who study social work at university do not go into the profession. The number of whole-time equivalent social workers per 100,000 head of population is just 87.6. When I looked on the internet earlier today, I found that the figure for Massachusetts and some other US states where we do not think of public provision as being that great is more than 200 per 100,000 head of population. Unison recently did a survey of 369 front-line staff across the country and found that two thirds of respondents were working in teams where more than 20 per cent. of posts were vacant.

The reasons for such a shortfall in front-line staff have been set out to Ministers over and over again. One of the leading reasons is, of course, pay, which is a difficult issue. At the top end of the tree, a social worker can earn, at most, £40,000 a year. That should be compared with the sums paid to deputy head teachers or head teachers in schools, where salaries of double that are more common. Thus, one can see that social work is a less attractive route for someone to take. There is a huge difference in incentive between the different professions. If we want social work to be regarded in a similar light, we need to address the fact that the average salary for a social worker is just £23,600. The question has to be asked: is that high enough to attract the brightest and the best into the profession?

We must ensure that we target attracting people into the profession, and retaining and motivating them as our No. 1 concern. That is even more important than the systems, although of course we need good systems and to ensure that information is shared. High quality, highly motivated social workers in full-time posts will guarantee continuity and good information sharing far more effectively than overblown Government-driven IT projects. That is why there is so much concern about those projects that the Government are currently pursuing.

The key is to improve the status and attraction of social work. Anthony Douglas, chief executive of the Children and Family Court Advisory and Support Service, said recently:

"when you look at what has been done with teachers over the last ten years on pay and recruitment, that is the sort of thing we need. We need to start on an academic threshold on entry. That is important. We need bright people. Then we need proper career development. And we need social workers to be able to earn a lot while on the front line."

Perhaps that is one of the factors that has stopped young people wanting to go into social work in the first place.

For an example of a positive response to the recruitment issue, I cite my local authority, the East Riding of Yorkshire council. It recently initiated a recruitment and retention plan, which sought to address shortages in children's social worker posts. Its award-winning approach saw a reduction in vacancies from 50 per cent. to just 6 per cent. in 12 months. It introduced several initiatives, including a social worker recruitment pool, a care ambassador scheme and the production of a DVD and a prospectus for all local schools, colleges and universities. The council faced up to that issue and made a serious difference.

Social workers are the unsung heroes and we need to ensure that they are in place and properly supported. As the hon. Member for Mid-Dorset and North Poole (Annette Brooke) emphasised, we need an holistic, joined-up approach in which issues such as the lack of universal cover by health visitors—which has happened under this Government—are looked at again. We need early intervention, and we should always remember the evidence that the Committee heard: that children who suffer from neglect are damaged more than any other children apart from those who suffer the most severe physical abuse.

9.17 pm

Hilary Armstrong (North-West Durham) (Lab): Too much of our child protection policy has been constructed following tragic cases. I am afraid that I can go back a

lot further than the hon. Member for East Worthing and Shoreham (Tim Loughton). At the beginning of my time in this House, I served on the Committee considering the Bill that was introduced after three very tragic cases during the mid-1980s and the Cleveland child abuse case. Those cases, of course, provided very different perspectives. The inquiries into the cases of the three children who died saw them as a failure of agencies to work together effectively and the failure of social services departments to intervene, especially when parents were avoiding contact. The Cleveland case was on the other side of the issue, and the social services and the medical profession were criticised for over-zealous diagnosis of sexual abuse and intervention that was too hasty and overrode the rights of parents. Somehow, in the midst of all that, we had to construct legislation. At the same time, social workers were trying to do their job with very different messages coming from this House and the world outside.

The hon. Member for Beverley and Holderness (Mr. Stuart) talked about his visits to Denmark and other Scandinavian countries, and how well they were doing in respect for social workers. When I made such visits, the social pedagogues told me that they would not be able to work in the same way if they had our press. They said, "We don't have everything that we do paraded in tabloids. We don't know how people ever go into social work in the UK, because whatever decision they take is frequently pilloried." We must all take some responsibility for that, and I am afraid that the earlier exchange would perhaps reinforce that view among social workers rather than making them feel that people in this House were seriously trying to come to terms with what is happening in the world in which they are working.

During the passage of the Children Act 1989—I invite the hon. Member for East Worthing and Shoreham to read some of the exchanges that took place—I had to work extremely hard to get the then Government to take seriously the suggestion that training should be written into it. It was a battle royal to get training written in as one of the basic requirements for early-years workers and those working with vulnerable children.

We cannot eliminate risk altogether, although we sometimes talk as though that were possible. Some of our press certainly talk as though we could. We cannot do that. People have to be enabled to make sound and robust judgments, but it must be clear what is expected of workers in a particular position. The tragedy at the moment is that workers are totally risk-averse. I talk to lots of directors of children's services and chief executives, and it seems that the system has become totally risk-averse. That is not in the interests of children, either. It is in our interests and theirs to have more long-term strategic objectives, which we allow people to get on with and to work with. Yes, we should inspect and, yes, we should hold people to account, but we should recognise the seriousness of the job that people are doing in a way that enables them to make sound judgments.

We also have to do far more to support parents. The risks are greater when parents are not confident, sure or able to take the right decisions. So, the early intervention that the hon. Member for Mid-Dorset and North Poole (Annette Brooke) talked about and that I have talked about until everybody is bored silly is still at the heart of good child protection. We need effectively to support parents in their role as parents. We should not see parenting as a natural skill that everybody has. I do not know any parent who, when they are being honest late at night, says that it is all easy and straightforward. Every parent has huge challenges and huge difficulties. It is our responsibility to ensure that the support for parents is such that we tackle child protection in a much more serious way.

9.23 pm

Mr. Rob Wilson (Reading, East) (Con): Child protection is absolutely at the top of the agenda in my constituency and I want to take the opportunity of this important debate to focus on some local issues.

As many have said, the tragic case of baby P exposed a catalogue of failures at Haringey social services department, but it was not an isolated case. I think we all know that. My local authority, Reading, experienced a similar tragedy with the death of three-year-old Trae-Bleu Layne, who died in October 2006 from methadone poisoning when she was injected by her mother to make her sleep. The council's handling of the case was subsequently described as inadequate by Ofsted. The child was under the supervision of Reading borough council's children's department, and during the inquest into her death the coroner was critical of the failure to do enough to safeguard her well-being. In particular, there was a failure to ensure regular visits and to monitor those visits.

The mother was a known heroin addict and the police admitted that both they and social services staff could have done more to protect the child. The coroner concluded that, despite the mother's manipulative efforts to stop social workers visiting the house,

"the frequency for seeing Trae-Bleu fell well below the required and acceptable level".

One would think that an episode like that would act as the strongest possible warning to a local authority, but in 2008 Reading borough council was one of only eight councils, including Haringey and Wokingham borough council, to have its child protection services deemed "inadequate" by Ofsted.

The main findings of that Ofsted report make very uncomfortable reading for anyone involved in Reading. It highlighted a catalogue of failures in the children's services department. It specifically noted that key child protection assessments were not being completed within acceptable time scales, that personal information on children was not being stored in a way that was easily retrievable, and finally that there was weak performance management in the local authority's social care service.

Although the lead councillor for children's services was sacked at a full council meeting last week for his negligence in leading that service, a whistleblower has stepped forward and described a culture of bullying in the service. If that is true, that culture undoubtedly contributed to systemic failure in the department. What I find difficult to understand is that the very people in the department who were employed to protect Reading's most vulnerable children were probably being bullied themselves. However, it is not the first Reading borough department about which I have heard allegations that a culture of bullying exists.

Unfortunately, the bad news does not stop there. Reading borough council also has problems with its performance relating to looked-after children. The Ofsted

[Mr. Rob Wilson]

report highlighted the disturbing fact that only a relatively low proportion of children leaving care achieve one pass or more at GCSE. I know that that is not so uncommon around the country but, if we are serious about social mobility, then surely we must ensure that vulnerable children are able to access a decent education.

Another worrying aspect of the report was that it found that there was a

"lack of clear, agreed staff recruitment and retention strategy"

in the children's department. Reading council has stated that it wishes to take on more social workers to ease the burden on existing workers, although it appears that the reason it has not been able to recruit and retain staff is the culture of the department. That said, the poor public image of social work following the crisis after baby P, coupled with the growing pressure of the job, has clearly cut the number of people who are willing to enter the profession.

That is incredibly sad, because social workers do an extremely important and valuable job, and most do it quite brilliantly. I stand in awe of the contribution that many of them make. It is our duty, in this House this evening, to help to restore the reputation of social workers, not to try to destroy their profession. In this respect, the Ofsted report noted the fact that action has been taken in Reading over the last 18 months to deal with "significant staff capability issues" and to address shortcomings in supervision and front-line practice. I pray that those actions will bring about a significant improvement.

However, it is true that the Government's red tape is stopping people doing their jobs, and we heard earlier this evening about the 80 per cent. of time spent on paperwork. No amount of child protection legislation is a substitute for skilled professionals. Social workers need to be allowed to get on with the jobs that they are extremely qualified to do, instead of collecting data and ticking boxes.

As far as Reading council is concerned, I support the changes that it is implementing and understand that it is trying to make improvements. I hope that the results of the recent Ofsted report will trigger some deep thinking and reflection about past errors and behaviour, but there is no room for complacency or further error in either Reading and Wokingham. Improvements must be deep-seated and long lasting. A real change must take place in the running of children's services both locally and nationally, so that all our constituents get the services that they are entitled to receive.

Whether they involve baby P in Haringey or Trae-Bleu Layne in Reading, we all have a duty to ensure that such local authority failures are never repeated.

9.29 pm

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I shall deal with just three issues in my contribution. I want to speak about the importance of raising the status of those who work in child protection, and about the need for better training and better inspection.

I very much welcome the tone that Members across the House have taken on the importance of social work and the jobs that are done. That is something of a turnaround; in my 20 years in social work, I certainly never felt loved by the public generally, or by any Government of the day. The reality is that for years, Governments have not focused on the profession. The number of people in social work is much smaller than the number in teaching and nursing. The time has come to focus on the issue, and to raise the status of all involved, whether they are child care workers, nursery nurses, health visitors or social workers. That will mean more money, and more investment. We should not just raise salaries—it has been amply demonstrated that that needs to happen—but make investment in ongoing training.

Training is enormously important at the outset of the career, but continuous professional development is equally important. Quite apart from the issues that we have debated, such as whether social workers are too much tied to computers or to recording, I worry that not enough time is put aside in their day, week or month for professional development and learning. I recently tabled a question, to which my right hon. Friend the Minister for Children, Young People and Families responded, on what research is being undertaken on those issues. There are 22 such pieces of research being undertaken. They take up two pages of A4. My concern is not that that is too much research, or that it is problematic; my question is how people on the front line will get to know the outcome of that research. What aid will they be given to learn from those detailed investigations?

I want to come on to an issue that we have talked about at great length—serious case reviews. I do not know whether any other Members of the House have ever been involved in serious case reviews or what preceded them, but I certainly have. I have chaired them, written them, and given evidence to them. I remain strongly of the view that they should not be published. I do not think that they would give a great deal of help. They are important within authorities, because they help people in those authorities to understand what went wrong in their area, and to learn from it, but the summaries should be sufficient to enable people to learn. I commend the NSPCC for publishing those summaries on its website. That is where one goes to if one wants to find out what the child protection issues are. I ask the Department to look at the matter more carefully.

Research done on the back of those summaries to bring together the lessons learned is important. The real tragedy of all the cases that we are discussing is not that we do now know what is going wrong, but that the same things go wrong year in, year out. To concentrate on saying, "Publish serious case reviews" is to miss the point. We know a great deal about what goes wrong, so we need to concentrate on learning that and making sure that all professionals have that information.

We also need to do more about learning from good practice. I recall a case of sexual abuse that I was involved with some 15 years ago. We were congratulated by our local authority at the end of the process; we worked very well with the police and a conviction was secured. The people in the policy section of the council said, "We must come and see how you did that, and what made it work." Of course, they never did. So much more time and effort goes into looking at the cases that go wrong than into those that go well.

Another enormously important issue is better inspection. I am not sure that I agree with my hon. Friend the Member for Huddersfield (Mr. Sheerman) on the idea

of embedding inspectors in departments; I would worry about their independence. However, closer involvement is important. The way in which inspections have been carried out means that individual social workers, and managers, can go years without their practices ever being looked at by any external person; that is not right. We need to change that, and we need to be more rigorous in that regard.

My final plea is that we make a big effort on the issue. The Government should look at what the social work taskforce comes up with in due course, and something should then happen on the ground. In 1998, social workers stood up and cheered when the Labour Government gave money to the quality protects programme, and for the first time in 10 years we stopped cutting social work posts and invested in doing something about children. We need the same kind of energy now. We need a new initiative, but one that focuses on child protection specifically, rather than on children's services as a whole.

9.34 pm

Lynne Featherstone (Hornsey and Wood Green) (LD): When the Victoria Climbié tragedy happened in Haringey, the leadership took no fall for that. Only the social worker at the end of the food chain took all the blame and was hung out to dry. That is why Laming so pointedly criticised the lack of accountability in the leadership, why the Government—I am grateful to them—put in the Children Act 2004 two accountable positions for child protection, and why those people at the top had to go this time. I am grateful to the Secretary of State for acting so resolutely and swiftly to ensure that Laming's views were regarded.

I welcome what the right hon. Gentleman has done. The concentration has been on the practice, management and focus of children's services, and rightly so, as that is the front line. However, those departments do not exist in isolation. They are subject to pressures. If those pressures and the wider issues are not examined, those departments, however good their work is, will again succumb to those pressures in the years to come and begin to fail. That is why I disagree with the right hon. Gentleman and continue to call for a public inquiry to examine those wider issues.

Very briefly, I shall give some of my reasons for that opinion, one of which relates to cost. Although that should not be an issue, I have been told by two sources that an e-mail and a memo are going between senior managers in Haringey instructing senior managers not to take children into care. I have made a freedom of information request to obtain that information, which was denied on cost grounds. I appealed and I am now referring the matter to the Information Commissioner. I have passed that information to Mr. Badman, because it is not inconceivable that cost was an issue in that children's services department.

We need to look at scrutiny. It is not as though Haringey did not have whistleblowers coming out of its ears, trying to tell it what was going on. I went privately and without any coverage, so that politics and publicity would not come into it, to the leader and the chief executive of Haringey council to tell them about three cases in which there was an endemic problem of a closing of ranks when people tried to raise issues of concern. One of those people was a social worker, one was a parent and one was a school governor.

Sharon Shoesmith famously said that her department was commendable and did not need scrutiny. Opposition members raised the matter of concern in full council and in other places. We need to consider how we can ensure that those concerns are taken seriously and that politics do not get in the way of issues being dealt with properly.

Perhaps we need to revisit the merger between children's services and education. I tread on dangerous ground in making that suggestion. I do not know the answer. Why were health visitors not included in that merger? Where there is an education head, social services or children's services feel that they are not covered, and vice versa. There are issues that we need to revisit.

Secrecy and injunctions are further matters of concern. Haringey has issued many injunctions to stop employees talking about what they know, quite apart from what they might say in private to a serious case review. Injunctions should not be issued like confetti. They act as a protection for the serious issues involved and should not be used to stop people talking about what they know.

We must also consider the paper trails that are created. We need to look at the Government hoop that Haringey jumped through by presenting false information to Ofsted, which did not see what was under its nose. I shall not enlarge on that, as I want to leave time for my hon. Friend the Member for Birmingham, Yardley (John Hemming) to speak. I conclude by asking hon. Members to sign early-day motion 53. There are already 100 signatures. We need to look at the wider issues or the Department will not be able to hold out against the pressures on it, however good the Secretary of State can make social workers.

9.39 pm

Mr. Edward Timpson (Crewe and Nantwich) (Con): I preface my short contribution to the debate by re-emphasising that the issue requires genuine cross-party co-operation. It is important to recognise that there are many children who have been well protected by our care system, and they are the rule rather than the exception. However, I want to speak in this debate because of my lifelong involvement in child protection, as a result of which I have a deep desire to make sure that we get it right.

Child protection is about safeguarding children and managing risks. Although the "Every Child Matters" Green Paper was important and commendable in its motives, sadly it has not led to the wholesale reform of child protection intended by the 2003 Lord Laming report. In my view, it has not been helped by the clear tension between the two statutory duties of local authorities: on the one hand, to safeguard and promote the welfare of children in need within their areas; and on the other, and as far as is consistent with that duty, to promote the upbringing of such children by their families.

As a consequence, councils are seeking alternative options for children identified as being at risk—for example, section 20 voluntary accommodation and placements with family friends, as happened in the baby P case. In my experience, that has led to some cases that have gone on far too long before there has been any legal intervention to protect the child. The problem is compounded by two, more recent, introductions. First, there is the hike in issue fees in care cases and, secondly, there is the public law outline in our court system.

[Mr. Edward Timpson]

I turn to issue fees. There has been a thirty-twofold increase in court fees charged for care proceedings, imposed by the Government; they have gone from £150 to £4,825 per case. As an immediate consequence, there was a 20 per cent. drop in care applications. Many see that as a significant disincentive against cash-strapped local authorities taking care proceedings. For example, from March 2007 until April 2008, Sunderland spent £32,000 on care proceedings; from March 2008 to December 2008, it spent £116,000 on them. The Government would say that they had provided £40 million to help local authorities finance those hikes in the cost of care applications. However, that additional money was not ring-fenced for that purpose and, as we know, local authorities have a number of other financial constraints. Perhaps the money would be much better spent in other ways—the issue of five care proceedings, for instance, would pay for a family support worker for a whole year. I ask the Minister how it can be right to charge such an extortionate and disproportionate fee to bring proceedings to protect vulnerable children.

Secondly, there is the issue of the public law outline. I declare an interest, as I had some direct experience of the outline when it was in its infancy in April-May last year. Even at that stage, in the pilot phase, it was obvious that although its aims were laudable, it was an unrealistic model for our current care system, particularly as we are now aware that one in seven social work positions sits vacant. The fact is that local authorities do not currently have the means, resources or expertise to fulfil everything that the public law outline requires them to do. Indeed, the shortages of social workers and the revolving nature of their involvement in a case often mean that the author of the initial social work statement is different from the social worker who carries the case through the courts.

I am delighted that in my constituency the new local authority-to-be, Cheshire East, has recognised the enormous significance of child protection in its range of responsibilities. My message to it and to the Secretary of State is that we must continue to invest in more permanent and highly trained social workers, reduce their casework load, reverse the rise in care application fees and review the public law outline and its impact. Despite the best intentions on all sides, there are still flaws in our care system, and they must be put right.

9.44 pm

Mrs. Maria Miller (Basingstoke) (Con): This debate has been an opportunity seriously to discuss the importance of child protection. It is rather disappointing that the Secretary of State did little to illustrate to those who watch our deliberations carefully that he was able to approach the debate in the collaborative manner that our constituents and others would expect. Members of this House expect better. He used statistics about the numbers of deaths of children from abuse in a way that some, including my hon. Friend the Member for Beverley and Holderness (Mr. Stuart), may say runs the risk of being misleading. I would like to give the Minister for Children, Young People and Families, who will wind up for the Government, the opportunity to set the record straight, because I am sure she would not want to leave her Secretary of State in the position of potentially misleading the House by saying that the Opposition would cut budgets in this area.

Mr. Speaker: Order. We must not use intemperate language like that. Even a hint of a reference to misleading the House is not what I expect. Perhaps the hon. Lady could gently withdraw.

Mrs. Miller: Thank you for that guidance, Mr. Speaker. Obviously what I really want the Minister to do is set the record straight.

Mr. Speaker: The hon. Lady should withdraw that remark. That is fine—we all have to do that from time to time.

Mrs. Miller: Thank you, Mr. Speaker.

We all have a clear duty to do all that we can—*[Interruption.]* I am sorry, Mr. Speaker; I withdraw my comment so that we can move on and have an important and constructive debate.

We all have a clear duty to do what we can to ensure that children growing up in our country are safe. In that respect, the Government are absolutely right to say that safeguarding children is everyone's responsibility. Yet the tragic case of baby P graphically shows that although changes have made following the death of Victoria Climbié some eight years ago, there remain unacceptable and devastating flaws in child protection that need urgent attention if there is to be a change in the unacceptably high levels of child abuse in this country. In truth, the systems that support families have struggled to keep up with the staggering pace of change in our society. Increased levels of family breakdown, highlighted by this week's Children's Society report, coupled with increasingly mobile families, with few people living in the same place for life, mean that the natural checks and balances and safeguards built into our communities over time have been eroded.

As my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) pointed out in his thoughtful and well-presented speech, it is not that there is a lack of legislation in this area—indeed, the scale of change may have added to some of the problems that we have encountered—but that we have to ensure that the protection system itself does not overwhelm the most important issue, which is the care of children in our society. It is important that that point is noted.

The hon. Member for Huddersfield (Mr. Sheerman) rightly observed that these are highly complex issues, but it is clear that there are still lessons to be learned. I hope that the Minister will do what her Secretary of State has perhaps not indicated that he is willing to do and listen to the proposals for further reform that we have put forward.

I particularly commend my hon. Friend the Member for East Worthing and Shoreham for all the work that he has done. Under his chairmanship, the Conservative party commission on social workers has provided a clear analysis of the problems that have to be faced and some detailed and practical policy proposals that the Government should carefully consider. Those proposals would provide the framework of openness, transparency and accountability that is so badly needed.

Most significantly of all, we have highlighted the importance of front-line professionals in delivering the changes that are needed. That was reiterated by Members on both sides of the House; indeed, my hon. Friend the Member for Beverley and Holderness talked about unsung heroes. Although the structures and systems are important, it is the training, experience and continuity of front-line professionals that are critical in child abuse cases. As Dr. Eileen Munro of the London School of Economics said of the Victoria Climbié case, there was no shortage of information but there was a shortage of wisdom as to how that information should be used.

The right hon. Member for North-West Durham (Hilary Armstrong) said that we must ensure that we can enable people to make sound and robust judgments; she made a very good point. Up and down the country, many of the professionals tasked with child protection are finding it difficult to ensure that the level of care that is needed is in place. Indeed, we know from the statistics that in eight local authorities, including the borough of Haringey where baby P died, a third of the required number of social workers are not in place.

It is not enough just to treat the symptoms. We also need to ensure that early intervention is in place, because it is key if we are to see a reduction in the number of child abuse cases that so many hon. Members have talked about today. It is important that Sure Start has an even stronger role in providing a focal point to support families before they reach that crisis point. That is why we have set out in detail our plans to re-establish a modernised universal health visitor service, led through Sure Start, to ensure that families, particularly vulnerable ones, get the support they need. That service will ensure that Sure Start is effective in reaching vulnerable families in our community.

In conclusion, child protection remains a top priority for Conservatives, and this Opposition day debate graphically illustrates that. I welcome the time given by the House to the discussion of these important issues. In the light of the baby P case, Lord Laming's report on child protection is due to be published in a few weeks' time. The Government need to take some decisive action to ensure that the professionals on whom we rely to protect and support some of the most vulnerable people in our society are trained, prepared and supported to deal with the demands that they face on a day-to-day basis.

As we sit here today, staff shortages, vacancies and spiralling case loads mean that professionals are spread thinly. They already feel that they are losing touch with some of the most vulnerable families in our community. Last month, Unison referred to the situation as a ticking time bomb that will lead to more tragic deaths in the future. We urge the Government to take up the measures that we have proposed today to defuse that ticking time bomb, and to ensure that everything possible is done to prevent future tragic headlines from hitting our newspapers.

9.52 pm

The Minister for Children, Young People and Families (Beverley Hughes): I start by saying that I welcome the fact of this debate but regret the tone of it, which was set by the hon. Member for East Worthing and Shoreham (Tim Loughton). We genuinely wanted a cross-party consensus that would demonstrate to the outside world the importance we all ascribe to keeping our children safe. We hoped that we could agree across the House on what more needs to be done to ensure, as far as we possibly can, that the safety and protection of children are as good, reliable and consistent as they can be.

We are building on the fact that this Government have done more than any other to protect children, with the critical reforms in the Children Act 2004, the Every Child Matters programme and the establishment of multi-agency children's trusts and local safeguarding children boards. All have transformed the local arrangements for prevention, early intervention and the robust inter-agency responses necessary when children are at risk. I am not complacent, however, and we need to keep a relentless focus on how well those reforms are implemented in every local area. We will not tolerate a postcode lottery in safeguarding. We have to ensure that every single child everywhere has that most basic of rights: a safe childhood.

In the majority of areas, as Ofsted has shown us, things are moving in the right direction, but we need to ensure that that continues. No Government can guarantee 100 per cent. safety, as my right hon. Friend the Member for North-West Durham (Hilary Armstrong) pointed out, but that definitely should be our goal. My right hon. Friend the Secretary of State has already outlined the progress made in the last 10 years, and acknowledged the serious concerns following the tragic death of baby P and the action that we have taken since. We have to ensure that every children's trust performs to the highest standard, which is why we are strengthening them legally. We are awaiting Lord Laming's report, and we expect further improvements from the work of the social work taskforce. Where areas fall behind, as in Haringey and elsewhere, we will continue to take swift, decisive action, including in Surrey. I have to say that I cannot understand the failure of the hon. Member for Surrey Heath (Michael Gove) to respond to my genuine invitation to give him a briefing on the serious situation in Surrey. I would have thought that he would be interested in the implications of the inadequacies that exist for the children of Surrey. Together with his failure to lead the debate, that will call into question the Tories' commitment to child protection. It was a serious error of judgment.

Members raised three key issues, the first of which was the work force. I say to the Opposition that there are issues to consider in relation to the work force, but that their freedom of information figures include not just social workers but everybody in the social care work force. They therefore inflate the vacancy rate, which is at a national average of 9.5 per cent.—too high, but not as high as the Opposition cited. There was also a rise of 39 per cent. in the number of full-time equivalent social workers employed between 1998 and 2007.

I agree that improving the status, training and practice of social workers is key to the further reforms that are needed. I agree with my hon. Friends the Members for Huddersfield (Mr. Sheerman) and for Sheffield, Heeley (Meg Munn) that it is very important that we have that highly trained work force. That is why, in addition to the measures that we have already taken, the social work taskforce is helping us to focus on what needs to take place on the front line.

My right hon. Friend the Member for North-West Durham pointed out the importance of prevention and early intervention, which are very much part of child

[Beverley Hughes]

protection. She has championed the family nurse practitioners whom we are now funding and the huge investment in services for the under-fives, which was not in place pre-1997. That is very important in making a big difference to children and their safety.

The third key point that was raised was the importance of data, information sharing and joint working. I am grateful to my hon. Friend the Member for Huddersfield for pointing that out. Every inquiry into the death or serious harming of a child since the case of Maria Colwell in 1974, when I was just starting out on postgraduate training as a probation officer, has pinpointed the failure to share information and the failure of professionals to act together as key factors in failing to safeguard those children. That is why ContactPoint is so essential.

Mr. Graham Stuart *rose—*

Beverley Hughes: I am sorry; I am going to finish. I apologise to the hon. Gentleman.

I implore Opposition Members to rethink their position on the ContactPoint system. It is not of itself a guarantee, but without it we cannot be sure that we will not see another failure of information sharing leading to the death of a child. Systems have been intended to achieve that for 30-odd years and have still not done it, and ContactPoint is essential.

This has been a very important debate, and if one thing has united us, it has been the opportunity to acknowledge the commitment and dedication of those involved in services right across social care, health, the police and beyond—all those involved in safeguarding children. They face a difficult job in challenging circumstances, and we must support them. However, we recognise that there is much more to be done. Every single child should enjoy a happy, safe childhood, regardless of where they live or their background. Achieving that means a relentless drive by the Government and local children's trusts to raise standards and tackle failure. It means support for social workers and their training, the willingness not to duck difficult decisions such as that on ContactPoint and the commitment to sustain the money necessary to invest in services.

The Opposition have told us little about what they would do and where they would get the money. They have said that they are not committed to children's centres and that they would axe ContactPoint. Their spending plans would cut £300 million from the children's non-school budget. That is the equivalent of a £2 million hole in every local authority's budget.

By contrast, the Government will continue to invest in children and families, drive the necessary reforms and raise standards to give every child the best. I commend the Government amendment to the House.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 198, Noes 292.

Division No. 30] **[9.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Barrett, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horwood, Martin
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Opik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant

Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Jeremy Wright and
James Duddridge

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill

Raynsford, rh Mr. Nick
Reed, Mr. Andy
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and Ms Diana R. Johnson

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)), That the proposed words be there added.

Question agreed to.

The Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House agrees that safeguarding children is everyone's responsibility; recognises that keeping children safe is a top priority for this Government, commends action taken by the Government following the tragic death of Baby P, to keep children safe in Haringey; welcomes the requirement that all local safeguarding children's boards responsible for serious case reviews judged inadequate by Ofsted convene an independently chaired panel to reconsider the review and report to the Secretary of State; agrees with the Deputy Children's Commissioner and the NSPCC that while comprehensive executive summaries should be published full serious case reviews should remain confidential; affirms its conviction that the Every Child Matters reforms are soundly based and essential in driving change for children; welcomes evidence in the joint chief inspectors' third report on safeguarding children of improvements since 2005 in children's services and outcomes for children and young people; commends the development by the inspectorates of new local area assessment and inspection arrangements; welcomes the commissioning of Lord Laming to report on progress being made across the country in implementing effective arrangements for safeguarding children; agrees with his recommendation that serious case review panels should be chaired by people independent of the reporting agencies; commends the creation of a Social Work Taskforce to review frontline social work, including the role and development of the Integrated Children's System in support of its work; and further commends the recent announcement of the first stage of delivery of ContactPoint, which experts agree is vital to keep children safe.

Business without Debate

DELEGATED LEGISLATION

TRIBUNALS AND INQUIRIES

Ordered,

That the Tribunal Procedure (First-tier Tribunal) (Health, Education and Social Care Chamber) Rules 2008 (S.I., 2008, No. 2699) dated 9 October 2008, be referred to a Delegated Legislation Committee.—*(Ian Lucas.)*

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119 (11)),

ENLARGEMENT STRATEGY AND MAIN CHALLENGES 2008-09

That this House takes note of European Union Document No. 15455/08, Commission Communication: Enlargement Strategy and Main Challenges 2008-09; and supports the Government's policy that Turkey, Croatia and all the countries of the Western Balkans should be able to join the EU when they meet the criteria.—*(Ian Lucas.)*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118 (6)),

FINANCIAL SERVICES AND MARKETS

That the draft Unit Trusts (Electronic Communications) Order 2009, which was laid before this House on 8 December, be approved.—*(Ian Lucas.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118 (6)),

That the draft Open-Ended Investment Companies (Amendment) Regulations 2009, which were laid before this House on 8 December, be approved.—*(Ian Lucas.)*

Question agreed to.

SCOTTISH AFFAIRS

Ordered,

That Lindsay Roy be added to the Scottish Affairs Committee.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

2011 Census (Southend)

Motion made, and Question proposed, That this House do now adjourn.—*(Ian Lucas.)*

10.17 pm

Mr. David Amess (Southend, West) (Con): All Members of Parliament, regardless of their party affiliations, want to do the best they can for their constituents. All we ask is fairness and fair treatment for our constituents. Sadly, however, the last census served the constituents of Southend extremely poorly and the repercussions were so serious that my hon. Friend the Member for Rochford and Southend, East (James Duddridge) and I found that our constituents had suffered a £7 million shortfall.

I do not want to spend too much time dwelling on the past, but it is necessary to share a few things with the Minister—accepting immediately, of course, that he was not in post at the time. It is all there in *Hansard*—the meetings I had, the Adjournment debates and the representations I made—but at the end of it all, I got absolutely nowhere. I had what I regard as a very unsatisfactory meeting with the people responsible for organising the national census. Frankly, they failed to budge one inch. As a result of the shortfall in funding, Southend council had to cut bus services and all manner of things because we were £7 million short.

Looking back on what went on at the time, I have to say to the Minister that, sadly, I feel that I was not involved at an early stage when the census was being prepared and it appeared to be going wrong. My hon. Friend the Member for Rochford and Southend, East was not even the Member for his constituency then, so he has no knowledge of what went on at that time.

I am delighted to tell the Minister that my hon. Friend and I are now working closely with Southend council, having been asked to assist at an early stage so that we can get the Southend census right. On a slightly sour note, I must also tell him that last week, having travelled down from Westminster during the day specifically to attend a meeting with representatives of the people organising the census, my hon. Friend and I received a message saying that they could not make the meeting because they had been stuck at Gatwick, and would eventually arrive some three or four hours later. We had to return to Westminster. It cannot therefore be said that the process has got off to a great start in every respect.

Putting the past behind us, however, I can tell the Minister that Southend has already set up a cross-sector census group chaired by the interim head of policy and improvement. We have engaged Royal Mail to ensure that accurate household data are provided. We have a communications strategy, beginning this year, to educate the public about the survey. I do not want to sound pompous, but I am sure the Minister will understand what I mean when I say that I do not think there is a huge appreciation of the importance of the census among the general public.

Southend borough council is developing area profiles to help the Office for National Statistics to target its enumerators on hard-to-reach areas. According to census regional champion David Monks, it is the first authority to begin preparations for the census. I am very glad that, on this occasion, the council could not be better prepared. My hon. Friend and I think that, under the leadership of Councillor Nigel Holcroft and his deputy John Lamb—together with Rob Tinlin, the chief executive, and one of his officers, Sally Holland—it is doing an excellent job in covering every aspect of what went wrong before.

I have a number of questions to ask the Minister. Obviously he cannot respond to them all tonight, but I hope he will reflect on them in due course, and perhaps respond at a later stage.

Whether the 2001 Southend population count was 16,000 too low, 18,000 too low, as some have said, or 20,000 too low—I believe that estimate, because I support the primary care trust's figures—the under-count led to significant underfunding. I should like the Minister to conduct some research with his officials to establish whether, if similar differences emerge following the 2011 census, there will be a defined and robust appeal process that will be able to draw on all available evidence to determine the population figure accurately. That would reassure the council, because no such system appeared to be operating last time. As far as I can remember, three or four councils' appeals were heard.

Either last week or the week before, the Minister for Local Government responded to a topical question about houses in multiple occupation, which is a serious issue in Southend because it contains numerous such houses. The ONS has commented that they cause special problems for enumeration purposes, some of which may be compounded by the proposed postal delivery system. What guarantees can the ONS give that all houses in multiple occupation will be accurately identified, and that robust follow-up action will be taken to ensure that an accurate census is achieved? The ONS has acknowledged that houses in multiple occupation, both legal and illegal, are difficult to count. They pose a particular challenge when there is no single householder to take responsibility for returning the census form.

I must say to the Minister at this point that my hon. Friend the Member for Rochford and Southend, East and I have seen the census forms. They are 32 pages long. The constituency I represent has the most senior citizens and centenarians in the country. Anyone who has a lot to do with elderly people, particularly the very elderly, will know that they often do not open their mail—perhaps because their fingers are too frail. How can we expect them to fill in forms 32 pages long? That will be difficult for them to do, unless they have a dedicated advocate.

How will the ONS ensure that flexible living arrangements such as HMOs do not interfere with the collection of accurate census forms? We have a wonderful college in Southend, under the leadership of Jan Hodges. There are already 4,000 students there, and their numbers are growing all the time. The census is being held during the Easter break, so how can we be assured that term-time addresses are accurately collected so as to ensure that Southend does not lose out on funding because the number of students is not taken into account?

Since 2001 we have suffered from a larger demand for services than the budget has allowed for. The revenue support grant element of local authority funding is the main funding stream to deliver local services. If Southend's RSG is increased as a result of the next census, will we be able to access these much-needed funds immediately, rather than in due course?

[Mr. David Amess]

In October, the ONS will carry out a rehearsal in three areas. I understand that it is voluntary for householders to take part, and the exercise is being used to test the delivery mechanism. Southend feels strongly that this engagement mechanism is not the most reliable for a number of reasons, particularly for houses in multiple occupation and gated communities, of which we have many. How does the ONS propose to ensure that this mechanism works and is accurate, and can we be assured that every household identified will actually receive a census form to complete?

If Southend is successful in obtaining an accurate population count in 2011, that will affect the amount of RSG. What mechanism are the Government putting in place to ensure that these much-needed additional funds are made available to Southend with immediate effect, thereby releasing cost pressures on service delivery?

I know that my hon. Friend the Member for Rochford and Southend, East wants to speak, so I shall move on swiftly. The ONS is developing a post-out, post-back mechanism for the 2011 census. It predicts that 95 per cent. of forms will be posted out and 75 per cent. will be posted back directly by the householder. This would generate huge volumes of post in a short time. Can the ONS assure us that whichever provider is chosen will have the capacity to deal with those huge volumes of additional post, and that there will be minimal loss of forms?

Timeliness is essential when working with statistical data, and even more so in connection with designing services for citizens. The ONS has indicated that data will be available approximately 18 to 24 months after the census. Why is there such an extraordinarily long delay in releasing data from the census to local authorities, and will the ONS be held to account to deliver the data in a timely fashion, as is often demanded of local authorities? The ONS has acknowledged that there were delays in the mail system in relation to the forms returned in 2001. What assurances can the ONS give that its proposed postal delivery mechanism will have enough capacity to cope with an estimated 75 per cent. postal return rate?

The ONS is predicting that 25 per cent. of respondents will use the internet. I find the internet challenging in doing my work as a Member of Parliament, so I do not know quite how that will work. What assurances can the ONS give that adequate security and safeguards are in place to ensure the integrity of the internet site so that personal information cannot be stolen and used by criminals? The ONS suggests that the new census form will comprise 32 pages. The increase is due to additional questions being included in the form, and the addition in respect of a sixth person in the household. With growing family sizes and more houses in multiple occupation, what guarantees does the ONS give that it is confident that households of more than six people—we have many of those in Southend—will request an additional form?

The ONS has published proposals to operate a helpline to assist citizens with completing the form, because many households will not receive any of the doorstep support from enumerators that was given during previous censuses. That support is vital for those who do not speak English as a first language, and for the elderly. As many people work long hours, how will the ONS ensure that those who cannot access the 8 am to 8 pm helpline will receive the support that they need?

I have many other questions to ask, so I shall write to the Minister. A big issue in Southend is that the town contains many people from eastern European countries who, for all sorts of reasons, seem reluctant and frightened to return the census forms. What suggestion does the Minister have as to we can encourage those people to be more confident in returning their forms? I have every confidence that he will do his best to ensure that this time, the census in Southend is accurate.

To return to what I said at the start, all that I, like other hon. Members, am asking for is fair treatment. As the Minister knows only too well, an accurate census is essential if Southend is to get a fair share of the money available for essential local services.

10.31 pm

James Duddridge (Rochford and Southend, East) (Con): I congratulate my hon. Friend the Member for Southend, West (Mr. Amess) on securing this debate on a vital issue. At the best of times, the relationship between government and the electorate is a difficult one; it is a contract whereby the electorate pay tax in return for the provision of services. As a result of the 2001 census, the people of Southend are being ripped off and I am very concerned about things, despite the preparations for the 2011 census.

As my hon. Friend mentioned, I was not in Southend and I was not a Member of Parliament during the 2001 census. In fact, I was taking part in a census in Botswana, where I lived at the time. Even in Gaborone, someone knocked on the door and went through the census, as happened during our 2001 census. The questions were slightly different—I was asked how many head of cattle and how many chickens I had—but the essence of knocking on the door to get that information was in place. It deeply concerns me that the Government and the ONS will be moving away from that approach in 2011. They are moving away from the idea that someone will knock on the door and deliver the form, and that that same person will come back again and again. The Government are setting themselves up for a worse result in 2011—even compared with the 2001 base point.

I congratulate the ONS on running a number of pilots, but I am baffled why it has not chosen some of the areas that are said to have lost population in the 2001 census. I am thinking of places such as Westminster, Forest Heath, Kensington and Chelsea, Cambridge, Richmond, Manchester, Oxford, Elmbridge and Barnet. Why were those areas not chosen as test areas in order to sort the problem out? If we get the right figures, will the Minister make better transitional arrangements over the following two years, because to wait a further two years, on top of 10 years of unfair underfunding, would add insult to injury? I shall be writing to you, Mr. Speaker, seeking a wider Westminster Hall debate on the census, inviting colleagues from all into those areas to tease out some of the broader subjects. I have also inquired the level of interest in the census across the parties. I believe that an approach was made by the ONS to set up an all-party group on the census, and such a group would be a good way forward.

If I have read it correctly, the Census Act 1920, as amended in 2000, will involve some form of affirmative resolution, probably later this year, to give permission to go ahead with the 2011 census and to set out some of the detail. Such an arrangement would mean wholly inadequate scrutiny on the part of this Parliament. I shall also seek time—perhaps Government time—on the Floor of the House to consider the census. We talk to our constituents about the demand for policing, schools and the health service, but unless we get the base numbers of the population right in 2011, nothing else will make sense.

The 1911 census was made available recently and has provoked a lot of interest from those interested in their family history and in social history generally. After spending £450 million and still getting the figures so wrong, the Government should ask whether it is right to use the census figures as a base point for our funding of primary care trusts, policing and education. They are so vague and inaccurate that they are laughable, but they massively affect the lives of our communities. The issue should be considered again after 2011. Perhaps more accurate data could be gathered annually, with lists updated regularly—like primary care trust lists. That would make the relationship between the electorate of Southend—and more broadly—and the Government much more equitable.

10.35 pm

The Parliamentary Secretary, Cabinet Office (Kevin Brennan): I congratulate the hon. Member for Southend, West (Mr. Amess) on securing this debate, and I welcome the opportunity to respond, albeit in an arm's length capacity. I cannot do some of the things that the hon. Member for Rochford and Southend, East (James Duddridge) might like me to do, as I would not want to interfere too much with the independence of the Office for National Statistics or the UK Statistics Authority. However, I support many of the points that he made about the need to improve the ability to use statistics from other sources in population estimates, and I look forward to his wholehearted support on each occasion when the Government introduce the measures necessary to enable the ONS to do just that.

I thank the hon. Member for Southend, West for highlighting the importance of the census, both in his contribution tonight and on the other occasions on which he has raised this issue in the House. I am pleased to hear about the work that is already going on in Southend, including what he is doing to highlight the importance of the census to the citizens, and the work that he is doing in conjunction with his local authority.

The UK Statistics Authority's proposals for the 2011 census in England and Wales were published in a White Paper on 11 December. In planning the design for the census, officials in the ONS have taken account of the recommendations made following the 2001 census by the Treasury Committee, the Public Accounts Committee, the National Audit Office, the former Statistics Commission, other bodies such as the Local Government Association, and Members of Parliament, many of whom had representations to make.

In the time available, I shall seek to answer as many of the questions that the hon. Member for Southend, West raised as I can. He raised the issue of appeals. There is no appeals process planned for the census, but steps have been taken in the design of the 2011 census to giving the highest priority to getting the national and local population estimates right. The ONS will seek to maximise the overall response rate while reducing the differences in response rates between areas and among particular population sub-groups. Local authorities will be asked to provide data from alternative sources in order to assist the ONS with the quality assurance process. That will provide an opportunity for positive engagement before the population estimates are published.

The hon. Gentleman also raised the issue of houses in multiple occupation. One aim of the local authority liaison programme is to identify those areas where there are likely to be high proportions of HMOs, because they do pose a particular problem in census enumeration. The ONS therefore plans to adopt a traditional approach to those areas, using the enumerator rather than the postal approach to identify addresses where additional forms to cover more than one household may be necessary.

The hon. Gentleman also raised the issue of students, and particular attention will be paid to students in the census. In most areas—although I accept not in all—students will be at their term-time address at the time of the census. Others might be living at their home addresses or elsewhere at the time of the census, and students in Southend, as elsewhere, will be counted as resident at their term-time addresses, irrespective of where they are on census day. The census will include a question on term-time addresses for students.

On the rate support grant, the Government consulted local government in December 2004 about moving towards three-year settlements. The vast majority of responses favoured that approach, as it provides predictability and stability in funding from central Government. The calculation of formula grant that an authority receives will be based on the most up-to-date data available at the beginning of the three-year period. It is not possible to say when the 2011 census data will feed into the calculations, because it will depend on when the data become available and on where we are in the three-year cycle at that point.

Both hon. Gentlemen raised issues to do with the rehearsal for the census. That will take place on 11 October, covering 135,000 households in areas chosen to simulate census-type conditions. I will write to the hon. Member for Southend, West with details of why those areas have been chosen and with the criteria that were used. The rehearsal will include 61,000 households in Lancaster, or the whole of the local authority, 40,000 in Newham in London, or 40 per cent. of the borough, and the whole of the island of Anglesey, or Ynys Môn as it is known in this House. Although response to the rehearsal is voluntary, the same procedures will be adopted as in the census and the design of the rehearsal will enable valid statistical conclusions to be made on the effectiveness of the operation.

The hon. Member for Southend, West also asked what support will be in place for local authorities that see their numbers significantly reduced and, as a result, see their grants reduced. A floor damping procedure will be in place to ensure that all local authorities will receive a minimum percentage change in grants to provide stability from the effects of changes from updating data or changing methodology. That will be funded by scaling back the grant increases above the floor for other authorities.

[Kevin Brennan]

The decision on what those floor levels will be will, of course, be taken in due course. A balance will need to be struck between doing what is affordable while allowing some underlying change to come through in the funding of local authorities.

Some concern was expressed by both hon. Gentlemen about the post and the impact of using the post rather than hand-delivered surveys. In fact, in the 2001 census, even with hand delivery, enumerators failed to make doorstep contact with households at more than a third of the addresses that they visited and had to resort to delivering the form through the letterbox. The use of an established postal service will enable a more focused approach to the follow-up activities in order to improve response rates. The plan is for a post-back response of 60 to 70 per cent. The contract with the chosen postal service will demand the ability to cope with that level of response within the time frame allocated. A purpose-built address list and form-tracking system will enable the ONS to monitor and record the delivery of every form in the field, minimising the risk of forms going astray.

The hon. Member for Southend, West asked why it will take so long to release the data. The final results will be released in September 2012, which, he is right, is 18 months after 27 March 2011. The proposals for the 2011 census include an increased emphasis on quality assurance of the results during their preparation—I am sure that he would welcome that increased quality assurance—and cross-checks against other national and local data sources. The statisticians need enough time to conclude the complex task of processing the census data, to make the necessary adjustments for undercounts, and fully to quality-assure the results before they are released and used. A length of time is involved in doing that very complex work.

The hon. Member for Southend, West asked about the security of filling in forms online, and about how appropriate that system is. I think that it is appropriate for people to be able to return forms online, and we may find that the response rate to that is high. The ONS is committed to ensuring proper data security and confidentiality. Despite some of the complaints that are raised in this House, the ONS has a very good record on data assurance, but perhaps I can give the hon. Gentleman further details of the plans in place when I write to him following the debate.

The hon. Gentleman talked about growing family sizes, and was concerned about the large size of the form and the additional forms that would be required in households. In fact, the average household size across the country is smaller than it was in 2001, but the form has been redesigned to accommodate space for an additional resident and up to three visitors in order to reduce the number of requests for additional forms. However, there will be clear instructions on the form and in accompanying publicity material on how to obtain additional forms for larger households.

A helpline will also be put in place. The hon. Gentleman was concerned that it would be open only from 8 am to 8 pm, but I can assure him that it will be possible for people to call outside those hours, leave a message and ask to be called back. I hope that that is a helpful observation.

Some concerns have been raised about whether the conduct of the census this time has been designed to make cost savings. In fact, the Government have allocated additional funds to allow for a number of improvements in the 2011 census. Those improvements include more questions, a national address register, an internet collection option, more resources to follow up non-response, and a questionnaire tracking system. Approximately three times the 2001 level of effort will be going into the follow-up operation, which will include helping people—such as the elderly—who have difficulty filling in the forms.

Time is running short, and the hon. Member for Southend, West was kind enough to tell me that he was interested in finding the answer to a number of other questions. He has pledged to write to me after the debate, and I shall be happy to write back to him with detailed responses to his questions.

Question put and agreed to.

10.47 pm

House adjourned.

House of Commons

Wednesday 4 February 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Barnett Formula

1. **Mr. Peter Bone** (Wellingborough) (Con): What recent discussions he has had with the Chancellor of the Exchequer on potential changes to the Barnett formula. [253059]

The Secretary of State for Scotland (Mr. Jim Murphy): I have regular discussions concerning a range of topics with my right hon. Friend the Chancellor of the Exchequer.

Mr. Bone: I am not entirely sure that that answers my question. My constituents pay the same taxes as the people of Scotland, yet receive £2,243 a year less public expenditure. Why should every man, woman and child in my constituency pay an extra £2,200 to subsidise the Scottish Government?

Mr. Murphy: That is not the case at all. The four nations of the United Kingdom are, of course, stronger together. We gain great strength from the cohesiveness of that unique union of the United Kingdom. I think the hon. Gentleman would do well to reflect on the fact that there is higher spending on policing in England, that the rate of growth in health spending is 7 per cent. in England while in Scotland it is 4 per cent. and that Sure Start is available in England and not in Scotland, and so much else besides. Of course, it is an issue for the Scottish Government and the Scottish Parliament how they allocate the specific funding available to them.

Mr. Adam Ingram (East Kilbride, Strathaven and Lesmahagow) (Lab): One of the areas to benefit under the Barnett formula is education, yet colleges of education, including those run by South Lanarkshire council in my constituency, are turning away thousands of potential trainees. Following his meeting with the Chancellor of the Exchequer, and if he has plans to meet the First Minister, will the Secretary of State raise the importance of further education and ensure that those people who are demanding training and retraining are not denied it under the Administration in Edinburgh?

Mr. Murphy: My right hon. Friend is absolutely correct. I plan to meet the First Minister, the CBI and the Scottish Trades Union Congress in Scotland next month to discuss those and other issues. Further education colleges in Scotland support about half a million Scots every year, including in Lanarkshire. It is essential that those who are unemployed in Scotland, those who need retraining and those who need apprenticeships can gain from those apprenticeships, and that the necessary Government investment is put in place. At the moment, the proposals brought forward by the Scottish SNP Government do not meet that ambition.

Stewart Hosie (Dundee, East) (SNP): It is clear from the Conservative question that the Conservatives want to continue to cut the Scottish budget. Of course, the UK Labour Government's position is also to cut £1 billion from the Scottish budget. Does the Secretary of State agree with Rhodri Morgan, the leader of the Labour party in Wales, that now is the wrong time to be cutting public expenditure? Will he stand up to the Treasury, demand that the £1 billion cut be frozen or reversed and that Scotland have the opportunity—

Mr. Speaker: Order. This is not an opportunity to make a speech. The hon. Gentleman is asking a supplementary question.

Mr. Murphy: I was in Dundee recently and met business representatives and trade unions. They welcomed the proposals being made by the UK Government. The hon. Gentleman invites me to agree with the comments of a fellow politician; I invite him to agree with the comments of Mr. Swinney, who is from his party. He said:

"we welcome a number of elements of the direction that the UK Government has taken to get the economy moving." [*Scottish Parliament Official Report*, 26 November 2008; c. 12722-23.]

The Scottish Government now have more than double the budget that Donald Dewar had about a decade ago. They should put it to good use and invest in Scotland to get us through this economic storm. I am determined to do what I can and will work with anyone in the interests of Scotland to ensure that that happens.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): How can a nationalist-Tory alliance complain about a lack of money in Scotland if they can find £12.5 million to buy a single painting for Edinburgh at a time when galleries in Glasgow have rain coming through the roof and when spending on arts and culture in Glasgow is being cut? Does that not show gross incompetence?

Mr. Murphy: My criticism of the SNP Government is not that they have invested in a single painting, but that they are not investing in thousands of Scots or in Scottish apprenticeships so that young Scots, in particular, have the chance to get the skills and confidence to compete in the labour market. We are joined in that criticism by the Scottish trade unions.

Several hon. Members *rose—*

Mr. Speaker: Order. May I remind the House that the criticism of the Scottish Government refers to a devolved Parliament? The Scottish Parliament is a creation of this House—we devolved the power—and prolonged criticism of the Scottish Parliament will give the impression that that is all we have to talk about.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Does the Secretary of State—*[Interruption.]*

Mr. Speaker: Order. Mr. Robertson, I expect better. Your behaviour is terrible, absolutely terrible. You are a bad example.

Mr. Carmichael: I join you in that expectation, Mr. Speaker, but fear that we may be disappointed.

Does the Secretary of State agree that, for those of us who believe in the continuation of the United Kingdom, reform of the Barnett formula is necessary as part of a process that gives the Scottish Parliament more control over how it raises its budget, as well as how it spends it? In that regard, does he agree that the work of the Calman commission is crucial? It has been reported this morning that the Scottish Government are to start engaging with Calman. If so, does he agree that that will be welcome news indeed?

Mr. Murphy: The Calman commission looking at the future of devolution in Scotland is undoubtedly an important piece of work. Ken Calman also initiated the work of the Muscatelli report on the future funding of devolution in Scotland. I shall not pre-empt the outcome of the Calman report today, but I agree with the hon. Gentleman that it is an essential and important piece of work and we look forward to co-operating on it very closely.

Home Repossessions

3. **Mr. Mohammad Sarwar** (Glasgow, Central) (Lab): What steps to minimise home repossession he discussed with Scottish representatives of the Council of Mortgage Lenders at their meeting on 30 October 2008. [230064]

The Parliamentary Under-Secretary of State for Scotland (Ann McKechin): My right hon. Friend discussed a number of issues, including seeking reassurance that the new industry guidance on mortgage arrears and possessions applied throughout the UK.

Mr. Sarwar: I thank the Minister for her reply. The credit crunch continues to affect the lives of many people, in Scotland and all over the world. My constituents welcome the decisions that the British Government have taken to help home owners in Scotland, but unfortunately the Scottish Administration have not given the same guarantees—*[Interruption.]* I understand, but the problem affects thousands of my constituents in Glasgow. Will the Minister reassure me that she will do everything in her power to ensure that as few people as possible face the nightmare of home repossession?

Ann McKechin: My hon. Friend raises a very important matter. The UK Government are deeply concerned that as few people as possible should face the threat of repossession, and that is exactly why we have strengthened the level of income support for mortgage interest payments. That support is now available after 13 weeks rather than 39, and will cover mortgages of up to £200,000. In addition, we are working very closely with all major lenders on the new home owners mortgage support scheme, which will apply to people who may face redundancy or a drastic loss of income on a temporary basis and allow them to defer their mortgage payments for up to two years.

As my hon. Friend knows, it is also important that the court protocols are in place to make sure that people unfortunate enough to face repossession get protection and good advice when they enter the court process. I am pleased to note that, following representations in the later part of last year, the Scottish Government have agreed to set up a repossessions advice group to see how the law can be strengthened. I very much hope that it can follow the example introduced last year in England.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): The Council of Mortgage Lenders was one of the participants in November's housing summit in Inverness that was organised by the Highland council. One of the summit's major conclusions was that much more needed to be done, especially at the Scottish Government level, to free up funding for housing associations. The lack of funding is restricting and slowing down housing associations' ability to build more affordable housing, whereas what should be happening is that that activity should be accelerating. Did the Council of Mortgage Lenders mention that to the Minister, and what action is being taken to apply pressure on the Scottish Government to release the funds needed to get house building going in the highlands?

Ann McKechin: It is something that we have discussed and will continue to discuss. It is clearly important to stimulate the housing market, especially social housing, throughout the UK, and that is why we have introduced packages to that effect in England and Wales already. It is important to increase the amount of social housing available in Scotland to meet the very high demand that exists already and to stimulate the housing market in general.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My hon. Friend has mentioned that a working party has been established to look at repossession protocols in Scotland, but that has happened four months after the UK Government took action. The process is much too slow, and home owners in Scotland do not have the same protection in the courts as their counterparts in England and Wales. Will my hon. Friend call in Nicola Sturgeon, the relevant Scottish Minister, and make sure that she addresses the issue as urgently as the UK Government are doing, so that the UK and Scottish Governments can work together in a joined-up manner?

Ann McKechin: My hon. Friend has a long history of providing support and advice for people with personal debt problems, but the momentum in Scotland for repossessions has been growing. For example, Mike Dailly of the Govan law centre has drawn to our attention the fact that the number of repossession proceedings in Scotland has increased rapidly. It is important appropriate protocols to put in place at the earliest opportunity and without delay, and extend the network of sheriff court advice centres. At present, there are advice centres in only seven of Scotland's 49 sheriff courts, but it is important for people to be able to get advice as soon as they face the threat of repossession.

Defence Policy

4. **Mr. Andrew Pelling** (Croydon, Central) (Ind): If he will hold discussions with the Secretary of State for Defence to draw up a contingency plan for defence policy in the event of Scottish independence. [253062]

The Secretary of State for Scotland (Mr. Jim Murphy): I have no plans to have such discussions with the Secretary of State for Defence.

Mr. Pelling: Is that not a rather irresponsible position to take, bearing in mind the fact that it is clearly within the rights of the Scottish nation to decide to leave the United Kingdom, and bearing in mind the significant role that the Scottish nation has played over the years in the defence of the British isles? Surely it would be responsible of the Government to have such contingency plans in place.

Mr. Murphy: The hon. Gentleman is right to say that the defence footprint is significant in Scotland, where 17,000 service personnel and civilians are employed by the Ministry of Defence. The defence industry in Scotland generates about £2.3 billion. All I would say is that there has never been majority support for independence for Scotland. The fact is that the longer the Scottish National party Government are in power in Scotland, the greater the deficit in support for independence becomes. Support for independence in Scotland is, in percentage terms, in the mid-20s. There is not a mandate for independence, and it would not be appropriate to have such conversations.

Dr. Gavin Strang (Edinburgh, East) (Lab): I agree with my right hon. Friend. On the defence industrial strategy, will he take every opportunity to remind his right hon. Friend the Secretary of State for Defence of the huge Scottish and British asset right at the sharp end—the forefront—of manufacturing, namely Selex, owned by Finmeccanica? Aerospace and avionics are engineering sectors in which Britain still leads. Will he take every opportunity to remind his colleagues of the importance of that facility to our defence, our industry and all military procurement, including Eurofighter?

Mr. Murphy: My right hon. Friend is absolutely right. In Scotland, about 16,000 people are directly employed in the defence and aerospace industries, including in the areas to which he alluded. It is an enormous, important part of the Scottish economy, and it is a part of the Scottish economy that can continue to grow in the current economic downturn. It can fuel Scotland's continued success in future years.

Angus Robertson (Moray) (SNP): But in the past 12 years there has been a cut in service personnel, bases have been closed, regiments have been axed, and less than our share, in terms of population and tax contribution, is spent on procurement in Scotland. Those are the facts. Why should we put up with that? There is also the fact that Scottish service personnel were committed to illegal wars opposed by the people, and the fact that Trident was based in Scotland—a decision that was also opposed by the people.

Mr. Murphy: I recently had the great honour of meeting the Royal Scots Dragoon Guards in Germany, and the whole House—certainly those on the Labour Benches, and almost everyone in the Opposition parties—would talk with great pride of the work that they did, in a remarkable, brave way, to defend democracy in Iraq. The fact is that if the hon. Gentleman had his way, there would be no Royal Navy, no Royal Navy aircraft carriers, and no Royal Navy jobs on the Clyde, in Rosyth or anywhere else. He and his policies are putting in jeopardy thousands of Scottish jobs in the manufacturing base, so it is no wonder that support for independence for Scotland continues to fall.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): I speak as someone who gained from an apprenticeship in a shipyard in the west of Scotland. On shipbuilding, orders are being placed on the Clyde as a consequence of our having a United Kingdom, and that is resulting in more apprenticeships on the Clyde. Does my right hon. Friend agree that that is a good thing?

Mr. Murphy: My hon. Friend is absolutely correct. There have been recent announcements about recruiting more people to shipbuilding apprenticeships on the Clyde. If it were not for Royal Navy orders for the Clyde area and other parts of Scotland, there would be no ships on which apprentices could learn their skills. I could not put the matter any better than BAE Systems did when it gave evidence to the Scottish Affairs Committee: it said that without Royal Navy orders,

"There would not be a ship building business."

If the Scottish National party had its way, there would be no Royal Navy orders because there would be no Royal Navy.

Sir Menzies Campbell (North-East Fife) (LD): The Secretary of State clearly knows the contribution that RAF Leuchars in my constituency has made to British defence for a very long time. He has told the House of the total contribution of defence expenditure to the Scottish economy. Will he consider a study of the contribution that individual defence installations make to their local economy, to include RAF Leuchars and also, perhaps, Faslane?

Mr. Murphy: The right hon. and learned Gentleman raises an important point about the specific contributions made by RAF Leuchars and Faslane. I am aware that, for example, in Argyll and Clyde about 6,500 defence jobs are reliant on MOD work. On Leuchars, I am happy to discuss with him what specifically we could do to raise the profile of the work of the personnel there and across Scotland, but it is a matter that I would have to discuss in more detail with my right hon. Friend the Secretary of State for Defence.

John Robertson (Glasgow, North-West) (Lab): I thank my right hon. Friend and our right hon. Friend the Secretary of State for Defence for all the thousands of jobs for people in my constituency on the Clyde working on the Type 45 and, hopefully, soon on the carrier. Will he not listen to Opposition parties, one of which would have closed the Clyde down before the last election, and the other which supported it in order to try to get rid of a Labour Government? They offer nothing to help the workers in Scotland or the workers in the defence industry.

Mr. Murphy: Again, my hon. Friend is typically correct when he talks about the importance of the shipbuilding on the Clyde that he and other Glasgow

Members have championed for some years. Our armed forces are part of our shared heritage—that of Scotland and the United Kingdom—and the Government will do all we can to protect and preserve that for many years to come.

Mr. Ben Wallace (Lancaster and Wyre) (Con): It is perhaps tempting to remind the House of the Scottish National party's military adviser, Colonel Crawford, who once proposed chemical weapons as a cheaper alternative to the nuclear deterrent in Scotland. May I urge the Minister not to waste any time or money on making unlikely and unnecessary plans for Scottish independence, which would see the demise of the defence industry in Scotland, and may I remind the House that our Army is better because of Scottish soldiers, and Scotland is safer because of the British Union?

Mr. Murphy: The hon. Gentleman is correct: Scotland is stronger because of the Union and the United Kingdom. There is remarkable pride and passion across Scotland about the enormous contribution made by Scots as part of the United Kingdom armed forces. We will continue to oppose plans by the SNP, of course. Much more important is the fact that the vast majority of Scots refute the suggestions from the SNP that we should break up Britain and destroy the UK armed forces.

Claimant Count

5. **John Mason** (Glasgow, East) (SNP): What recent discussions he has had with the Secretary of State for Work and Pensions on the projected claimant count in Scotland in 2009-10. [253063]

The Secretary of State for Scotland (Mr. Jim Murphy): I have regular discussions with my right hon. Friend the Secretary of State for Work and Pensions about how to support those people who lose their jobs in Scotland and the rest of the UK.

John Mason: Is the Secretary of State concerned that a further £1 billion of cuts in the coming two years will mean a huge number of job losses in Scotland?

Mr. Murphy: I would have expected the hon. Gentleman to reflect on the fact that, as part of the pre-Budget report, an extra £2 billion is going into the pockets and purses of Scots to support them through these difficult times. Scotland being in the United Kingdom makes Scotland more prosperous in good times and help us to insure against the most difficult times when we face crisis, such as the world faces now. Most Scots appreciate that we are stronger together and would be much weaker apart.

Mrs. Anne McGuire (Stirling) (Lab): From his discussions with my right hon. Friend the Secretary of State for Work and Pensions, my right hon. Friend will be aware of the support that is now embedded to help the long-term unemployed into work. When he meets the First Minister, will he raise my concern that nothing has been done in Scotland to match the skills and training element of that support, which is available elsewhere in the United Kingdom?

Mr. Murphy: My right hon. Friend is right. We need to make sure that today's newly unemployed do not become the long-term unemployed of tomorrow. We will discuss those issues with the First Minister and others when we meet in Glasgow next month. We are putting in place welfare reform proposals and increasing the investment in Jobcentre Plus because we will not walk away from our responsibility to the newly unemployed in Scotland and the rest of the UK.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Secretary of State is right to say that preparations need to be made to deal with the inevitable rise in unemployment as a result of the economic crisis. Will he also recognise that the best thing to do is to minimise the number of job losses? To that end, what are the Government doing to try to ensure maximum investment in the North sea during the current credit crisis? The traditional lending markets are drying up.

Mr. Murphy: The hon. Gentleman is right about the importance of North sea oil and gas. I met representatives of the industry last week and, along with the Secretaries of State for Business, Enterprise and Regulatory Reform and for Energy and Climate Change, I will do so again in the next couple of weeks. It is crucial that we continue investment in the North sea, to access oilfields and gasfields that we have not got to in past decades; I am thinking in particular of the enormous untapped resource west of Shetland. We need to do all that we can to support the industry to exploit that.

Michael Connarty (Linlithgow and East Falkirk) (Lab): As people begin to get worried about the rising claimant count, does my right hon. Friend accept that there are concerns in the oil and gas industry and energy companies such as INEOS, which he visited recently with me? However, those concerns are covered in Scotland by the national agreement for the engineering construction industry, or NAECI—made by the companies and Unite—under which the companies draw from within a 40-mile zone in Scotland. The concern in Scotland is that if workers were denied the right to work outwith Scotland, many with high skills would be unemployed. We need more high skills in Scotland to allow people to get the jobs available in the oil and energy industry.

Mr. Murphy: My hon. Friend is right. I recently met representatives of INEOS and at the weekend I met shop stewards from Longannet and Grangemouth—both places out on strike. It was a helpful and constructive conversation. It is clear that the workers are concerned because of the economic climate and are worried that European law is preventing them from having a level playing field when it comes to employment opportunities. It is essential that those workers are able to compete on a level playing field, that European law is applied equally and that British workers are able to compete for jobs in Britain. We make it absolutely clear, along with the companies, that that is exactly the situation that should and must apply in the UK—and, in most cases, we believe that it does.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): Will the Secretary of State admit that on the basis of the warnings from the International Monetary Fund and the Fraser of Allander Institute, his Labour Government have led Scotland not just into recession but to the brink of becoming the worst hit

part of the worst hit country in the developed world? Does he agree that at such a time, Scotland does not need a do nothing Secretary of State? It needs him to bring the UK and Scottish Governments together to combat this recession. Can he tell Parliament how many times the Prime Minister has met the First Minister to discuss the recession? How many times has he himself done so?

Mr. Murphy: I do not keep the Prime Minister's diary, but I have announced that the First Minister, the CBI, the STUC and I will be coming together. We will look at what happened during previous recessions in the United Kingdom. We will look at the position of the Government in power at those times, who said that unemployment was a price worth paying. We will do the opposite. Unemployment is never a price worth paying, and we will do everything that we can to prevent the long-term generational unemployment that typified the Tory approach to previous recessions. *[Interruption.]*

David Mundell *rose—*

Mr. Speaker: Order. I say to hon. Members that it is far too noisy in the Chamber. That is unfair to those who are here for Scottish questions.

David Mundell: I think we can take it that the answer to the question about the number of meetings between the Prime Minister and the First Minister to discuss the recession is none. The people of Scotland will find it deeply disappointing that there has been so little, and such acrimonious, dialogue between their Prime Minister, Secretary of State and First Minister in the face of such a serious crisis. I say to the Secretary of State that under a Conservative Government things would be very different, because Scotland's interests would be put first. Perhaps the Secretary of State can tell us: is it that the Prime Minister has been so busy saving the world that he has not had time to save Scotland, or that he simply puts partisan political interests ahead of Scottish business interests?

Mr. Murphy: There we have it. The Conservatives' approach would be entirely different. We know that from their history: long-term generational unemployment; incapacity benefit numbers trebling; a poll tax in Scotland first; no investment whatever in public services; and child poverty higher in the United Kingdom than in any industrialised nation in the world. Yes, there are enormous differences between the two parties. We believe in investing in these economically difficult times; the Conservatives are out of touch with the mainstream across the world, including new President Obama. On that basis, they are economically illiterate and politically isolated.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [253828] **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): If he will list his official engagements for Wednesday 4 February.

The Prime Minister (Mr. Gordon Brown): Before listing my engagements, I am sure that the whole House will wish to join me in expressing our profound condolences to the family and friends of Corporal Danny Nield of 1st Battalion The Rifles, who was killed in Afghanistan last Friday. We owe him, and all who have lost their lives, our gratitude for their service. Our armed forces show us week in and week out their courage and commitment, and we will never forget those who have shown such dedication.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further meetings later today.

Ms Buck: The whole House will wish to send our deepest sympathy to the family of Corporal Nield.

We are experiencing the worst winter weather for 20 years, but new evidence shows that fuel companies are not cutting fuel bills as their costs reduce. Meanwhile, energy giant BP has just posted £14 billion in profits. What urgent further steps can my right hon. Friend take to reassure pensioners and families who are worried about their fuel bills this winter?

The Prime Minister: First, I pay tribute to the emergency services for the way that they have dealt with all the troubles and difficulties that have arisen from the cold weather. We are determined to provide real help to people who are facing difficulties with their fuel bills, including pensioners who are worried about their ability to turn on their heating at a time when the weather is really cold. So in addition to the money that we have provided through the winter allowance, with 12 million pensioners who benefit by £250 or £400 this year, and at the same time as the £60 that we are giving to every pensioner now—it has been paid out in the past few days—I can also confirm that this Monday half a million vulnerable families became eligible for payments of £25 on the basis of future weather forecasts. Let me also say that 5 million people will get cold weather payments this week, and we will continue to make payments whenever the weather is so poor.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to Corporal Danny Nield, killed in Afghanistan on Friday. We should offer our deepest sympathy to his family and his friends at this time.

Does the Prime Minister share my concern at the decision by the US House of Representatives to pass "Buy America" legislation, and does he agree that a retreat into protectionism is the last thing that the world needs? Yesterday, the Prime Minister's spokesman refused to confirm that he would specifically condemn these moves. Will the Prime Minister make clear his position today?

The Prime Minister: I have made it clear throughout the past few months that the biggest danger that the world faces is a retreat into protectionism. I have also made it clear that, as a result of the withdrawal of foreign banking capacity in large numbers of countries, we face a downward spiral whereby these countries cannot borrow from anybody because foreign banks have left. That is all the more reason why, first, we should sign the Doha agreement—that will feature on

the G20 agenda—and secondly, we should ensure that every country is analysed by the World Trade Organisation on what it is doing to prevent protectionism. It is also absolutely clear that we should agree, as a world, on a monetary and fiscal stimulus that will take the world out of depression.

Mr. Cameron: The two countries that most need to give ground to achieve action on the Doha round—India and the US—will both be present at the G20. As the Prime Minister said, the aims of the G20 refer to advancing the Doha trade round. Should we not be clear that anything less than removing the barriers to agreement would represent a failure?

The Prime Minister: I tried very hard before Christmas to talk to both President Bush and the Indian Prime Minister so that we could make progress on this. There are actually only two issues that are left to be decided. The first is a safeguard clause for when there is a surge in imports in any poor country, and the second concerns negotiations on sectorals—different sectors of industry—and how those could be concluded. By the time President Bush had left office, he had made it clear that he would be able to accept the wording on the sectoral agreements, and the Indian Prime Minister has said to me that he wants to make progress on the safeguard clause.

It is now up to President Obama and the Indian Prime Minister to say that they can accept the terms of this agreement. If that were so, we would have a conclusion of the first round of the Doha negotiations. That is in the interests not just of our country, but of the poorest countries in the world, which are now facing poverty as a result of the industrial downturn. Those two issues can be resolved, and I will work very hard to resolve them in the next few weeks.

Mr. Cameron: The point is that if we do not get a conclusion to the Doha round, the existing policy space allows countries to double the level of tariffs. Everyone can hear that the Prime Minister says that it is important to avoid protectionism, but is he not himself guilty of encouraging protectionist sentiment? Does he agree that use of the slogan "British jobs for British workers"—*[Interruption.]* Does he agree that using that slogan showed a lack of judgment, and does he now regret it?

The Prime Minister: First, on the trade negotiations, let us be clear that we have done everything in our power. The Brazilians have come on board; the Argentinians have come on board; the South Africans have come on board; the rest of Europe has come on board. It is important that we make all the efforts we can with other countries to get this trade agreement. Pascal Lamy, the head of the WTO, has just published a report on the protectionist tariffs that are being imposed by different countries during the present downturn. At the moment, those tariffs are limited and it is important that we continue to see that they are limited.

On the second question, can anybody here say that they do not want British workers to get jobs in our country? Can anyone here say—*[Interruption.]* Can anyone here say that they do not want us to help British workers get the skills necessary to get jobs? Let me also say that in an open environment and a global economy where there is competition for jobs, it is crucial that we do everything in our power to help people get the jobs that are available. That is why we are investing in apprenticeships; that is why we are investing in helping the unemployed get back to work; that is why we have a new deal; that is why we are increasing public investment. The pity is that the Opposition do not support us, because they want to do nothing.

Mr. Cameron: Does the Prime Minister not understand that when he spouted his slogan, what he was doing was opportunistic, protectionist—*[Interruption.]*

Mr. Speaker: Order.

Mr. Cameron: He was pandering to people's fears and he knows it. This is what the Chairman of the Home Affairs Committee, his former Europe Minister, had to say. He said that the slogan

"lacks credible arguments"

and

"appears to amount to little more than employment apartheid".

He was asked to repeat the slogan, and because he has got some judgment he refused. Let me ask the Prime Minister again: is not the use of this slogan an error of judgment and a huge mistake, and should he not apologise instead of twisting?

The Prime Minister: I have already shown that we are far from protectionist as a Government. We are trying to get a world trade agreement. I have already said to the right hon. Gentleman—he does not want to listen—that in an open, global environment where there is competition for jobs, it is our duty to help British workers get the skills necessary for jobs. As far as opportunism is concerned, I have to tell him that there is nothing more opportunistic than his saying in the autumn that he wanted to give all-party support to this Government's efforts to take us out of a global financial crisis and then, the next moment, withdrawing all that support. That is opportunism.

Mr. Cameron: Does the Prime Minister not understand that he is taking people for fools again? At international summits, he lectures the world on the evils of protectionism, but back at home, with his slogan "British jobs for British workers", he is pandering to protectionist fears. Does he not understand that he has been found out?

The Prime Minister: Let me just bring the right hon. Gentleman up to date with what is happening in the industrial dispute, so that he realises what is going on. An ACAS proposal has been put to the work force, and I hope that they will now accept it despite their initial reservations. I can also tell him that the construction and engineering association has issued new guiding principles for companies to consider when using non-UK contractors and labour on engineering construction sites. I hope that the whole House will welcome the fact that it now states in the new advice:

"Always consider whether there are competent workers available locally. If there are, it is good practice for the non-UK contractor to explore and consider the local skills availability and to consider any applications that may be forthcoming."

That is the common-sense way of dealing in practical terms with the difficulties that we face.

Mr. Cameron: Does the Prime Minister not realise that one of his problems is that he refuses to admit mistakes, even when those mistakes stare him and the whole country in the face? He says "British jobs for British workers" when he knows that it is not deliverable. He says that he ended boom and bust when we are in the deepest recession for a generation. He says that our economy is well prepared when the IMF says that we are going to have the deepest recession of all. I have to tell him that he should just look behind him—they are so ashamed of what he has said about British jobs for British workers. *[Interruption.]* Let me ask him one final time—*[Interruption.]*

Mr. Speaker: Order. Mr. MacShane, behave yourself.

Mr. Cameron: I do not know why the right hon. Member for Rotherham (Mr. MacShane) is shouting—it was he who specifically criticised the Prime Minister for using that phrase. He said that

"every politician from a Prime Minister down to the most junior" Member

"in the House of Commons has to choose their words carefully." *[Interruption.]* I think that the right hon. Gentleman will have to learn to shout carefully, too.

Let me ask the Prime Minister one final time: was not using that phrase an error of judgment and a big mistake, and will he make a promise not to do it again?

The Prime Minister: The biggest error of judgment would be to do nothing during this period of the world downturn. The biggest error of judgment would be to fail to invest in the economy and help people get the skills that are necessary for jobs. We are creating 35,000 apprenticeships, we are helping 500,000 people into work and we are investing in the construction industry to create more jobs. The right hon. Gentleman goes around the world talking the pound down; he goes around the world saying that we are going to have to go to the IMF; he goes to Switzerland and says that the British economy is weak. He has decided that it is in the interests of the Conservative party to talk Britain down, and he should be ashamed of himself.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): I am aware of several potential bidders to save Wedgwood and the hundreds of jobs affected in north Staffordshire. Although the administrators seem to be doing a very good job of keeping things running, I am worried that they are rapidly running out of time. Will my right hon. Friend look at what Government support can be given to assist the administrators to ensure that Wedgwood can keep running while they consider all potential bidders to save it?

The Prime Minister: I am grateful to my hon. Friend, who has taken a huge interest in this matter. We did try to help Wedgwood over the Christmas weeks, to see whether the company could be saved before it went into administration. I am very happy to talk to him about how we can speed up the process to help British workers there, and I am very happy to meet him to do so.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I add my expressions of sympathy and condolence to the family and friends of Corporal Danny Nield, who tragically lost his life serving this country and the people of Afghanistan in Helmand province.

Week after week, I have been asking the Prime Minister why he is not getting tough on tax avoidance. Every time, he tells me that he is doing all that he can. This week, newspapers have confirmed that big companies are using loopholes to get out of paying £14 billion in corporation tax alone. Instead of going on about British jobs for British workers, is it not time that he went on about British taxes for British companies?

The Prime Minister: This needs not only the efforts that we are making to clamp down on tax avoidance and tax evasion, but an international agreement. The right hon. Gentleman may be aware that there is a case in America at the moment in relation to Swiss tax avoidance. Once it is resolved, I believe that it is possible to get an international agreement for the exchange of information about tax cases. That would be the way to move forward our proposals for the exchange of information on tax and clamping down on tax evaders.

Mr. Clegg: The Prime Minister is living in denial. He created a system that lets big companies run rings round the Treasury, lets peers in the other place not pay their full taxes in this country and allows City bosses to pay less in tax on their capital gains than their cleaners pay on their wages. He is losing this country billions of pounds, which could be used to give big permanent tax cuts to ordinary families. Why should anyone trust him when he makes one rule for the fat cats and another for everyone else?

The Prime Minister: I remember that the chief donor to the Liberal party got into real trouble because he was a tax evader, and the Liberals never returned the money. Perhaps it is the leader of the Liberal party who is in denial at the moment.

We do everything we can, and will continue to do so, Budget after Budget, to remove the possibility of tax avoidance and tax evasion. In the end, it will need what the right hon. Gentleman should support—an international agreement. In the light of the Swiss case in the United States of America, I hope that we can make big progress on that, and I hope that the hon. Gentleman will support it.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): Over the weekend, 400 job losses were announced in my constituency, with the closure of the Stampworks in Ayr, the last truck axle manufacturer in the UK, and 145 job losses in Girvan—work is being transferred to Norway from one of the few sizeable employers in the Girvan area. Will the Prime Minister agree to meet me to discuss what can be done to help?

The Prime Minister: I know that my hon. Friend takes a huge interest in increasing employment and ensuring that employment opportunities are available in her constituency. We have talked on many occasions about how we can get more jobs into that area. I would be happy to meet her to discuss these particular redundancies and see what we can do. If the jobs cannot be saved, it is important that we help people get back into work quickly—200,000 people a month can still get new jobs and there are half a million vacancies in the economy. While I understand the feelings and sentiments of people who are in danger of losing their jobs, and I feel for them at this difficult time, we will do everything we can to help them back into work.

Q2. [253829] **Dr. John Pugh** (Southport) (LD): Given yesterday's decision by Ocean Parcs and Pontin's to create 2,000 new jobs and invest £50 million in seaside resorts, including £10 million in Southport, does the Prime Minister agree that, especially in a recession, the time is right to promote British holidays for British and non-British people?

The Prime Minister: I agree with the hon. Gentleman about the importance of the announcement by Pontin's yesterday of a £50 million expansion plan. I know that Southport will benefit from that with extra jobs. I can also tell him that, in addition, Southport will receive a £4 million grant to help create a new cultural centre in the area under the Department for Culture, Media and Sport's sea change programme, which aims to regenerate coastal areas. We will continue to do our best to create jobs and to boost the British tourism industry, which, I believe, will do well this summer.

Q3. [253830] **Mr. Jim Cunningham** (Coventry, South) (Lab): Given the need for social housing, for retaining skills in the construction industry and for people to get mortgages, will my right hon. Friend consider allowing local authorities to introduce mortgages and, secondly, to build council houses?

The Prime Minister: I am grateful to my hon. Friend, who has pushed this matter for many years, since he was a local authority leader. The decline in mortgage lending is mainly the result of the loss of capacity in the mortgage market. So even if existing banks lend more to home owners, the loss of foreign and other capacity in the market makes it more difficult for people to get mortgages at a price that they can afford. That is why we are saying that local authorities that already have the power to issue mortgages should be encouraged to do so, and why the Minister for Housing has announced a lowering of the standard interest rate. We are now considering what more we can do to help individuals and households meet their housing needs. I hope that the answer I give my hon. Friend on his 68th birthday is acceptable.

Q4. [253831] **Anne Milton** (Guildford) (Con): The south-east plan will change the face of Guildford for ever. Of 74 local authorities, more than half the responses to the consultation so far have come from concerned Guildford residents. Will the Prime Minister tell us just how many people need to say no before he scraps the ill-thought-out, ill-conceived and unsustainable south-east plan? How many?

The Prime Minister: I think that the hon. Lady would also accept that the draft plan designates Guildford as a regional hub, as a focus for transport growth and investment. These changes were made following the recommendations of the independent panel of inspectors who examined the draft plan. The final plan will be published in the spring. The Government are still looking at the responses to the consultation. The Government remain committed to the green belt. This is a selective review of part of the metropolitan green belt and we will listen to all responses that have been made.

Q5. [253832] **Colin Burgon** (Elmet) (Lab): Does the Prime Minister agree that the threat to British workers does not come from other European workers, but from the workings of the unregulated capitalism that is enshrined—*[Interruption.]* On this, Mr. Speaker, there can be no cross-party consensus. What I am asking the Prime Minister is this: will he support calls to reform the—*[Interruption.]* They have knocked me off balance. Will he support calls to reform the posted workers directive, in order to bring some fairness back into the workplace?

The Prime Minister: We all agree about the need to introduce reform in financial regulation and we will be announcing further plans to do so very soon. However, I think that my hon. Friend agrees with me that this has to happen at the international level, as well as the national level, and I hope that the Conservatives will recognise that. As for the posted workers directive, an expert review has been set up in the European Union to look at the impact of the Laval, Viking and other judgments, and a group of employers and the work forces are also meeting to review that at the same time. When they reach their conclusions, we will look at what they have to say.

Peter Bottomley (Worthing, West) (Con): Is it responsibility for the past or concerns for the future that the Prime Minister thinks is the dominant influence on his poll rating and the fear on the faces of those behind him?

The Prime Minister: The answer to the problems that we have today is not to do nothing, as the Conservative party says it is. I have the manifesto of the Conservative group in the European Parliament, and what does it start by saying?

"The financial and economic crisis should not be taken as an excuse to do nothing".

Even the European Conservatives agree on the need for action.

Q6. [253833] **Natascha Engel** (North-East Derbyshire) (Lab): Free bus travel for the over-60s has given thousands of pensioners in Derbyshire their lives back. Many, however, are absolutely furious that some unscrupulous bus companies seem to be issuing tickets for far longer journeys than people have made and then overcharging local authorities. Can the Prime Minister reassure pensioners in Derbyshire that any such practice will not jeopardise a service that many older people have come to rely on?

The Prime Minister: This extension of free and concessionary travel to elderly people is one of the emancipating forces of our time, because it allows people to travel round the country and not just in their local areas. We have invested £212 million in this new, extra funding for travel. If there is any problem that my hon. Friend brings to the attention of the Secretary of State for Transport, he will of course look at it, but the truth is that this scheme is a big investment in older people, to help them become more mobile in the later years of their lives.

Sir John Butterfill (Bournemouth, West) (Con): Just over a week ago I tabled a question to the Chancellor of the Exchequer, asking about the scrutiny and conditions imposed by the Financial Services Authority when the Chelsea building society sought to establish an offshore

bank in Guernsey. I received a reply from the Economic Secretary to the Treasury, the hon. Member for Dudley, South (Ian Pearson), which said:

"The matters raised in this question are the responsibility of the Financial Services Authority, whose day to day operations are independent from Government control and influence." —[*Official Report*, 29 January 2009; Vol. 487, c. 682W.]

In the nearly 26 years I have been in this House, I have never known a senior Minister refuse to answer a question on a subject where he had responsibility. I am sure that the Prime Minister, when he created the Financial Services Authority, did not intend it to be exempt from scrutiny by this House, and I would be grateful if he would confirm that.

The Prime Minister: We set up a unified Financial Services Authority and this House of Commons gave it the legislative power to take the action necessary to deal with the regulation of individual institutions. Of course we are now looking at the powers and the responsibility of the Financial Services Authority for the future. If the hon. Gentleman wishes to raise this individual matter with me, I am very happy to look at it, and I know that the chairman of the Financial Services Authority will be writing to him soon.

Q7. [253834] **Dr. Brian Iddon** (Bolton, South-East) (Lab): Given that between 35 and 60 per cent. of the agricultural industry has now been destroyed across the Gaza strip, and that only one crossing point is open through which to import goods, will my right hon. Friend ask the Israelis why they are ignoring the pleas of the United Nations Relief and Works Agency and of non-governmental organisations such as Oxfam and the World Food Programme to open all the crossings so that the humanitarian crisis on the strip can be properly addressed?

The Prime Minister: My hon. Friend is absolutely right to say that the Israeli Government have a responsibility to help humanitarian help to get into the Gaza area. I have just written to Prime Minister Olmert asking him to take urgent action to ensure that the crossings are open so that the lorryloads of help can be brought into the area. I am urging him to open the crossings and also to provide proper humanitarian access. I think that people know that the UK has trebled its humanitarian efforts. I have been talking to leaders in the Arab countries about what more they can do, and there is a conference in Egypt over the next few days to pool the resources to ensure that humanitarian help is available not only to provide immediate aid but to rebuild the Gaza area. I believe that all Members of the House will want to see aid getting into Gaza as quickly as possible.

Andrew George (St. Ives) (LD): The Competition Commission reported last year that the large supermarkets

"transfer excessive risk and"—

unexpected—

"costs to suppliers",

which is damaging consumer interests and detrimental to farmers and growers, both here and in the developing world. Does the Prime Minister agree that the commission's proposed remedies to tackle this problem should now be implemented without further delay?

The Prime Minister: The hon. Gentleman is absolutely right to highlight this problem—first, because of the failure to introduce early payment to many of the suppliers. We are asking the supermarkets to do that. Secondly, in relation to developing countries, we have been in talks with supermarkets such as Asda about how they can source their produce from those countries at a fair price. We will continue to push that as quickly as possible.

Q8. [253835] **Dr. Hywel Francis** (Aberavon) (Lab): On 12 February, the globalisation report will be published by the Welsh Affairs Committee. One of the key themes of the evidence that we received from witnesses was the importance attached to higher-level skills to build the knowledge economy. Will the Prime Minister give serious consideration to the report's recommendations, particularly in the context of the present restructuring in the steel industry, of the demands by the steel unions for better opportunities for skills training, and of the coal industry, which is now reviving and could face a skills shortage? Does my right hon. Friend agree—

Mr. Speaker: Order.

The Prime Minister: I agree with my hon. Friend about the need for more investment in skills and training in Wales and the rest of the country. Through the Assembly, Wales has developed a new programme called ProAct to help people to stay in jobs rather than be made unemployed, and a great deal of work is being done by us to look at that scheme and at how it could apply to other parts of the United Kingdom. We are also putting aside £250 million for training opportunities during the course of this downturn, and we are determined to do everything we can to help people to get into the jobs that are available.

Mr. Brian Binley (Northampton, South) (Con): A quarter of all council tax is now used to pay for local authority pensions. A former chief executive of Northamptonshire county council left his job 18 months ago at the age of 52 with a lump sum payment of £291,000 and a £97,000 a year index-linked pension, which is costing the county £600,000. Nice work if you can get it! When will the Government have the courage to tackle this national pension outrage?

The Prime Minister: The first thing I should say to the hon. Gentleman is that it is a Conservative council that he is referring to, and the second thing is that most local authority workers do not have that level of pension entitlement. I hope that the Conservative party is not going to make the mistake of identifying one case as representative of what is happening to ordinary local authority workers who, as we found with the emergency services, do a good job when called upon to do so.

Q9. [253836] **Mr. David Clelland** (Tyne Bridge) (Lab): Rumour has it that the Under-Secretary of State for Transport, my hon. Friend the Member for Gillingham (Paul Clark) will be in the north-east next week to launch the initial implementation of the Local Transport Act 2008. This is a good Labour Act which has the potential to bring about the biggest improvement in public transport for many decades, but is my right hon. Friend aware that the Conservative party is committed

to repealing the Act if it ever comes to power? Is that not just one more good reason for people to vote Labour at every possible opportunity?

The Prime Minister: I am surprised at the Conservative attitude to public transport, particularly the need to improve bus services around the country. I believe that the new transport Act has been widely welcomed because it recognises that country buses in particular are a lifeline to many communities. The Act is about giving options to local authorities, not being prescriptive about what they should do. It is for local authorities to take advantage of the new powers. My hon. Friend is telling me that Labour local authorities will take that advantage; I hope that Conservative authorities will serve their public as well.

Sir Patrick Cormack (South Staffordshire) (Con): As the Prime Minister is understandably anxious to exercise national leadership in these difficult times and as he must understand that national leadership depends on a degree of consensus, will he invite my right hon. Friend the Leader of the Opposition and the leader of the Liberal Democrats to No. 10 Downing street to see whether common ground can be found among them?

The Prime Minister: I am afraid it has been very difficult to find common ground, even across the Dispatch Box today, on how we deal with the problems of the economy. The hon. Gentleman may remember that in October there was talk of all parties working together to solve the economic problem. The Leader of the Opposition and his shadow Ministers were given access to the Bank of England and to the Treasury to find out what was happening; unfortunately, a week later, they withdrew their support. I am very happy to work with all parties to deal with the problems we face. I am very happy to work with all parties so that we can have the fiscal stimulus that is necessary. I am happy to work with all parties to ensure that we invest properly in the future. I hope that the Conservative party will change its position on those issues, so that that co-operation could happen.

BILL PRESENTED

APPRENTICESHIPS, SKILLS, CHILDREN AND LEARNING BILL

Presentation and First Reading (Standing Order No. 57)

Secretary Ed Balls, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Secretary Jack Straw, Secretary Alan Johnson, Secretary Hazel Blears, Secretary James Purnell, Secretary John Denham, Secretary Paul Murphy, Jim Knight, Mr. Siôn Simon and Sarah McCarthy-Fry presented a Bill to make provision about apprenticeships, education, training and children's services; to amend the Employment Rights Act 1996; to establish the Young People's Learning Agency for England, the office of Chief Executive of Skills Funding, the Office of Qualifications and Examinations Regulation and the School Support Staff Negotiating Body and to make provision about those bodies and that office; to make provision about the Qualifications and Curriculum Authority; to make provision about schools and institutions within the further education sector; to make provision about student loans; and for connected purposes.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 55) with explanatory notes (Bill 55-EN).

Exercise of Reasonable Discretion

Motion for leave to introduce a Bill (Standing Order No. 23)

12.32 pm

Mr. Tim Boswell (Daventry) (Con): I beg to move,

That leave be given to bring in a Bill to provide that public authorities and public servants shall not be subject to any criminal or civil penalty as a result of the exercise of reasonable discretion in the performance of their functions; and for connected purposes.

This Bill is about advancing common sense and fighting bureaucracy. I owe its rather strange long title to my right hon. Friend the Member for North-West Hampshire (Sir George Young), my friend and supporter of the Bill. There is, of course, a mild irony in the title because it is itself an exercise in bureaucratic speak. It resembles my favourite rule in my college library—rule 6, which is that "No one is to mark or deface any book or other property of the library", alongside which someone had added, very neatly in ink, "Hear, hear"!

The formal intent of the Bill is to indemnify public servants, central government, local government and other public agencies from legal action if they had taken decisions motivated by common sense, whatever the rules strictly said. I shall come on in a few moments to the underlying thought, but at the outset let me first get three potential criticisms out of the way. The first is that what I propose is so self-evidently sensible that it is already part of our law and practice. It is true that there are common-law precedents—as well as modern practices such as that of Her Majesty's Revenue and Customs, which explicitly uses extra-statutory concessions that go beyond tax law—but however sensible those measures are, they do not establish a general principle or cover every case. A second objection might be that the Bill in some way represents a charter for vexatious litigation and legal challenge, but I would maintain that the legal concept of reasonability is by now well established. My intention is to fight off unnecessary legislation, far from encouraging it.

I imagine that it might suit some opponents of the Bill to paint me as some kind of anarchist, denying the proper function of rules in a modern society. It is, perhaps, rather unlikely that a former inhabitant of the Whips Office would undergo such a deathbed conversion, and I assure the House that I have not—but I think that even the best and most well-honed rule book must be interpreted in the light of the facts, if only because rules often clash with one another.

That brings me to the substance of my case. There probably never was a golden age of balance between sensible rules on the one hand and the wise use of discretion on the other. I generally welcome the growth of judicial review since the second world war as a necessary curb on an over-mighty Executive and arbitrary decision-making processes. Nor is it wrong to ask for greater openness and transparency in our public affairs. However, all that can be taken to extremes, can exceed the bounds of common sense, and can actually harm us.

The House will have noted that there has been a lot of talk about this issue recently, since the idea occurred to me but not, I think, because of that. Indeed, we have legislated, in the Compensation Act 2006, to try to curb the paralysis that threatened, for example, outdoor activities for young people when adult volunteers no

[Mr. Tim Boswell]

longer felt able to take part in them because of implications of liability for reasons of health and safety and so forth. I believe, however, that the "mind your back" culture has seeped much more deeply into our national life, affecting and poisoning the whole of it.

I nearly always respect the writings of Libby Purves. She is eminently sensible. Some months ago, she wrote in an article in *The Times*:

> "We read too many stories about this craven, inhuman, poltroonish cowering behind rules and routines, and about individuals who get into trouble for momentarily breaching them in the name of humanity or sense."

Retreat into the rules is an excellent bureaucratic bomb shelter. Its private sector equivalent would perhaps be the saying—now, I think, somewhat discredited, and certainly out of fashion—that no executive was ever fired for choosing to buy IBM computers. Incidentally, my Bill could be usefully adapted to include private sector employees engaged in the discharge of their duties, although it is not currently so drafted.

Alongside every petty bureaucratic tyrant who relishes frustrating someone by finding a rule with which to do them down is an even worse and wider set of problems. They include the deterrent effect on decent public employees of the fear that any risk they might take could backfire if it were unsuccessful—if something went wrong—and, at the level of, say, a local planning authority, the fear that any decision, however sensible, might set a precedent for some other proposal.

My final and, I think, my greatest bugbear is the collapse and deformation of public service into a hollow shell of process, and training courses undertaken not so much to improve competition or competence as to cover any threat of litigation. While it is always dangerous to comment on particular cases, I wonder, in the context of this week's events, how many decisions on school closures were made with an eye to the courts rather than in the interests of children and their families. Frankly, fear of liability seems to have more effectively stopped London this week than ever fear of Hitler did.

My Bill is a simple one. It seeks to rebalance matters by providing a public authority or public official with the defence of exercising "reasonable discretion". It would support those who back their own professional judgment—and also, perhaps, all those who work hard on our behalf without a professional qualification, but who seek to do the best for their customers and to act both sensibly and responsibly.

By establishing the principle of

> "the exercise of reasonable discretion",

the Bill would strike a blow for a concept whose time has clearly now come. We need in our public life again to achieve what I would describe as a victory for common sense, and I believe this Bill would advance that.

Question put and agreed to.

Ordered,

That Mr. Tim Boswell, James Brokenshire, Mr. Christopher Chope, Mr. David Kidney, Bob Russell and Sir George Young present the Bill.

Mr. Tim Boswell accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 6 March and to be printed (Bill 56).

Police Grant Report

12.42 pm

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): I beg to move,

That the Police Grant Report (England and Wales) for 2009-10 (House of Commons Paper No. 148), which was laid before this House on 21 January, be approved.

In December 2007, the Government announced provisional funding totals for the three-year period 2008-09 to 2010-11. Three-year funding settlements have been widely welcomed by police authorities. They enable authorities to develop medium-term financial strategies and control their spending better. Last year's multi-year pay deal for the police will also improve their medium-term planning. I confirmed the figures for 2009-10 on 26 November, with indicative figures for 2010-11.

Keith Vaz (Leicester, East) (Lab): I am grateful to the Minister for giving way so early in his speech. May I place on record my thanks to him—or his predecessor as police Minister—and the Minister for Local Government for meeting those police authorities that faced the prospect of a cap, and for hearing the arguments we put forward before making their final decision? That process of negotiation was extremely important in dealing with this issue.

Mr. Coaker: I thank my right hon. Friend, who chairs the Home Affairs Committee, for his remarks. He will know that my predecessors and I have tried hard to negotiate our way through these various matters.

My written ministerial statement of 21 January confirmed that we are implementing the funding settlement for 2009-10 broadly unchanged from that previously announced. I am pleased to be able to tell the House that, in the context of an increasingly tight financial settlement, the funding settlement for 2009-10 remains a good and affordable one for the police service, building on considerable investment by Government and police authorities over a sustained period.

Several hon. Members *rose—*

Mr. Coaker: I will give way after I have made a little more progress.

Government grant for police services will have increased by more than £3.7 billion between 1997-98 and 2010-11, an increase of 60 per cent. That is a substantial additional resource. Together with the significant extra investment that police authorities have raised locally, grant increases have allowed the police to expand to meet the increasingly complex issues they are called to face. There are more police on the streets than ever before and there has been a 28.5 per cent increase in the police work force since 1997. The service now employs more than 235,000 people, which is an increase of 52,200 extra police officers and police community support officers. The number of staff officers is 140,539, which is an increase of 11.7 per cent. or 14,714 officers on the 1997 figure. Front-line police officers are supported by nearly 16,000 PCSOs and nearly 21,800 additional police staff, who are releasing officers for front-line duties.

Simon Hughes (North Southwark and Bermondsey) (LD): We are all grateful to the police and to the Minister for his commitment. London—the Metropolitan police—gets an additional amount because of its national and capital city functions. Can he explain why it will have a below inflation increase and a below national average increase in its grant in the coming year, given the importance of the Met police and the importance of this capital city being seen to be leading the way in dealing with crime?

Mr. Coaker: The Metropolitan Police Service, in common with other police forces across the country, has received a significant increase in its funding over the past few years—indeed, it has received increases in its funding for next year. Negotiations on the funding for some of the counter-terrorism dedicated security posts are continuing and we will make announcements about that in due course. If the hon. Gentleman were to examine the investment not only in the Metropolitan police force, but in police forces across the country, he would see that significant additional investments have been made in each and every one of them.

Lembit Öpik (Montgomeryshire) (LD): I regard the Minister as being open to feedback and very proactive in his role. There is concern in the Dyfed-Powys police force about the long-term plans for the rural policing grant; it has been suggested that that could be homogenised into other funding. Although my area is blessed with an excellent police force and a relatively low level of crime, that force seeks reassurance that it will not lose out if the plans for that grant are changed. Will he give some guidance on his plans?

Mr. Coaker: We are trying to be fair to Welsh police forces. The hon. Gentleman will know that Welsh police forces outside the South Wales police force benefit from our giving them an additional approximately £15 million to ensure that they are funded in exactly the same way as police forces in England—I know that is welcomed in Wales. He also talked about the rule 2 grants—the separate pots of money, such as the rural policing grants, that we put together in a single pot—and he will know that we have confirmed that we shall roll those forward for next year and that we have given the indicative levels for years 2010 and 2011. He will know that a review of the police formula is taking place and, doubtless, the comments that he made will be fed into the review to ensure that they are taken account of in any revised police formula for the next comprehensive spending review period.

Several hon. Members *rose*—

Mr. Coaker: May I just say that, within reason, I will give way to every hon. Member who asks, but I have to take interventions one at a time?

Martin Salter (Reading, West) (Lab): The Minister responded to the demands of the Metropolitan police force, but he will be aware that it has benefited over the past five years from being able to recruit for free more than 1,000 officers who were trained at the council tax payer's expense from forces in the counties surrounding London, including Thames Valley. When we will resolve this issue of the £5,000 wage differential between Metropolitan police officers and officers in the south-east in order to stop this unacceptable poaching?

Mr. Coaker: Along with a number of other hon. Members from across the House, my hon. Friend took part in the debate that specifically addressed Thames Valley police and related to how we try to deal with the south-east allowances. He has been one of the doughtiest campaigners in trying to get this issue resolved. As I told that meeting, I intend to do all that I can to encourage a settlement that prevents this sort of problem from occurring. He will know that it is a matter for the Police Negotiating Board to resolve. The issue is not one of resources, but one of agreement at the Police Negotiating Board so that the differential to which he refers can be examined and changed to try to stop some of the problems occurring. The hon. Gentleman will also know that that is a matter for discussion between the new commissioner and chief constables in neighbouring forces, to see whether they can come to an agreement about how to deal with the issue while they wait for the Police Negotiating Board to achieve a settlement.

Mr. Paul Truswell (Pudsey) (Lab): West Yorkshire has benefited considerably from the additional police funding made available by this Government, but while tremendous strides have been made in improving the police funding formula inherited from the Conservatives, a gap remains between what West Yorkshire gets and what it would receive if it were fully funded under the formula. Can my hon. Friend give me a commitment that he will look seriously at how we can bridge that gap?

Mr. Coaker: My hon. Friend makes a reasonable point about his local force. From a national perspective, we have to try to ensure that the national funding formula is fair to all forces, and we have tried to distribute the pot of money available in a fair and reasonable way. That is why we have included a floor, so that no authority receives less than 2.5 per cent. If the formula were strictly interpreted, some forces would lose out. I know that because my local force in Nottinghamshire loses some money so that we can maintain the floor. However, that is necessary and proportionate from a national perspective.

As I said to the hon. Member for Montgomeryshire (Lembit Öpik), the review of the funding formula needs to cover such issues. We need to see whether we can come up with a fairer mechanism, notwithstanding the fact that all hon. Members, rightly, fight for the best deal for their local force.

Mark Simmonds (Boston and Skegness) (Con): The Minister will be aware, from meetings that he has had, of the genuine concern of the people of Lincolnshire about the perceived historic underfunding of the Lincolnshire police authority, which has been accepted, as evidenced by the one-off payments that the Home Office has made and the fact that the Government have allowed a 26 per cent. increase in the police precept in the area in the last year. Will the Minister ensure that the needs of rural counties such as Lincolnshire form a significant part of the funding review, so that they get their fair share of resources in the next comprehensive spending review?

Mr. Coaker: The hon. Gentleman makes a reasonable point about Lincolnshire. He will know that I visited the area recently and met the chief constable and others.

[Mr. Coaker]

Those are the issues that we will need to look at in the review of the funding formula, and he is right to point out that, as the hon. Member for Montgomeryshire said, we need a formula that is fair to both urban and rural areas. We need to find a way of ensuring that the needs of the vast expanses with very few people in them are properly reflected so that they receive the level of police funding that they can reasonably expect. We will look into that, and I am grateful to him for raising the point.

Paddy Tipping (Sherwood) (Lab): My hon. Friend will know from his direct personal experience that crime is falling in Nottinghamshire and police resources are at a record level. It is an improving police force, but may I reinforce the point—I know that he is well aware of it—that Nottinghamshire, Lincolnshire and other east midlands authorities are disadvantaged in relative terms by the funding formula? Can we make progress quickly? The Nottinghamshire police are making progress: they would be helped by changes in the funding formula.

Mr. Coaker: I thank my hon. Friend and neighbour for those comments. I know that he and other colleagues in Nottinghamshire, Leicestershire and across the east midlands have campaigned long and hard for a fairer distribution of resources to forces in the area. It is a fact that the floor means that some forces do not receive the amount that they would if the funding formula were fully implemented. I have to say that of course the opposite is true: some forces would lose significant amounts of money were we to remove the floor. We are searching for a way to ensure that police forces in Nottinghamshire, Lincolnshire and the rest of the east midlands are funded as fairly as possible. I am not sure whether Ministers are supposed to do such things, but as a fellow Nottingham MP I join my hon. Friend in congratulating Nottinghamshire police—and other police forces—on the work that they are doing in reducing crime.

Annette Brooke (Mid-Dorset and North Poole) (LD): Dorset police authority is a high-performing and efficient force, but it predicts that it will have to lose 43 police officers this year, even with the floor, which is very important to it. The authority is especially concerned about how bars are dealt with in the formula. Dorset has a high concentration of licensed premises, with up to 1,000 places, in just two major towns, with the rest of the county being relatively rural. The formula does not really provide enough funding to police those hotspots adequately, because it is based on an area average that does not work satisfactorily in Dorset's case.

Mr. Coaker: I am grateful to the hon. Lady for her comments. In this debate, I have tried to avoid saying—apart from in my opening remarks—that police numbers have gone up and crime has gone down, because although that is true in Dorset, as there are more officers, community support officers and staff, and crime has fallen, it is also true of every constituency. Notwithstanding that, there are issues with how the funding formula works. I have tried hard, together with the Home Secretary and colleagues from the Department for Communities and Local Government, to ensure that this financial settlement provides stability in difficult times. The vast majority of responses—we had far fewer this year—asked us to ensure that we implement the funding amounts that we said would be introduced in 2009-10 to provide that stability. After 2010-11, we will enter the new comprehensive spending review period, and that is when we can try to address some of the concerns about the funding formula.

The hon. Lady has raised some of the issues with the formula, and other hon. Members have raised others. My right hon. Friend the Member for Leicester, East (Keith Vaz) raised issues that affect Leicestershire and the east midlands. All those matters require discussion and review, and we have to try to find a way forward. People come at the issue from the point of view of their area—rightly, because they represent that area. But as the Minister, I have to see the issue from a national perspective. We are trying to be fair to police forces in every area, and the fairest way to achieve that is to provide the stability that is achieved in this settlement.

Simon Hughes: The Minister makes a fair point about the need for balance in the national allocation. He knows that part of the allocation is based on the number of people coming into an area, and part of it on the number of residents. Can he assure us that the Department will take into account the underscoring of the population in areas where the Office for National Statistics figures for resident population are significantly behind the real numbers? London is an obvious case. There are far more migrants coming to London than the figures for the resident population suggest.

Mr. Coaker: Population is one of the factors that are taken into account, and the exact measurement of population is an area of controversy, and something that needs to be taken into account. *[Interruption.]* I am reminded that I gave way to the hon. Gentleman earlier, so he has had two bites at the cherry.

Migrant numbers do have an impact on costs, and that is why the Government have set up a fund, available from April 2009, to help local services with those costs, such as translators. That money will be made available to Government offices, including the Government office for London.

Growing numbers of specialist police staff are taking on roles as scene of crime officers, fingerprint analysts and intelligence officers. Additional police staff are also increasingly taking on the routine elements of case file preparation, prisoner supervision and station inquiries, freeing police officers from administrative work. Although overall numbers are important, it is crucial to make the best use of officer and staff time so that those people are in the right place at the right time to deliver for the public. Getting the best possible work force mix of officers and staff will also help to ensure that the most responsive possible service is provided.

Operational police officers are spending more of their time on front-line duties. Overall crime is falling or stable. The overall level of crime recorded by the police in July to September 2008 fell by 3 per cent. compared with the same quarter in 2007. Within that overall figure, violence against the person fell by 6 per cent. and firearm offences fell by 29 per cent. The British crime survey figures published on 22 January 2009 show that, according to interviews, in the year to September 2008 the overall level of crime is stable compared with that in the previous year. So is the risk of being a victim, which remains at a historically low level.

Levels of violent crime, domestic burglary and vandalism were also stable compared with the previous year, and vehicle-related thefts fell by 10 per cent. In the 12 months to September 2008, there was a statistically significant decrease in the proportion of adults with a high level of worry about violent crime.

May I place on record my thanks to the police service of this country, which has responded well to the many and various demands placed on it? New challenges continue to arrive and we must ensure that the service is in the best possible shape to meet them. That includes not just funding but getting the best possible service from the police.

The policing Green Paper "From the neighbourhood to the national" represented a radical new deal for the service, freeing it up to focus on tackling local issues in each neighbourhood and to respond to the challenges of serious organised crime and terrorism. We announced that we would scrap all top-down targets for forces, with the exception of one—local confidence. We have done that.

The Green Paper declared that we would create a new model of police accountability, with a stronger role for police authorities and Her Majesty's inspectorate of constabulary. We are doing that. It highlighted the work that we are doing, not least through Operation Quest, to maximise the efficiency and productivity of the service. It said that we would invest in the police leaders of tomorrow, which we are doing through a new senior appointments process and a national police leadership college. All that combined means that the service can be more flexible in meeting the challenges of 21st-century policing.

We remain absolutely committed to neighbourhood policing as the bedrock of local policing in the 21st century. We are building a more responsive, locally accountable and citizen-focused police service through a programme to transform policing at a local level to meet the needs of the communities. The current phase of work is to ensure that neighbourhood policing is embedded into core policing activity and that teams increase their focus on working with local communities to identify and tackle local problems together while continuing to provide high-visibility policing, and reducing antisocial behaviour and the fear of crime.

HMIC has today published "Get Smart—Planning to Protect", which is its report, commissioned by the Government last year, on the planning that forces undertake to deliver protective services. These are particularly significant areas of policing, such as major and organised crime, critical incidents, and domestic and child abuse. HMIC has identified variations across forces in the quality of service planning, and I am committed to seeing improvement made. The National Policing Improvement Agency is working to deliver a comprehensive programme to help develop and support forces in their protective service planning. Police authorities will also be inspected for the first time in 2009 and we will ensure that necessary improvements are made in this area. Legislation is in hand to strengthen collaboration and to ensure that it continues to be a key means of improving protective services.

Total Government revenue spending for police authorities in 2009-10 will be £9,482 million—an overall increase of 2.8 per cent. on 2008-09. Of that general provision, £8,281 million is for police general grants, which will increase by 2.7 per cent. In addition, £1,201 million is for specific grant funding, which I shall come back to later. We have kept ring-fenced funding to a minimum to allow maximum local discretion over how to allocate and spend resources.

The police grant report for 2009-10 deals with Home Office general police grants for revenue expenditure. The amounts payable to individual police authorities are listed in the report that I have presented to the House. Additionally, police authorities in England and Wales receive revenue support grants from local authorities. Overall, general grant allocations to police authorities were set out in my written ministerial statement of 21 January. Within the general grant provision for 2009-10, we have set a funding floor of 2.5 per cent. That means that each police authority in England and Wales is guaranteed an increase of at least that level.

We have provided a settlement that encompasses more than a degree of stability for all police authorities while at the same time acknowledging that there are areas with greater relative needs. There will be increases of up to 3.9 per cent. in the west midlands. There will always be a dispute over how far the needs-based funding formula should be allowed to prevail over the stability provided by the grant floor. My right hon. Friend the Home Secretary and I have tried to strike a sensible balance in the settlement and will continue to do so in the future.

There has been no change to the rule 2 grants, which were mentioned by the hon. Member for Montgomeryshire. They are former specific grants, now allocated with the general grants, that total £208 million. Police authorities have complete flexibility on how best to use that resource. Before the comprehensive spending review, we consulted on whether to put the funding back into the formula funding pot, but that could have had a major impact on grant distribution and we decided, on balance, to retain the status quo. That move was widely welcomed by many police authorities, particularly smaller ones that had come to rely on rule 2 funds, such as the rural police fund, as core funding. The position and implications will be reviewed in full before we make any further changes to the special formula grant.

Let me turn to some more specific elements within the funding settlement for 2009-10. We have retained the crime fighting fund in its present form. That fund of £277 million played an important part in supporting growth in police capacity between 2000 and 2004. However, since its introduction the story has moved on, with the employment of more police staff to replace officers in roles where constable powers are not needed and the engagement of police community support officers, who play an important role alongside police officers. The strictures imposed by the CFF's system of financial penalties had, by 2006, limited the flexibility of forces to engage the right people with the right skills in the right jobs. The Government therefore suspended the CFF criteria in December 2006, allowing local chief officers and chairs to develop the optimum work force mix without losing funding. The move ensured that decisions on the mix of police staff and officers lay where they should, with the chief constable. That was welcomed by the Association of Police Authorities and the Association of Chief Police Officers.

There is clear evidence that a good number of forces are using their CFF freedom to release police officers for the front line, replacing police officers in back-office

[Mr. Coaker]

functions with police staff when there is a clear business case that it is right to do so. In some forces, officer numbers are fewer than they were in March 2008, but the essential point is that the replacement of police officers in back-office functions has not had a negative impact on front-line capacity. In a good number of cases, it has increased front-line capacity. The most recent figures show that some forces have increased police officer numbers while others have decreased them.

From 2002 until March 2008, we invested more than £700 million in introducing PCSOs and neighbourhood policing. Home Office funding for neighbourhood policing, including PCSOs, in 2008-09 is £324 million, an increase of 2.7 per cent. For 2009-10, funding has increased by a further 2.7 per cent. for each force to a total of £332 million. A further uplift of 2.7 per cent. is planned for 2010-11.

The basic command unit fund was introduced in 2003-04 for a two-year period that has subsequently been extended. The BCU fund will be £40 million in 2009-10, the same level as in 2008-09.

For several years, the Home Secretary has provided additional funding to ensure that Welsh police authorities receive at least a minimum increase in grant in line with English authorities. For 2009-10, we have again adjusted the Home Office police grant for Welsh police authorities to maintain consistency with England. That additional support will total £15.5 million next year.

We have received 15 representations on the funding settlement from 14 police authority areas. That is considerably fewer than in previous years, and most of the representations have to do with the future. For next year, we have again maximised the increase in general grant and ensured that all police authorities have received a guaranteed minimum increase in grant of 2.5 per cent. The delivery of efficiency and productivity gains, as well as prudent budgeting and making full use of available funding flexibilities, means that there is no reason for excessive increases in the police precepts on council tax. The Government expect an average council tax increase in England of below 5 per cent. Council tax in Wales is a matter for the Welsh Assembly Government. We also expect the relentless focus on value for money, which is now more necessary than ever, to continue.

Capital grant and supported capital expenditure totalling £222 million will be allocated in 2009-10, with each police authority receiving the same allocation as in 2008-09. We have also announced additional sums of money for mobile information devices and we have identified additional resources to tackle gun and knife crime. That is something that we will do, as necessary, as we move forward.

We have continued to listen carefully to all stakeholders in determining the detail of this police funding settlement. It gives police authorities the stability that they all need to plan ahead, and it will support the police service in delivering effectively for the public. I commend the report to the House.

1.11 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): I thank the Minister for his comprehensive speech. I want to begin my remarks on behalf of Her Majesty's Opposition by expressing the sentiment that the police in this country do a very difficult and often very dangerous job on our behalf, and I pay tribute to their service. The police need resources from the Government, and indeed the taxpayer, to discharge their duties in upholding law and order. That is why this debate is so important to us all.

Last year's crime figures showed that violent crime has risen by almost 80 per cent. in the past decade. Crime has not increased in every category in that period, but violent crime certainly has and that causes great concern to the public. In addition, the economic downturn has placed even greater strain on already tight police budgets. Sadly, the analysis from the Home Office that predicted a rise in crime as the economy worsened has been borne out by the latest quarterly crime figures. In the last year, burglaries have risen by 4 per cent., while fraud and forgery are up by about 16 per cent. and the number of street robberies committed at knife-point have increased by 18 per cent.

This year's settlement is the second part of the three-year 2007 comprehensive spending review. Excluding additional grants for counter-terrorism and other specific grants, the police settlement increase will be 2.7 per cent. this year, as the Minister said. A total of 20 police authorities will receive the lowest increase, of 2.5 per cent., and the Minister mentioned that there was a bigger-than-average increase for the West Midlands authority.

There is no doubt that the police grant settlement is extremely tight, as the Minister would be the first to accept. Last year, the Association of Police Authorities said that the three-year settlement was one of the "tightest for many years". In its submission to the 2007 CSR, the joint APA and ACPO expenditure forecasting group said that there would be a funding gap, even with an annual grant increase of 2.7 per cent. The group's most optimistic assumptions suggested a funding gap that by 2010-11 would be in the region of £660 million. Using less optimistic assumptions, the group calculated that the gap could be as high as £996 million.

The economic downturn has had an adverse impact on the financial position of police authorities. The collapse of Icelandic banks has wiped out about £95 million of police authority reserves, according to information that I have received from the APA. Lower interest rates of course mean that there is less investment income for police authorities, and proceeds from asset sales are lower in a depressed market. The Gloucestershire police authority, for example, estimated in January that the current grant settlement and economic conditions mean that it could lose up to around 60 police officers and 28 PCSOs, as well as 50 police staff posts.

The estimates used by the expenditure forecasting group assume that the police precept on council tax would increase up to that maximum of 5 per cent., but the Minister for Local Government announced in a statement on 28 November that seven police authorities, including Cheshire, Leicestershire and Warwickshire, would face precept increase caps of 3 per cent. in 2009-10. In his reply, I hope that the Minister will confirm that those authorities will receive less than the 5 per cent. precept cap.

Of course, Her Majesty's Opposition oppose excessive increases in council tax, especially in these dire economic times. The Minister will be very well aware that some police forces with historically low police precepts believe that they have no alternative but to seek more revenue from local council tax payers. Does the Minister think

that in some police force areas there is a public demand—not a councillor demand—for an increase in locally funded police spending above the cap limit? Has he received any representations from members of the public along those lines?

In last year's debate, the Minister's predecessor said that he expected the 2.7 per cent. growth in the police force grant to apply to this year as well, and the Minister has confirmed that today. However, I should like to hear his views on the pre-Budget report statement of 24 November, when the Chancellor announced

"that the Government will now find an additional £5 billion of efficiencies in 2010-11" [*Official Report*, 24 November 2008; Vol. 483, c. 489.]

On a point of clarification, will the Chancellor's demand for extra efficiency affect the 2.7 per cent. increase? I have seen minutes from Lincolnshire police authority and the Met that express the concern that they might be expected to find extra efficiency savings at short notice. Will the Minister clarify the position in relation to that efficiency target? The 2007 CSR set a target for police authorities to make 9.3 per cent. efficiency savings over three years, so will the Minister say whether police authorities are still expected to meet that target? Alternatively, is there a new target—explicit or otherwise—that he wants them to work to, as a result of the catastrophic downturn in the economy and in the fortunes of the Government finances since the CSR statement for the three-year period that we are currently in was made?

I should also like to hear the Minister's views on some other statements by the Chancellor, who recently announced plans to bring forward £3 billion of capital spending to assist the economic recovery. How much of that accelerated capital expenditure has been channelled into the policing sector, in its widest definition? Many people in the police authorities believe that accelerated local investment could assist improvement in the police estate and also support the local construction industry.

I turn now to some of the minutiae of how the police grant is distributed. The calculation is notoriously complex, and is based on five separate components. The first, the needs-based formula, is easily the most important and is otherwise known in the trade as the principal formula. Its main determinant is the projected resident population, which is then adjusted to take into account several "police crime top-ups" that adjust the main principal formula to take into account socioeconomic and demographic factors that may impact on crime levels. Those factors include how many licensed bars, people on long-term unemployment, daytime residents or residents in terraced accommodation there are in an area, as well as its population sparsity.

Secondly, in coming to a grant settlement, the Home Office will also apply additional rule 1. I will not detain the House on the minute working of that rule, important though it is. It affects the grant provision for South Wales police and redistributes it to other police authorities in Wales.

Thirdly, the Home Secretary will apply additional rule 2. In the past, the Home Secretary distributed specific grants such as the rural policing grant, the forensic grant and the initial police learning and development programme grant. Ministers decided to amalgamate those grants, so that police authorities would have more control over how a number of those funds were used; that was sensible. The distribution of those amalgamated moneys under the additional rule is determined by the principal formula. Fourthly, the Home Office will distribute specific grants. I will not repeat what the Minister said, but there is, of course, a separate pot for counter-terrorism. He also referred to the crime fighting fund and the ring-fencing of funds for neighbourhood policing, all of which we support.

Finally, the police grant floors are applied. The introduction of the principal formula in 1995 was designed to reflect the resource needs of police forces. However, to ensure that the introduction of the formula did not leave forces facing widespread financial instability, floors have been introduced. They guarantee that each police force receives a minimum percentage increase in the police budget, and we heard something about that from the Minister. Notwithstanding his statement, there remains serious concern among police authorities and police forces, in all parts of the country, about how the police grant formula is calculated; the Minister understands that concern because he is a well-informed and listening Minister.

The floors mean that forces cannot receive an increase below 2.5 per cent., even if the principal formula has determined that they do not require such a level of funding. Equally, a police force that should, according to the formula, receive a higher amount will have its grant scaled downwards. As the Flanagan report illustrated, using 2007-08 figures, that meant, at the extreme ends, that the West Midlands force had its grant scaled down by 11 per cent., or £48 million in nominal terms. Bedfordshire received 6 per cent., and Thames Valley police 4 per cent.—less than they would have done if the formula was applied in its raw form. The funds that are taken away from one force are given to another, and that has meant that some forces, such as Northumbria, have received over 12 per cent. more.

Her Majesty's Opposition welcome the removal of the ceiling, which the Minister's predecessor, the right hon. Member for Harrow, East (Mr. McNulty), announced last year when he was Minister for Security, Counter-Terrorism, Crime and Policing. However, I think that all of us—this might even extend to the Minister, judging from his comments—remain less than clear about the future for grant floors. It is worth reminding ourselves of what Sir Ronnie Flanagan's report on the future of policing said of grant floors:

"If we are to get the best performance return for our investment over the lean times ahead"

how prescient Sir Ronnie was; he said that in February 2008, before the credit crunch—

"we must start to deal with these anomalies."

He was referring to the floors. He went on to propose the following:

"I think it prudent that, from that point on, there should be a staged relaxation of the 'floors and ceilings' factors which dampen changes in allocations, possibly combined with special consideration for those few Forces which would face the most significant reductions in funding"

as a result of that relaxation.

The Home Affairs Committee supported Sir Ronnie's proposal. It produced an excellent report, "Policing in the 21st Century", and I see that the Chairman of the Committee, the right hon. Member for Leicester, East (Keith Vaz), is present. The report was thoughtful, and

[Mr. David Ruffley]

it avoided party politicking and cheap points. Neither he nor I indulge in that kind of business when we are talking about the serious matter of policing the United Kingdom. The report said:

"We support Sir Ronnie Flanagan's recommendation for full application of the police funding formula at the next Spending Review."

Can the Minister confirm that the Home Office will implement that proposal, and will he give us his detailed thoughts on it? The Select Committee and Sir Ronnie—an independent adviser to the Home Secretary—think that it is a good idea. Where are we on that?

In November, in a written ministerial statement relating to the settlement that we are considering, the Home Office said:

"Our promised review of the funding formula before the next CSR is already under way with active collaboration from the police community."—[*Official Report, House of Lords*, 26 November 2008; Vol. 705, c. 163WS.]

That is reassuring, but the House would be grateful for a bit more specificity on how far that review has gone. Will the Minister show a bit of ankle—to use a colloquialism—and share a bit more detail on how far he has got with that review? Will he say when we might expect an interim announcement on where the Government have got to? Again, this is not a matter of party politics; all of us with a concern about policing need to hear the Minister say more about the future for the formula on the record.

With your permission, Mr. Speaker, I would like to say something about population figures, because I think that that is an area of technical inadequacy with which all Members on both sides of the House have problems. On 27 November 2007, the then Minister for Borders and Immigration, the right hon. Member for Birmingham, Hodge Hill (Mr. Byrne), told the Home Affairs Committee that the funding formula used to allocate money to the police for 2008 to 2010 would draw on 2004 national population projections

"simply because that is the best available data."

Population projection figures form an integral part of the policing formula, as we all know, so is it really acceptable that the budget that we are debating is distributed according to a formula that is fed with data from 2004? I know that the Minister cannot wave a magic wand and get a sub-national version of a census for certain areas, or even a national census before the due date, but he might want to share some of the thinking about the inadequacy of the data, to which his former Home Office colleague, by implication, 'fessed up and drew our attention.

Fiona Mactaggart (Slough) (Lab): The hon. Gentleman raises an issue that he knows affects my constituency significantly. The inter-census estimation of the population of Slough underestimates its population substantially. As a result, we, a multiracial community, are under-policed. Although the Minister has confirmed again that the money is in the budget, the situation is made worse by the fact that the south-east allowance is not being uprated because it is stuck in the Police Negotiating Board. Perhaps the Minister could, in his summing up, reassure places such as Slough that he will take into account all those issues to make sure that those places, which face real policing challenges, have enough money to deal with those challenges.

Mr. Ruffley: I am grateful to the hon. Lady. I have heard her talk in many forums, not least fairly recently on Radio 4, about her constituency and the problems that she outlines. She is a doughty and persistent debater on that point, drawing to the attention of Ministers what needs to be done for her constituency—and there are others in the same position.

The second point that the hon. Lady raises is also tremendously important. I pay tribute to the Minister, because this time last week, in a debate held in Westminster Hall on the Thames Valley police force area, he said something interesting in response to a question from the hon. Member for Reading, West (Martin Salter). It was along the lines—we have new information from the Minister—that the PNB could be talked to by the Minister. I paraphrase his words. He undertook to have a word about what the PNB was doing in relation to the south-east allowance. Like the hon. Lady, I wonder whether the Minister could give us an update on any discussions that he or his officials have had since last Wednesday in relation to the PNB and the south-east allowance. That is hugely important for all Members in that region. I am grateful to the hon. Lady for reminding me of that point, so that I can remind the Minister of what he said last Wednesday.

According to ACPO, police forces in Kent, Lincolnshire and Cambridgeshire have suffered particularly from underfunding. By "particularly" I mean that they have gone out of their way to send briefing to me on these issues, which other police force areas also face. The problem that they have is the gap between predicted and real population figures. Their concerns were drawn together in a presentation given by Chief Constable Grahame Maxwell to the Home Office migration impacts forum on 16 July 2008. There was also a report in *The Sunday Times* on 27 January last year, in which Kent police observed that the total additional cost caused by immigration at that time stood at £34 million over the three years to that date.

The extra costs of immigration have not been fully recognised in the funding settlement. The chief constable of Cambridgeshire famously gave oral evidence to the Home Affairs Committee. It strikes me that that Committee teases out some interesting evidence and findings, which provide those who scrutinise Ministers with a great deal of ammunition. Chief Constable Spence said:

"We have had only a 0.3 per cent. increase in the way the formula operated this year"—

in 2007, when she gave evidence. She went on:

"There is nothing within government to be able to respond to the rapid changes that have happened. That was where the problems arose. The funding formulas are not rapid and flexible enough to deal with change."

Even the former Minister for Security, Counter-Terrorism, Crime and Policing, the right hon. Member for Harrow, East (Mr. McNulty) said in oral evidence to the Home Affairs Committee at the end of 2007 that

"the Government collectively is very slow in responding to large growths of population over a particular short period of time".

That was refreshing candour from the Minister's predecessor, but we need to hear from the Minister today what has been done. That statement was made at the end of 2007, and there is something on the record about technical changes. We need to know whether it is just down to the Home Office, or to the Home Office together with other Departments, to get this sorted.

The costs to police forces caused by migration, and the translation costs flowing from that, are an extra specific cost of policing. Under a freedom of information request that I issued to forces in United Kingdom, among the 44 forces that responded, there had been a 63 per cent. increase in the cost to those forces of providing interpretation and translation services. In Kent, there had been a 30 per cent. increase, from about £320,000 in 2003-04 to more than £422,000 in 2007-08. In Thames Valley, there has been a whacking 127 per cent. increase in that period. In my constituency in Suffolk, there has been an 86 per cent. increase in translation and interpretation costs in that period—from £113,000 to £210,000.

A report by KPMG in 2007 concluded that Cambridgeshire required an additional 100 police officers to cover the additional work load generated by policing foreign nationals—that was their definition, not ours. The report, "The changing demography of Cambridgeshire", September 2007, is published by Cambridgeshire constabulary. The methodology behind the funding formula will mean that an additional work load is not being taken into account when these grant moneys are calculated.

On 11 June 2008, the Department for Communities and Local Government published a cross-departmental migration impacts plan that sets up a transitional impacts migration fund from 2009-10. Although the report acknowledged the cost to policing, it was not clear to me whether police authorities could apply for money from the new fund to mitigate the cost of immigration. That was until I heard the Minister's remarks earlier in today's debate. For the sake of clarity, can he explain how police authorities can apply for that money? Is there any limit on the amount they can apply for? When can they apply for it? What criteria need to be met? Above all, we need a clear statement of what the review status of the funding formula will be before the next comprehensive spending review starts its progress inside government. Will a new, more dynamic projected population methodology be utilised—yes, no or maybe?

The Flanagan report said:

"The ability of the Funding Formula to predict aspects of complex protective services, such as serious and organised crime, needs to be considered more closely and I would urge the Funding Formula Working Group to review this further."

That is my real concern, as that is not always flagged up in debates such as this. We have heard about neighbourhood policing, which is hugely important for level 1, but let us not forget level 2 and level 3 resourcing, as Sir Ronnie Flanagan urges.

The Bill that the Minister and I are spending many enjoyable mornings and afternoons this month debating in Committee Room 11 refers to mandation powers relating to collaboration arrangements between forces in England and Wales. Part of the debate tomorrow relates to the level 2 gap in protective services, which is acknowledged by the Government, Her Majesty's inspectorate of constabulary, the Opposition and everyone else, but it is not clear to me how the funding formula and the statement from the Minister take account of the resource implications that specific forces mention when they are trying to improve their policy and operational response to serious and organised crime across county and national borders.

In his final report, Sir Ronnie stated in paragraph 2.61 that

"the Funding Formula will need to ensure that the capacity to deal effectively with protective services in terms of deterrence, intelligence-gathering and specialist, proactive capability is built into funding arrangements."

Will the Minister comment on that? Will his funding review, not just the statement in the House today, say something on Sir Ronnie's point about protective services?

I know that other hon. Members wish to make a contribution, so I shall draw my remarks to a conclusion. There is the added cost of dealing with alcohol-related crime. My hon. Friend the Member for Hornchurch (James Brokenshire) on the Front Bench has done much valuable work in drawing attention to the huge policing cost of alcohol-related crime, as has the Chairman of the Home Affairs Committee, in the report to which I referred earlier.

The most recent British crime survey, from July last year, stated that 45 per cent. of all victims of violence described their assailant as being under the influence of alcohol at the time. There is a wealth of evidence from chief constables as well. Chief Constable Stephen Otter of Cornwall and Devon Constabulary, said that since 2004-05 there has been a

"fairly significant increase in the proportion of violent crime where we can be absolutely sure there is an alcohol-related aspect".

Indeed, a Cabinet Office review as far back as 2003 said that, on average, it costs £59 more to process an arrestee who has committed an alcohol-related offence than a comparable arrestee whose offence is not alcohol-related. I am sure that the figure is a lot higher if the figures that we have all seen on the costs of bureaucracy and process are anything to go by.

There is a problem with the 24-hour licensing laws. Is the Minister considering Her Majesty's Opposition's innovative, radical and much-needed call for discretion to be given to local authorities in new legislation so that they can decide how the 24-hour licensing rules are applied in their areas? The policing formula does not take into account the extra cost of officers trained by forces around London who move to work in the Met; that was the subject of our debate last week, and we have heard about the allowance for the south-east.

In conclusion, in its own right the grant settlement is tight, and we understand why. Given the additional pressures from the economic collapse that this country is experiencing, police authorities face and will face severe financial pressures if they just maintain the current levels of service to local people. We have to make sure that the current structure for distributing the police grant is robust and fair. As I hope I have made clear, there are serious concerns about how the funding formula operates. The review of the police funding arrangements in advance of the next comprehensive spending review provides an excellent opportunity to address the deficiencies, to which I and other hon. Members have drawn attention, in the current distribution process. I look forward to the Minister's response to our challenge to him—that is, to explain his current thinking.

1.41 pm

Keith Vaz (Leicester, East) (Lab): It is a great pleasure to follow the hon. Member for Bury St. Edmunds (Mr. Ruffley), who is shadow police Minister. I probably

[Keith Vaz]

agreed with almost everything that he said. Either I am on the wrong side of the House or he is; I cannot decide who is in the right place. On behalf of members of the Select Committee on Home Affairs who are not here, I thank him for his kind words about the Committee's report, "Policing in the 21st Century".

I have had conversations with the hon. Gentleman about the report; he told me that he had read it with great interest. I know that the Minister has as well, and we look forward to the Government's response and to the Minister's appearance before us to answer questions about it. There is absolutely no point in such kind words being said about the report, and its being generally well received by the Government and the Opposition, if our recommendations are not implemented. We look forward to that process happening.

I repeat what I said in my brief intervention on the Minister. He knows that I am a great fan of his. Since he has taken on his portfolio, he has been very willing to discuss policing issues with all Members of the House, especially members of the Select Committee. The way in which the Government dealt with the whole process is a good model for the future. If I can be partisan for a moment, I should say that when the Minister announced that Leicestershire was going to be capped, there was great worry among Members from all parties from the city and county, who had been concerned about the possibility of the cap. The Minister for Local Government, who was here at the beginning of the debate, had meetings with those Members and the present Minister for Employment and Welfare Reform, the police Minister's predecessor. The Minister for Local Government listened to our points about the special case of Leicestershire, and I am pleased to say that he accepted that case. Far too often, Governments make decisions and say that they want to consult but do not do so; this Government and these Ministers, however, have shown that they are prepared to consult and listen.

Leicestershire is aware that, in a sense, the party is over. There are no unlimited funds available for policing. I shall not repeat the statistics mentioned by the Minister and the hon. Member for Bury St. Edmunds, but there has been a large increase in the police force budget in the past 10 years. There have been more police officers on the beat and more police community support officers—a role that we invented. The increase has been extremely important and positive. The overall allocation this year is £8 billion-plus and a few hundred thousand here and there, which is a huge amount of money. In Leicestershire, we welcome the 2.8 per cent. increase that we are to have, because that will allow us to continue the services that we provide.

I wish to make only three points during my brief contribution. Originally, I thought that this debate would last an hour and a half—hence my glares at both Minister and shadow Minister. I then realised that there were another two hours to go. Madam Deputy Speaker, you will be pleased to hear that I am not going to speak for that whole period, because other Members wish to participate and I am sure that there will be a wind-up from the Minister.

My first point is about alcohol-related crime, which the hon. Member for Bury St. Edmunds mentioned. I make no apology for repeating this point every time we have a debate on policing. The hon. Gentleman gave the figure: 45 per cent. of victims of violent crime have said that the perpetrator's behaviour was either influenced by or had connections to the drinking of alcohol. If we talk to any police officer of any rank about what happens in town centres, especially on Friday and Saturday evenings, not only in big cities but in small towns, we will hear about the results of alcohol-related crime. Why on earth should we allow a situation to continue in which we know the cause of the crime and what is happening, and all we do is spend more and more taxpayers' money on trying to address an issue that the Government can deal with?

I know that there have been a number of Government initiatives, and I welcome what the Home Secretary has said on many occasions about alcohol-related crime. However, the Government should go that little step further and try to do something more about the supermarkets. Why do I say that? The fact is that there is ample evidence to suggest that supermarkets are underselling. Pubs and clubs sell alcohol at a higher price. At this point, I am normally interrupted by my hon. Friend the Member for Selby (Mr. Grogan), who is chairman of the all-party beer group. He is not here, however, perhaps because it is lunch time and his group is meeting—I do not know. I am casting aspersions on him, and I did not tell him that I would mention him. Anyway, he jumps up and defends the pubs.

I want to ask what we are going to do about the very low prices for alcohol in supermarkets. That is a big problem. In its report, the Select Committee made specific reference to floor pricing, and we asked the Government to consider the issue. That may have been a recommendation; the hon. Member for Newark (Patrick Mercer) has popped in and may remember precisely what we said. Nevertheless, we felt that floor pricing was the only way to stop people, especially young people, from going into supermarkets and getting tanked up on very cheap alcohol bought under the promotions that every single supermarket in the country is running at this very moment. If anyone leaves the Chamber now and goes to any supermarket anywhere in the vicinity of Westminster, they will see those promotions. Unless we deal with that issue, it will continue to be a major problem for this country.

Patrick Mercer (Newark) (Con): I am grateful to the Chairman of the Home Affairs Committee. As he will remember, the supermarket spokesmen who gave evidence to the Committee were defensive on that point. The right hon. Gentleman and I both said that the undercutting and the loss-leading sale of alcohol were extremely injurious—particularly to young folk, including those in Leicester, East and Newark. Will he find out from the Minister exactly what has been done about the issue?

Keith Vaz: I thank the hon. Gentleman for that intervention. I am sure that the Minister will have taken note and will respond. As yet, we have not received a full response from the Government on this issue; we hope that it will come shortly.

We hope that urgent action can be taken on this problem, as it can be solved. It will have an impact on the Minister's budget. We have great sympathy with him; we know that he does not simply get up in the morning and think of a figure that he is going to

allocate to local police authorities all over the country. We know that he has to bargain and negotiate with the Treasury. How better to do that than with an array of statistics and initiatives that show that the Home Office is seeking to bring down the cost of policing?

My second point is about police pay. I am pleased with how the Government have handled this issue over the past few months. I never again want to be part of a demonstration where thousands of police officers, who do not have the right to strike, are forced to demonstrate against a Government who have worked with them in such close partnership over so many years. That was a terrible situation. I am glad that over the past few months the Home Office has begun proper and appropriate negotiations with the police and has given them not only a pay settlement that they deserve but the framework for dealing with these issues in future.

On Saturday, I was present at a march with the hon. Member for North Southwark and Bermondsey (Simon Hughes), when 100,000 British citizens marched through the centre of London. Police officers were there, although there were not a huge number. There was a moment during that demonstration when things nearly went wrong, when several young people, who are very passionate about the situation in Sri Lanka, decided to sit down on Westminster bridge and not move. The way in which the police handled that very difficult situation was absolutely superb. They persuaded the young people to get off the bridge and allow it to be reopened. That takes quality policing. In order to get quality policing, we have to pay police officers the amount of money that is appropriate to their skills. Please let us continue in that vein in future. Let us negotiate, so that we never reach a situation where they have to start demonstrating on the streets of London.

My final point concerns new technology. I hope that the Minister will tell us a little about the legal action that the Home Office has instituted against the company that provided the so-called police portal, which, of course, does not work. We all want the computerisation of the police to happen. We would love to see a situation whereby the police in Leicestershire and Nottinghamshire and the Metropolitan police were able to access one set of information through one police portal. I think that that was the intention of the National Police Improvement Agency, but it just did not happen. We have probably wasted a huge amount of money on this issue. I hope that the Minister will tell us what is happening, because it is important that we spend our money wisely, especially in the current economic climate.

Our report mentioned several examples of where Government investment in new technology would make a huge difference not only to the overall cost of policing in future but, more importantly, to the efficiency of local police officers. That means investment in hand-held computers. At the moment, there are 20,000 such devices in the country, and the Government have committed £75 million for another 30,000. However, the Committee says that there is no reason why every single police officer in the country should not have a hand-held device. The time savings are huge. When Bedfordshire police authority bought these devices for its police officers, the amount of time that they spent outside the police station increased, and the time that they spent filling in forms and doing paperwork decreased. The amount of time that they spent processing cases increased as well. BlackBerry has told us—I am not suggesting for one moment that we should go out and buy BlackBerry just because it has given us this information—that its research, which it presented to the Committee during our inquiry, suggests that if every police officer had a BlackBerry, it would give them an extra full hour of time outside the police station.

A lot has been said about the report by Sir Ronnie Flanagan, which is excellent; that is why the Committee adopted most of its recommendations. He talks about new technology and saving time by cutting red tape. Of course, Ministers always tell us that there is going to be a bonfire of red tape. Jan Berry has been appointed as the "cutting of red tape" tsar—whatever her title is: bureaucracy tsar, perhaps. The Committee looks forward to examining her in the near future. The fact is that we need real progress on cutting bureaucracy. That is evident if one goes to any police station in the country and talks to any custody sergeant, as I did when the hon. Member for Newark invited me to visit Newark police station. I pay tribute to all the police officers there. Unfortunately, there was a minor mishap when I thought that a fridge was the place where they kept their lunch, but it was in fact the fridge for DNA samples. Even Back-Bench MPs make gaffes, not just Ministers and Mayors of London. We pay tribute to all that police officers have done and say to them, "We want to increase your time outside the police station doing policing work."

I urge the Minister to take the plunge and invest in new technology. When the Government make that decision, please could we have central procurement, so that Lincolnshire police buy the same equipment as the police in Staffordshire, and the police in Staffordshire buy the same equipment as the police in Bristol or London? That would mean that we would not have problems about whether people are speaking to each other properly and appropriately, and passing on information. In many high profile cases, especially concerning children, people talk about sharing information after the event inquiries have taken place.

Patrick Mercer *rose—*

David Davis (Haltemprice and Howden) (Con): On a point of order, Madam Deputy Speaker.

Madam Deputy Speaker (Sylvia Heal): Order. Mr. Davis, I think that the right hon. Member for Leicester, East (Keith Vaz) was giving way. I call Patrick Mercer.

Patrick Mercer: Thank you, Madam Deputy Speaker. I am most grateful to both right hon. Gentlemen.

The right hon. Member for Leicester, East (Keith Vaz) makes an astute point. Is there not now clearly a case for a central procurement agency not only for police forces, but for security elements inside the policing apparatus? If we can do it for defence, surely we can do it for security and policing.

Keith Vaz: The hon. Gentleman is this House's expert on these matters, so I am not going to challenge his judgment in any way. He is absolutely right. There is a need to look at those processes to see whether we can create what he alluded to.

[Keith Vaz]

In conclusion—to allow the right hon. Member for Haltemprice and Howden (David Davis) to raise his point of order—I thank the Minister for his allocation so far. We know that things are going to be tough. We may not be thanking him next year, especially in Leicestershire if a cap is put on us, but there are ways in which we can cut costs and invest in the future. Please let us do this and make better what we know we already have—a really world-class police service.

David Davis: On a point of order, Madam Deputy Speaker. I apologise for interrupting the debate, but it is on a matter of the utmost national importance.

I would like to raise the issue of a judgment made at 1.45 pm today by Lord Justice Thomas in the case of Binyam Mohamed, a British resident currently being held at Guantanamo Bay who has made an accusation of British involvement in torture inflicted on him while being held in Afghanistan, Pakistan and Morocco. The ruling implies that torture has taken place in the Mohamed case and that British agencies may have been complicit—but, most important of all, that the United States Government have threatened our High Court that if it releases this information the US Government will withdraw their intelligence co-operation with the United Kingdom on matters of security. The judge has ruled that there is a strong public interest in this information being put in the public domain even though it is politically embarrassing.

To quote directly from the judgment—I will make this as brief as possible, Madam Deputy Speaker—

"It is plainly right that the details of the admissions in relation to the treatment of Binyam Mohamed as reported by officials of the United States Government should be brought into the public domain...we did not consider that a democracy governed by the rule of law would expect a court in another democracy to suppress a summary of the evidence contained in reports by its own officials...relevant to allegations of torture and cruel, inhumane, or degrading treatment, politically embarrassing though it might be. We had no reason...to anticipate there would be made a threat of the gravity of the kind made by the United States Government that it would reconsider its intelligence sharing relationship, when all the considerations in relation to open justice pointed to us providing a limited but important summary of the reports."

Another part of the report goes on to say that the Foreign Secretary has confirmed that this threat will still remain under President Obama's new Government.

Madam Deputy Speaker, may I request that you make representations, preferably to the Foreign Secretary, or to the Home Secretary, to come to this House today to make an urgent statement on the involvement of British agencies in torture overseas, and on the right of the United States Government to block a British court from disclosing information given to it?

Patrick Mercer: Further to that point of order, Madam Deputy Speaker. On this alleged piece of bribery, bullying or whatever it is that has just been discussed, at the same time as a statement is made by a Cabinet Minister, may we also have a thorough understanding of what the American regime would like us to do with non-British detainees in the former Guantanamo Bay prison?

Madam Deputy Speaker: I have to inform the House that those are not points of order for the Chair.

2.1 pm

Paul Holmes (Chesterfield) (LD): This police grant statement comes in the second year of a three-year settlement, and in that sense it does not contain any surprises. It remains, however, as was pointed out last year, the tightest police grant settlement for a decade, and as the Association of Chief Police Officers and the Association of Police Authorities pointed out last year, there is a danger of an overall £1 billion shortfall in police funding by 2011. One of the things that they referred to was not just the proportion of money coming from the Government, but the effect of the Government's constant rate-capping and direction on levels of council tax. The Minister and I debated that issue yesterday in a Public Bill Committee. A MORI opinion poll last year found that 87 per cent. of respondents said that they would be willing to pay more if it went towards direct local policing. Whether we would get quite the same response now that the recession is starting to build up is another matter, but, as we argued yesterday in Committee, that choice should be left to the local community and local police authorities under a directly elected system, rather than being decided by diktat by a Minister in London.

All the points made in last year's debate remain accurate today, and I will not rehearse most of them in detail because they remain exactly the same. Last year, we discussed the amount of police time spent on paperwork, the increase in violent crime, the lack of adequate technology and the constant creation of new offences—more than 3,500 since 1997. A number of those points have already been touched on in today's debate. On technology, the issue of hand-held devices that would save police time has already been raised. It surprises me that the staff who work for the council housing department in Chesterfield who do electrical repairs, plumbing and so on are all equipped with such devices, and they are all linked to the central control office through them. The logistics of everything they carry on their vehicles to repair council houses are logged and are readable in the central office in Chesterfield, so that when a call comes in for a repair it is not the nearest vehicle that is sent but the one with the right parts. If the staff of the council housing department can have that sort of technology, which makes them so much more efficient, flexible and cost-effective, it seems incredible that the police in Chesterfield cannot have the same.

The Minister may well say later that pilot schemes are rolling out and developing that technology in various parts of the country, but as with so many experiments with pilot schemes, we have to ask when that process will become universal. It is proven technology, the benefits of which can be seen even in a council housing repair department. Why has it not been rolled out throughout police forces in the UK?

As a side issue, the right hon. Member for Leicester, East (Keith Vaz), who chairs the Select Committee, mentioned central purchasing. Contrary to our debate in Committee yesterday, I do see an argument for a degree of central collaboration or direction in that case. One police officer whom I talked to in Chesterfield told me that many police forces buy a variety of motor vehicles because there is no custom-built standard for the British police, whereas American police forces tend to have a standard police cruiser. He told me that some of the computer devices provided for use in cars cannot

be mounted on the dashboard because there is such a mish-mash of purchasing policy. Vehicles are often too small and not suitable for such new technology. The delivery of technology raises some issues that need be considered, but it is such a basic process in this day and age, it is hard to understand why the technology has not been rolled out across all 43 police authorities.

Mr. Coaker: To nail this point about mobile information devices, I say to the hon. Gentleman that all Home Office-funded police forces in England and Wales, and all police forces in Scotland, have now received funding. We expect 30,000 hand-held devices to be in use by front-line officers in April 2010. Although the technology was originally being rolled out in phase 1, phase 2 is now online. Millions of pounds are being spent to do exactly what the hon. Gentleman suggests.

Paul Holmes: I thank the Minister for that clarification. It would be churlish to say better late than never—but none the less, that is now on the record.

On the constant creation of new offences—3,500 or more in 10 years—we are in the process of discussing the 66th Home Office Bill in this area, with the Public Bill Committee considering it starting last week, and it will create a variety of new offences. One proposal that was debated on Second Reading, and which I mentioned in Committee last week, is the fine of up to £500 that is available for people found drinking alcohol in a public place where drinking is prohibited. The current Bill proposes to increase that figure to £2,500, but as we clarified in Committee and on Second Reading, although the maximum fine is £500 no one has ever been fined more than £250, and very few have been fined more than £100. That is symptomatic of a process where legislation is constantly used to grandstand—to send messages in pursuit of media headlines—but has no practical benefit for the front-line police officer. In fact, it can be quite the reverse if it is simply throwing extra regulation and paperwork at police officers on the beat, who have far better things on which to spend their time.

Legislation on cut-price alcohol sales in supermarkets, however, which the Chair of the Select Committee referred to earlier, would be a much more beneficial and effective process. Regrettably, however, such provisions are missing from the Bill that we are discussing in Committee. I have been on patrol with front-line officers and seen them dealing with the public effects of alcohol, and they would welcome the effects of such legislation far more than a measure that the Minister said was simply intended to send a message—effectively, to get a headline instead of having a direct, practical effect.

All of last year's debate remains relevant, although we do not need to return to two parts of it. The current Minister has not had to announce a cut in the numbers of police community support officers from 24,000 to 16,000, as was announced last year, and he has not had to take the flak for refusing to implement in full a police pay award. That happened last year, although officers remain demoralised and angry about it to this day.

What are the new issues that affect policing? The Association of Police Authorities observed that the next four years will be very difficult. It gave several reasons for that, one of which was the tight funding regime in place between now and 2011, which we knew about from the start of the three-year settlement last year. There may also be cuts after that; we cannot know for certain, but it certainly looks increasingly likely. We are told that many authorities and chief constables face stark choices over the next four years, including inevitable reductions in police officer numbers. We have seen that happen in some authorities already last year and this year.

At the same time, however, with tighter, sometimes decreasing, budgets and a reduction in police officer numbers, there is a constant expansion in local demand and in the expectations of what the police can deliver. Some of that is a result of modern society. Today, almost universally, people have mobile phones, and they are much quicker to ring the police—or their councillor or MP—to make a complaint. They are much more likely, especially at odd hours of the day, to get on the internet and send an e-mail to all and sundry, including the police, councillors and the local MP, demanding action. In the past, they would have had to use a land-line to ring an office hoping to get someone on the other end, and a lot of people did not do that. The 24-hour media that we have these days constantly hype up crime issues, which creates a lot more pressure and expectation from below about what the police can do. Those rising expectations will only increase.

The Government have the best intentions, which we support, but they too are increasing that pressure. For example, a welcome policy is the idea that everybody in a police beat area, usually corresponding to a council ward, should have access to a mobile phone number that should in theory be answered fairly promptly by the beat officer or PCSO who has that equipment. As that service becomes more publicised and available, it will inevitably mean far more calls from members of the public, putting more demands on the police. If the police cannot meet those demands, it will create a vicious circle of frustration, with the public saying, "There's no point. The police aren't doing anything. They never answer." At a time when budgets are tighter, and when budgets and police numbers might fall over the next few years, there will be more and more pressure from the public for more action.

Another matter that we discussed in Committee yesterday was the community call for action, which was provided for in the Police Act 2006 and is about to be implemented. When members of the public know about that, they will beat a path to the door of their local councillor, whether for their parish, town, district, borough, city or unitary area—the public do not draw such distinctions—and say, "I have heard that under the law, you have to take action if I raise an issue with you about vandalism, burglary, nuisance, speeding traffic" or whatever. All those councillors will rush off to the appropriate bodies—crime and disorder reduction partnerships, police authorities and so on—saying that they want action. Many of them already do that. With tightening budgets and falling police officer numbers, what will often be the answer over the next few years? "We haven't got the resources to deal with that." On top of that, we have increasing Government direction of national priorities and roles, which could clash with the requirement for police authorities to have regard to the views of the local community.

Simon Hughes: It strikes me that given the pressures that my hon. Friend has outlined, and the fact that a lot of people will, sadly, lose their jobs in the coming year,

[Simon Hughes]

there may be people who are confident, able and willing to be employed by police authorities as civilians, but who would not be willing to become police officers. They could help to do a lot of jobs, provided that the budgets were available.

Paul Holmes: Indeed, and over recent years a lot of authorities have brought more civilians in to release police officers from desk work and get them out on the beat. The more the budget tightens, however, the less possible that becomes.

As we have heard, another factor to consider is population shifts, which may well worsen, especially those that arise from waves of migrant workers. When the EU enlarged recently the Government predicted how many people would come from Poland and various eastern European states, but their predictions were well under the number who came in reality. The Government said that they expected a lot of those migrant workers to come over here and work for two, three or four years to raise money, then go back to start their own businesses, or to return when the economy changed, as in the case of the recession that is building up.

The speed of those population fluctuations caused major problems for councils, the health service, schools and the police. The then police Minister, the right hon. Member for Harrow, East (Mr. McNulty), said in last year's debate, "Yes, that is a very good point, and we should look at it." The present Minister said the same this afternoon, so when will the action come? What reassurance can the Minister give that there will be fairly prompt action on a matter that has never been dealt with—getting resources quickly to the police, councils, education authorities and others to deal with rapid population fluctuations? Those fluctuations often involve people who have English as a second language, which is another issue entirely. The police in Lincolnshire, for example, have been caused major problems by the soaring cost of their interpretation budget because of the eastern European groups who are working there in agriculture. There are also many such examples in urban areas, and various problems are developing.

Simon Hughes: That is a really big issue for boroughs such as mine as well as for rural areas, as my hon. Friend said. It would be really helpful if Ministers from the Home Office and the Department for Communities and Local Government said that they would take the new information from the Office for National Statistics and put a new, up-to-date system in place by the time of the next three-year grant allocation at the latest. We have not yet heard that, and it must be a minimum demand and expectation.

Mr. Coaker *rose—*

Paul Holmes: I give way to the Minister.

Mr. Coaker: May I just say that we will do that?

Paul Holmes: That is a very welcome commitment, but it is difficult to see how the Government can react quickly enough to deal with certain population flows. I have spoken to the staff of schools in inner-city areas of Birmingham and London that have had problems. With rapidly fluctuating pupil numbers, it is difficult to get the money flowing fast enough to make a difference rather than provide it two years later. However, I hope that the Government will be able to take action on that.

Another major issue is the levelling off of police authorities' potential to make cash efficiencies. The Home Office document "Efficiency and Productivity Strategy for the Police Service 2008-11" states:

> "The financial climate of the next three years will be tougher and achieving significant cashable improvements in efficiency and productivity over 2008-11 will therefore be central to delivering the Police Service's mission of delivering community safety."

However, the APA points out that in the past 10 years more than £2 billion of efficiency savings have been made, most of which have been recycled into meeting new police demands and supporting the delivery of the service. However, it observes that that has become increasingly difficult in the past year or two, and that in the next few years it will become almost impossible for efficiency savings to be addressed directly to dealing with budget shortfalls. It states that

> "the longer term prospects worsen considerably"

because, added to the factors that I have listed, the recession means that there will be a loss of interest income from investments, reduced proceeds from property sales and increased costs of imported goods. It gives the specific example that uniforms, which are generally imported, and some specialist equipment that is imported have already increased in cost by 30 per cent. in the past few months, due to exchange rate changes. The council tax base is nearly static due to continued capping, and the recession is creating more low-level crimes such as burglary, shoplifting, robbery and shed breaking. All those things cause increased demands on the police.

The most recent quarterly crime statistics, and figures released following a freedom of information request by *The Independent*, show increasing crime—a widely predicted result of the recession. On 17 January, *The Independent* gave the example of forces such as Greater Manchester, Suffolk, Gloucestershire and Cumbria, all of which had seen

> "increases of between 25 and 50 per cent. Lincolnshire police saw the biggest rise, a 97 per cent. increase in robbery between September and November—the most recent three-month period collated by the force—compared with the same three-month period the previous year."

Those figures were more up to date than those that the Home Office released a month later, which raises the point that we have often made about the need for believable independent statistics. If the Government were to pass the responsibility for the figures entirely to the Office for National Statistics, that would remove all the questions about their validity and their early or late issue for political reasons. The statistics that were produced, partly through a freedom of information request, showed a clear increase in crime at the lower level of burglary, shed breaking, robbery and so on, co-ordinating with the start of the recession. That was exactly what history told us was likely.

A rise in crime produces more work for the police and puts more strain on them. It means that they need more manpower and potentially more overtime, yet all that comes at a time of tightening and eventually decreasing budgets and falling police numbers. Police authorities need some specific answers. First, will the specific central

Government funding for PCSOs, and for the substantial number of police who are funded by direct special grants rather than the general grant, remain in place after 2011, to which date it is guaranteed?

Secondly, the Government brought forward £3 billion of capital spending to assist in economic recovery, but none of it went towards improvements in the police estate. We are told that the Government are preparing a further tranche of that funding as part of the forthcoming Budget. Do the Government have any further plans to release capital investment in the police estate? That would boost the construction industry, create jobs and, above all, take pressure off local police authority budgets where there are dilapidated police stations that need replacing and other facilities that need improvement.

The issues that we have considered so far apply generally to all 43 police authorities in England and Wales. However, some issues apply more to specific police authorities. For example, 15 police authorities—just under 30 per cent.—were affected by the Icelandic banking crisis. The outcome of the crisis, and, therefore, its full impact, remain unclear and will be for some time. The increasing uncertainty and risk for the affected authorities is a cause of great concern, and the Government have provided support so far. Continuing Government support for repaying the loans involved is required, especially if repayment is delayed or money has to be written off as a result of what happened in Iceland.

Another much bigger and longer-running issue affects some but by no means all police authorities, and several hon. Members referred to it earlier. It is the formula for funding police authorities. To the Government's credit, after saying that they would tackle the matter in 1997 when they came to power, they eventually introduced a fairer funding formula nearly 10 years later. However, they told the worst-hit authorities that it would be years before the underfunding was made up. Telling police authorities that they were underfunded by specific amounts but that they could not have the money caused consternation. As yet, no date has been set for ending the floors and ceilings mechanisms and the underfunding of so many authorities.

The Minister has already referred to the fact that all the police authorities in the east midlands, parts of which we both represent—in Northamptonshire, Leicestershire, the Minister's area of Nottinghamshire and my area of Derbyshire—are affected, as are many others throughout the country. He said this afternoon that the formula is being reviewed again for 2011 onwards. However, let us remember the history.

Before 1997, the shire counties that lost out worst from the funding formula had a long-running campaign—the F40 campaign. In 1997, the Government said that they would review the position. In 2006-07, nine years later, they introduced the new formula but said that they could not provide the money that they admitted authorities needed.

I shall now be slightly parochial. Last year, Derbyshire was the fourth worst-funded police authority in England and Wales. This year, it sank to third lowest, with only Suffolk and Essex in a worse position. Under the new, "fair" formula that was introduced in 2006-07, Derbyshire has lost £16 million so far. The Government say that Derbyshire needs that money to provide adequate policing, but that it cannot have it. This year, Derbyshire will lose another £5 million, and another £5 million in the subsequent year. That is equal to 3 per cent. of the force's entire budget every year and more than 160 police officers on the beat.

Derbyshire has had to plug the gaps in the underfunding by using its reserves, but they are coming to an end. In a year or two, there will be no more reserves to plug the gap in the funding that the Government say that Derbyshire needs, but that they will not provide. It is impossible to understand why the worst funded authorities in the country, some of which, like Derbyshire, have experienced the problem for more than 20 years, must bear the brunt of a tight police grant settlement.

Police officers and constituents in Chesterfield simply cannot understand that we are the third worst-funded police authority in the country yet we must continue to be underfunded because of overall problems with the police grant.

The Minister said that he had received only 15 representations this year—far fewer than last year. Perhaps police authorities have simply given up because they meet the same stonewalling every year. Will the Minister offer any genuine hope to the worst-funded authorities, such as Derbyshire, that all the unequal funding of recent years will end? After all, the councils and fire authorities that suffered from the funding formula have had their historic problem removed and levelled out much more quickly. Why are police authorities singled out to bear the brunt of what the Government admit was an unfair formula, saying that they should have more money, but that they cannot have it?

2.24 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I am grateful for the opportunity to participate in the debate on the police funding settlement this year. I shall focus my brief remarks on my police force area of Dyfed-Powys. Last week, in Westminster Hall, the hon. Member for Ceredigion (Mark Williams) initiated a short debate on the subject, and I am grateful for some of the assurances that the Under-Secretary of State for the Home Department, the hon. Member for Tynemouth (Mr. Campbell) gave in response to it. I am also grateful for the Minister's comments today; I appreciate the steps that are being taken to ensure parity between English and Welsh forces, and the 2.5 per cent. grant floor.

I want to impress on Ministers the deep concern among members of the Dyfed-Powys police authority and officers at various levels in the organisation. In last Wednesday's debate in Westminster Hall, the Under-Secretary said that he had received no representations from the authority this year on the settlement. However, I assure him that Members who represent constituencies in the area have received strong representations. That is shown not only by the fact that I am raising the matter, but by the presence of the hon. Member for Brecon and Radnorshire (Mr. Williams) and the intervention by the hon. Member for Montgomeryshire (Lembit Öpik).

Let me reinforce some of the points that we have been trying to convey to Ministers in recent weeks. The starting point is the enormous area that the Dyfed-Powys police force covers—the largest in England and Wales, taking in the counties of Powys, Ceredigion, Carmarthenshire and my county of Pembrokeshire, and comprising hundreds of disparate small villages and small town communities. Hon. Members who go

[Mr. Stephen Crabb]

on holiday to mid and west Wales will be familiar with the long, slow roads in the area. That poses significant challenges to policing. Given the size of the police authority area, it is worth pointing out that Dyfed-Powys has the third smallest police force. That immediately poses a challenge to the chief constable of how to deploy personnel across such a vast area.

Last week, in the Westminster Hall debate, the Under-Secretary described Dyfed-Powys police authority as well resourced. Like many hon. Members, I have a six-monthly night out with my local police. On a Saturday night, the police authority does not feel especially well resourced. All it takes in my police division of Pembrokeshire is one road traffic accident, a fight outside a local nightclub and one domestic violence incident for the force to start to feel stretched.

I want to put on record the important role that volunteers play in the police force. On my most recent Saturday night with my local police, I witnessed the important role that not only special constables, who give up their time, but volunteers in the CCTV control centre, play. We want to encourage such volunteering. There are all sorts of benefits from engaging more civilian volunteers in police operations, but the police should never have to perceive volunteers as an absolute necessity for delivering policing at busy times such as a Saturday night.

Other factors in the Dyfed-Powys area are relevant to the discussion—tourism, for example. In the summer the population swells considerably. The pressure on public services arising from a significant increase in the local population in the summer months is never fully taken into account.

We also have an enormous coastline, which includes two major ferry ports, connecting west Wales with Ireland, at Pembroke Dock and Fishguard. We have the growing energy hub at the port of Milford Haven, with two of the UK's major oil refineries, the UK's largest fuel storage depot and the two major liquefied natural gas terminals, which will come on stream shortly. I shall say more about the LNG terminals shortly.

Dyfed-Powys police do a remarkably good job, given their resources and the challenges they face, in holding down crime rates and reassuring the public. They have achieved some excellent scores in crime detection and bringing rates down across the full range of crimes. However, a member of the police authority told me that some of the statistics, which on the face of it are good news stories, are

"somewhat fragile and patchy in some areas of activity."

The force admits that some of the confidence and public satisfaction scores that it gets are not quite as good as they should be. I share the concerns that have been communicated to me by the police authority, not only about the tight settlement for this year, but about the uncertainties surrounding funding in future years and about what might happen to the rural police grant. Those concerns mean that the authority has serious questions about its ability to improve on its current scores.

Dyfed-Powys police force has made great progress in the past few years on achieving efficiency gains. Between 2005-06 and 2007-08, it achieved efficiency savings of £9.8 million, well above its target of £7.3 million. The theory is that the force should be using those efficiencies to invest in, for example, protective services and other Government priorities. However, the force tells me that it has to use those efficiency savings just to maintain baseline services, and there is very little capacity to make improvements. The force has particular concerns about the expectations in the policing pledge—about its ability, for example, to respond to emergency and non-emergency calls within 20 minutes on all occasions, and about the timescales in which victims of crime need to be informed. Being able to meet those expectations is challenging.

Several hon. Members have already mentioned the rural police grant. I would like to reiterate the points that have been raised. There is concern in Dyfed-Powys police force authority about the future of the rural police grant. I am not, perhaps, expecting the Minister to say any more about that than his colleague has already said in this debate, but I would like to impress upon him the needs of rural areas and the challenges that rurality throws up. If he cannot say what the future holds for the rural police grant, I would be grateful if he could give an indication of what his thinking is on how different aspects of rurality will be taken into account in the discussions and considerations about the future of the rural police grant.

Let me return to my point about the liquefied natural gas terminals. There is significant concern about how well protected those facilities are. Just to remind hon. Members, in the years ahead the two LNG terminals will have the capacity to import 30 per cent.—almost a third—of the UK's entire natural gas requirement. They are clearly a significant piece of national infrastructure. I do not expect the Minister to comment on that in great detail, but concern has been communicated to me about a proposed reduction in the funding for officers engaged in security work at the port of Milford Haven. I do not want to speculate about why that might be so or about where else resources might be deployed. However, if the Minister receives an application from the police force in Dyfed-Powys for additional resources to support the policing of the LNG terminals, I would ask him to look favourably on that request.

2.33 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): It is a great pleasure to speak in this debate, albeit only briefly. I commend the Minister on the fact that he has always been responsive to representations made to him about the police settlement. Indeed, I think that I am the third Member from the Dyfed-Powys police area to contribute to today's debate. We do so on the basis that we are very proud of our police force. The people who live in the Dyfed-Powys area are basically satisfied with the service that they get. They complain from time to time about police visibility, but we live in a sparsely populated area. It is a challenge for the chief constable to deploy his forces around that area to give people confidence.

However, the force does a lot of good. I attended an event last week at which awards were given to police officers, specials, police community support officers and back-room staff for the work that they had done in the Powys area. The citation on each award read "For making Powys a safer place". That must be the aim of the police force.

The hon. Member for Preseli Pembrokeshire (Mr. Crabb) raised a number of points, which I would like to reinforce. In a way, the representations that we are making today are not about the present police settlement, but about its future. Mention has been made of Ronnie Flanagan's report, which, if I understand it correctly, says that the formula must be adhered to more strictly. However, the fact that the funding for many Welsh police forces depends on exceptions being made to the formula, rather than on the formula being delivered right across the piece, is important. Indeed, if the floor—the minimum of 2.5 per cent. of the settlement—were not implemented for all four Welsh police authorities, there would be a loss to those authorities of £15 million.

I also want to mention the rural policing grant. The rule 2 grants make a contribution to the funding of authorities, but most of those grants are spread among all the police authorities, whereas the rural policing grant goes to only a limited number of authorities. That being the case, certain police authorities would suffer disproportionately if the rural policing grant were abolished or if the rule 2 grants were brought within the formula. If that happened, it would be difficult for Dyfed-Powys police to maintain the standard of policing that the people living in the area have come to expect. If we were to aspire to the same level of policing, there would be a huge increase in the precept, and in the council tax that people would have to pay—and we know how unfairly council tax falls on the lowest paid in our communities.

I want to comment on one other issue. At the moment, the area that I represent has only one set of custody cells for an area that extends for about 80 miles south to north and about 40 miles east to west. That means that putting somebody arrested in Llandrindod Wells into a custody cell requires a journey of at least 30 miles, which takes police officers away from their duties, just to take a prisoner from a police station without a custody cell to one with a good custody suite. It is important to make the appropriate capital investment in the infrastructure, so that the police can spend their time dealing with the issues that the public expect them to deal with, rather than having to transport prisoners.

Mr. Crabb: The hon. Gentleman is making an important point about custody suites. We have a new all-singing, all-dancing custody suite in the Pembrokeshire division. However, officers have raised with me concerns similar to the hon. Gentleman's point, about how making arrests in different parts of the area now ties up an awful lot of police time. One of those concerns is that the new custody suite might create a disincentive to bringing into custody people who would previously have been taken into custody closer to where the offences were committed.

Mr. Williams: I agree with the hon. Gentleman. Both of us are making the point that investment in capital works—such as new buildings and new custody suites—can improve policing quite considerably, to an extent that would be noticed and appreciated by the general public. I am talking in particular about Llandrindod Wells, where there is a scheme for a new police station with custody cells and a magistrates court, which will be integrated with an ambulance station and a fire station, so that we can have all the emergency services co-operating as one.

Although we in the Dyfed-Powys police area accept the present settlement and understand the circumstances in which it has been made, we are not happy with it. We look forward to a review of the formula to make it work, although we view that process with trepidation. We understand that there is only one representative from Wales on the group that will review the formula. We just hope that Wales's special needs will be reflected in the outcome of those considerations.

2.40 pm

Mr. Rob Wilson (Reading, East) (Con): This is a welcome opportunity to debate the police grant settlement, which forms about half of the police's funding, the rest coming from the local government finance system—a combination of revenue support, non-domestic rates and council tax. There cannot be many MPs who are entirely happy with the Government's handling of the police pay settlement last year—we all received a sizeable postbag on the matter—because the Government clearly got it wrong, and Ministers probably regret the way in which they handled it at the time. The pay settlement has left a legacy of bitterness. I can still go into my local police station in Reading and see the posters on the wall that say "Tough on crime, tough on the fighters of crime". I know that the Government have since tried to address the pay settlement, but the bitterness will remain for some time. What happened has been neither forgotten nor forgiven.

I am delighted to have this opportunity to pay tribute to my local police force, the Thames Valley police, for its continuing hard work and good performance. This year's unremarkable police settlement reflects the overall spending review provision from the Home Office—that is, no real-terms increase. This translates into a 2.7 per cent. increase in the general police grant for 2009-10. It is true that Thames Valley police is quite fortunate, because it is one of the police authorities to receive a higher police grant allocation, compared with other shire authorities. It will receive £238 million this year, which equates to a 2.7 per cent. increase on last year's settlement. That is not one of the highest settlements, but, fortunately, it is not one of the lowest either. I am grateful to the Home Secretary, who recognises the importance and the position of the Thames Valley force, because of its close proximity to London, and has allocated funds accordingly. Despite that, however, there are certain issues that it will be useful for me to put on record today.

I have mentioned before that the Thames Valley police force suffers from considerable problems of officer retention. A major concern is that the Metropolitan police is able to pay its officers much more than Thames Valley police can pay its equivalent officers. The Met is also able to give its officers free travel within a 70-mile zone right around London. The south-east allowance, which was introduced a few years ago in an effort to curb a further manpower drain, has remained frozen, while the Metropolitan police's London weighting allowance has continued to rise.

The incentive gap has therefore become wider, and it has become much more attractive for Thames Valley officers to move to London to improve their economic position. This is now causing a serious problem for the Thames Valley force. Its chief constable, Sara Thornton, giving evidence to the Home Affairs Select Committee

[Mr. Rob Wilson]

when it happened to be meeting in my constituency, said that she would be in favour of increasing the south-east allowance by £1,000 a year to make it easier for officers living in the south-east not to get sucked in by the extra pay and free travel that they would get for working in London.

I believe that the chief constable has since met—and continues to have an important dialogue with—the Home Secretary and the Minister for Policing, with the intention of introducing the flexibility further to increase the south-east allowance. In a debate in Westminster Hall last week, it became clear that Thames Valley police had the money in its budgets to fund that allowance and to make it available. During the debate, I think that the Minister said that an uplift in the allowance in the south-east would cost about £20 million, and that he referred to a figure of about £2 million to achieve the uplift in the Thames Valley police area. I hope that he will correct me if I am wrong.

Mr. Coaker: I have not got the figures for the south-east allowances with me at the moment. However, I did say that the moneys in the budget for those allowances were not a matter of additional resource, which I think was helpful to the general debate. Perhaps the hon. Member for Bury St. Edmunds (Mr. Ruffley) will verify that. I also said that this is not a ministerial decision; it is a matter for the Police Negotiating Board to come to an agreement with all the various bodies involved on how to resolve the issue. While I am on my feet, I should also like to say, in response to being asked to "have a word" about these matters, that it was not so much a matter of having a word; it is just that I saw this as a matter for the board and as a priority for it to resolve it. I know that that is what it is trying to do.

Mr. Wilson: I thank the Minister for that intervention. I am absolutely delighted to hear him repeat that this is a matter for the Police Negotiating Board; that was stated last week and it has now been repeated this afternoon. I welcome that statement.

If the Thames Valley force takes its case to the negotiating board and is successful, it will be committed to paying that additional allowance. I hope that that will go some way towards alleviating the problem of experienced officers being sucked into the London Metropolitan police area. I should like to make it clear that I am not advocating any additional grant resources to the Thames Valley, but if the force is to retain its best officers, it will need the Minister's support to try to resolve this situation.

Its costs the Thames Valley police £55,000 to train each trainee constable, but it has lost 242 officers in the past five years. It would be a drain on any force for those numbers to continue, and this issue is an increasingly difficult problem and a big financial drain for the Thames Valley force. Anything that the Minister can do to help will certainly be appreciated by the chief constable.

Thames Valley police has become a training ground for the Metropolitan police, and my constituents—along with the other people served by the force in the wider Thames Valley—will undoubtedly suffer a poorer service if that is allowed to continue. Indeed, the chief constable has said publicly that the force is a very young one, and that it needs experienced officers as part of the overall mix of officers in the area. In addition to the £1,000 uplift for police pay in the Thames Valley force that the chief constable is asking for, there also needs to be an agreement with the Metropolitan police that it will not poach significant numbers of police officers. That would be extremely welcome to the chief constable in the Thames Valley, and I am sure that the Minister will do all that he can to facilitate such an agreement.

I would like to raise a number of other financial issues, particularly in relation to population growth. The chief constable has raised significant concerns about the impact of population growth right across the Thames Valley, and I know from my experience of living in Reading for the past 25 years that the city has grown significantly in that time. Of course, more recently, immigration has added enormously to that population pressure. Several years ago, I was briefed by the police in Reading that much of the serious organised crime in Reading was run by immigrants, many of whom were in the country illegally. I would be interested to get an update on that from Thames Valley police, and to hear whether the Minister has any further information on whether there has been any improvement.

Mr. Stewart Jackson (Peterborough) (Con): My hon. Friend is making a strong and compelling case. Does he agree that the problem with the extrapolation of population statistics with regard to the funding formula is that they are based on out-of-date figures from 2004, and that those figures should have been updated before the comprehensive spending review? Does he agree that this is having a direct impact on front-line policing across the country?

Mr. Wilson: My hon. Friend makes an excellent point. I know that Slough has had many problems dealing with extra numbers and the resultant financial pressures put on many public services. No doubt Peterborough faces a very similar set of challenges.

The impact of population growth on police services needs to be recognised, so it is only right for the police authority to be consulted on major spatial plans, for example. Support to secure resources from the planning system to meet the costs of infrastructure development is also important for the policing of the expanding Thames Valley region. All that certainly needs to be looked at. We need to think about whether section 106 money should be used to help support the additional policing infrastructure that will be necessary in the years to come as the population expands. That is worth considering. I know that at this particularly difficult time in the middle of a recession, local authorities are going to guard jealously their income from section 106 money, so it is not going to be a particularly easy nut to crack if the Minister decides to go down that particular avenue.

With the current level of population growth, Thames Valley police estimate that their capital costs for new buildings and so forth will be about £90 million—just to keep pace with the level of services provided now. The chief constable has said that the force will have real problems trying to generate that level of capital receipts, so it looks as though there might be another funding gap in the future. He also estimates that the number of staff, including officers, that Thames Valley will need will have to grow to about 1,200—again just to maintain the current level of policing services.

I know that there is a link to population in the revenue support grant, but the floors and ceilings apparently mean that minimal additional revenue grant will be generated for the Thames Valley police. That needs to be looked into further. There are also other funding pressures. The Olympics, for example, is clearly going to suck in resources from the Thames Valley, and it would be interesting to hear the Minister explain how that extra resourcing might be handled and what sort of extra support a force such as Thames Valley will be able to get when it has to provide so many police officers for the Olympics.

Counter-terrorism is another important issue. I cannot speak as freely as I would like on this occasion, so all I will say is that a significant threat still remains within the Thames Valley. I know that there is a specific grant for counter-terrorism, for which we are very grateful, but the pressure is likely to get much worse before it gets better. There is the potential for extremism in Reading, Slough, High Wycombe and other centres in the Thames Valley despite all the excellent work that goes on in those local areas to combat the threat.

I have recently been critical of the detection rates of the Thames Valley police. It is actually one of the worst-performing authorities in the country in that respect. We are not doing well, and that needs to be said. However, I say it as a friend, albeit a critical friend, of the Thames Valley police. The force is doing many things particularly well, but there is enormous room for improvement on detection rates.

I would like to say that we have a particularly good team in Reading, made up of active, responsive and forward-thinking officers, and I would like to repeat the praise I expressed in last week's Westminster Hall debate for Superintendent Steve Kirk, who does a quite outstanding job across my Reading, East constituency. I have also been very pleased by the roll-out of neighbourhood policing in my constituency. It has the potential to make a real difference over time, particularly if it is coupled with a drive to reduce red tape and bureaucracy.

The impact of all the extra money that has gone into policing over the years has to some extent been dissipated because police officers spend less and less of their time on the street performing their front-line duties. There is way too much bureaucracy put upon police officers. I have heard that from them first hand. Like many colleagues, I have been out on my mountain bike with officers in Reading, East; I have been out in the town centre in a van, and I have spoken to officers. They have told me many stories. For example, I heard about an officer arresting a shoplifter at 9.30 in the morning and then having to write off the entire shift while he processed that one person through the system. There are, of course, many more such examples that I am sure colleagues could add. If we could sort out those problems, we could get more return on the investment we make in police officers. In turn, that would massively improve the prospects of neighbourhood policing making an impact.

As I said earlier, I am not asking for more money. I do not think that the Thames Valley police actually need any more money today, but they may well need money in the near future. Any support in the particular areas I mentioned would, I am sure, be very welcome to the chief constable of Thames Valley police.

2.56 pm

Mr. Stewart Jackson (Peterborough) (Con): I express my sincere apologies for not being present at the commencement of the debate—*[Interruption.]* The Minister says from a sedentary position that I have been busy writing my speech. *[Interruption.]* In fact, I have been delayed by the vicissitudes of National Express East Coast in travelling down from my constituency.

I am pleased to have the opportunity to debate the police grant settlement for 2009-10. I pay tribute to my local police force, the Cambridgesire constabulary, and particularly to the northern basic command unit, which covers my constituency, under the leadership of Chief Superintendent Andy Hebb. They are all doing a very difficult job on behalf of my constituents.

I want to talk about the very real funding difficulties experienced by the Cambridgeshire constabulary. Members will know that I have raised the issue on a number of occasions and that I was fortunate enough to secure a Westminster Hall debate in February last year on police funding in Peterborough and Cambridgeshire. Peterborough and Cambridgeshire, along with Kent and Lincolnshire, are in a parlous financial position. They urgently need a review of their formula allocation for the next financial year as well as, I would argue, a review for 2010-11. The allocations should be reviewed as a result of a unique set of circumstances, which I will outline to provide some background.

Cambridgeshire is to receive a 3 per cent. increase in its formula funding allocation in 2009-10, despite the fact that it has the third lowest number of police officers per head of population in the whole of England and Wales. In the northern basic command unit, incorporating my constituency, we have actually a seen a fall in the number of full-time equivalent police officers over the last six years. Indeed, the Minister provided that information in a parliamentary answer to me on 29 January, which appears in column 828W of *Hansard*. A table shows a fall from 215 officers per 100,000 people in 2003 to 178 in the last financial year.

Hon. Members will be aware of my consistent lobbying over a number of years for fairer funding for Cambridgeshire. I will not rehearse all the arguments that I raised in the Adjournment debate, at which the Minister was present, but it would be apposite to refer to a number of them today, because in many respects we have not moved forward over the last year.

Cambridgeshire has been among the five worst-funded police authorities in the last six years. Like other police authorities, it will be asked to bear real-terms cuts over the next two years at least, as well as general inflationary pressure and Home Office edicts in respect of efficiency savings, first outlined in the comprehensive spending review of 2007. As the Minister will know, the authority has little effective discretion to alter that dismal situation within the prevailing capping regime.

I commend to the House an excellent report published in November 2007, entitled "The changing demography of Cambridgeshire: implications for policing". It focused on the specific demographic, social, economic and cultural changes that face the county over the next 10 years or so, including population changes, migration from both within and outside the United Kingdom, growth in higher education numbers, issues involving Gypsies and travellers, and tourism, which is, of course, a particular issue in the Cambridge area.

[Mr. Stewart Jackson]

Today, however, I wish to focus on the practical impact of migration—specifically European Union migration—on my constituency and throughout Cambridgeshire, its particular impact on crime and policing, and the financial impact that that will inevitably involve. I recently met a member of the police authority who explained to me that if a police officer in Peterborough stops an individual from, say, Lithuania or the Czech Republic in connection with the committing of a possible offence—or, indeed, if that person has been the victim of a crime—the need for translation and interpretation services can double or treble the time that it takes to process the individual.

Cambridgeshire constabulary's recent briefing to the Migration Impacts Forum, published last month, illustrates the significance of that example. In every month of the calendar year to 31 December 2008, with the exception of January and June, more than 20 per cent. of detainees processed through the custody suite in the northern basic command unit were non-UK citizens. In the last year, across the whole force, 800 Lithuanians, more than 700 Poles and 300 Portuguese citizens have been processed, most of whom spoke little or—usually—no English.

Use of Language Line, a telephone translation and interpretation service, increased last year from an average of 373 calls per month to 497 per month in the period up to November 2008. In the last financial year Cambridgeshire spent £1 million on translation and interpretation services, whereas in 2002 it spent only £224,000. Moreover, 50 per cent. of detainees questioned about drink-driving and disqualified driving offences in the northern basic command unit were non-UK citizens, while 84 per cent. of the 213 warrants issued by the magistrates courts in Peterborough for minor offences were issued for EU nationals.

Ministers have known for at least three years about the impact of large-scale immigration on policing but have failed to reflect it in their funding allocations, despite the promises to listen and act delivered by this Minister, his predecessors and, indeed, Home Secretaries during Home Office questions over those three years. I concede that this is, not to put too fine a point on it, more a cock-up than a conspiracy. I do not agree that it is necessarily an issue of whether a police authority is in a predominantly Conservative or a predominantly Labour area. However, Ministers are not listening. Despite visits to Peterborough and visits by delegations consisting of senior police authority members and the chief constable, nothing has been done. Indeed, we are going backwards.

As I made clear in my intervention on my hon. Friend the Member for Reading, East (Mr. Wilson), these funding decisions are based on completely flawed population estimates, and Ministers have failed to act to correct them. On 27 November 2007, in evidence to the Home Affairs Committee, the then immigration Minister, the right hon. Member for Birmingham, Hodge Hill (Mr. Byrne), said that funding to 2010 would continue to be based on 2004 sub-national population data

"simply because that is the best available data."

That is not the basis on which to make these funding decisions, because the methodology and the data are flawed.

As was rightly pointed out by the chief constable of Cambridgeshire, Julie Spence, in evidence to the Select Committee:

"There is nothing within government to be able to respond to the rapid changes that have happened…The funding formulas are not rapid and flexible enough to deal with change."

Similar views were expressed by the Local Government Association in its November 2007 report "Estimating the scale and impacts of immigration at the local level", and in a report published by the House of Lords Select Committee on Economic Affairs in the 2007-08 Session entitled "The Economic Impact of Immigration".

According to the recent Migration Impacts Forum report, the tragic murder of a young Polish man in Peterborough in September last year

"impacted heavily on constabulary resources and was made even more complex because of the language and translation issues involved."

It gives one simple example, which is that

"over 40 Polish citizens had to be interviewed and statements taken".

The House can imagine how resource-intensive that process was for a force that is already under-provisioned in terms of front-line police officers.

Even without those specific migration factors, Cambridgeshire will be struggling to deliver the police service that local people deserve and need. In 2007, the Association of Police Authorities estimated that the current comprehensive spending review funding regime would result in a funding shortfall across the country of at least £831 million. In a report prepared for the police authority 18 months ago, the management consultants KPMG concluded on the basis of the Cambridgeshire constabulary's current work load that the county required at least an extra 100 officers. Let me put in context how badly underfunded my local constabulary is: just to achieve the average funding and provision of front-line officers for England and Wales, Cambridgeshire would need at least 600 more police officers, at a significant revenue cost.

Despite warm words from the Minister, who is an agreeable chap—I think we can all agree on that—and several deputations from the police authority and the chief constable, we are no further forward this year. The Government continue to undercount population numbers and to underfund core police service activity. Cambridgeshire is losing more than £2 million per annum, which has a major year-on-year cumulative effect, as a result of the funding floors. The force has the fourth lowest number of police staff per head of population in England and Wales. The 2010-11 pay deals, amounting to about 2.5 per cent., mean that it will experience a real-terms cash decrease.

I have not even discussed Cambridgeshire's capital programme. The £1.5 million to be allocated to the force in the next financial year will be only just enough to cover the vehicle replacement programme; it will not cover other key projects, such as the rebuilding of police stations in Parkside, Cambridge and Huntingdon. We are not demanding extra funds for fashionable budget headings such as protective services and counter-terrorism, or the Olympics. Thank goodness, we do not have a major problem with knife crime, gangs and guns; we do, however, require fairness and equity.

For too long, Cambridgeshire's plans have been ignored and the police authority short-changed, and our dedicated and professional police officers on the front line protecting us have been forced to do much more for much less. This situation is unfair, intolerable, iniquitous and ultimately unsustainable. It cannot go on. My constituents deserve better, as do those of other Cambridgeshire Members. I hope the Minister is listening, and that, for once, we have action and not just words.

3.10 pm

James Brokenshire (Hornchurch) (Con): This has been an interesting and informed debate. Several Members passionately expressed their feelings about policing issues, especially the current grant settlement. In common with many contributors, I would first like to record my congratulations and praise for the work police officers do not only in my constituency, but across the country. It is always humbling to go out with the police and see the work they do at the sharp end, often in difficult circumstances. It is important to recognise that in the context of this debate, which, by necessity, focuses on funding streams rather than the practical work the police do throughout the country in protecting us and providing safety to the communities we represent.

This debate has, of course, focused heavily on the grant settlement. It is important to recognise the changing funding arrangements and the shift in burden from direct central Government grant to local authority precept. In 1997, direct grant represented 85 per cent. of forces' revenue, but in 2006-07 the figure had fallen to 60 per cent. Therefore, an increasing proportion of the funds going to our police forces is coming from council tax payers in our areas rather than from direct grant. It is important to recognise the amount of funding that is coming directly from council tax payers, rather than from central Government.

There have been some good and important contributions to the debate, and I wish to place on record my congratulations to the Home Affairs Committee on the work it undertakes in putting a number of important issues into the public domain, and thereby informing the general discussion and ensuring that relevant matters are given the attention they deserve. The right hon. Member for Leicester, East (Keith Vaz) raised some important issues—for instance, alcohol-related crime, which he and I have debated on several previous occasions. I certainly recognise the link between alcohol and violent crime and the pressures our police forces have to withstand, and the difficulties and challenges they face, in the early hours of the morning. In that context, there is an issue to do with pricing, and the right hon. Gentleman covered it well in his contribution.

In terms of funding arrangements and the efficient use of resources, Government, and particularly Home Office, IT projects are of relevance. The right hon. Member for Leicester, East made an important point about the funding and status of the police portal and the dispute around the contract associated with that. I hope that the Minister will be able to shed some further light on those issues when he responds to our debate. Other IT projects also deserve further scrutiny, such as the Pentip computer system intended to register penalty notices for disorder and other policing matters, which is over budget and running late. It is important that we get good value for money and that procurement issues are dealt with appropriately.

The hon. Member for Chesterfield (Paul Holmes) made important points on procurement and ensuring that we get good value for money and have efficiencies. I think that is recognised in all parts of the House, as is the importance of forces being able to share in certain aspects of procurement.

My hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb) rightly highlighted the challenges facing many rural police forces, and in particular how population flows caused by tourism can have a big impact on the ability to police. The problems he raised to do with tourism and swells in population are shared by a number of police forces.

The hon. Member for Brecon and Radnorshire (Mr. Williams) made the important point that we should recognise the work of those officers who ensure safety in our community, and he commented that his area of Dyfed-Powys had been made a safer place. He also said that we must look to the future, and at the review of the funding formula, to which the Minister alluded in his opening remarks.

My hon. Friend the Member for Reading, East (Mr. Wilson) highlighted the issue of officer retention and some of the challenges in terms of the relationships between police forces, particularly in the areas surrounding London. We look forward with interest to the continuing discussions of the Police Negotiating Board on south-east allowances, which are of direct relevance to a number of Members who have made contributions; the Minister mentioned this.

My hon. Friend also made some important points about counter-terrorism and the Olympics budget. We look forward to receiving further details from the Minister on that budget. Some scrutiny needs to be applied, and we need to have a better understanding of the Government's position and of the costs and impact of all that on police forces throughout the country and their budgets.

My hon. Friend the Member for Peterborough (Mr. Jackson) is passionate about the issues facing his Cambridgeshire area. His comments reflect those of the chief constable, Julie Spence, on the difficulties and challenges in respect of movements of population and whether the funding formula adequately takes them into account, particularly as it is based on information that dates back to 2004.

Clearly, this discussion is part of a wider debate on the comprehensive spending review, and it is interesting to note that when the first police funding grant was settled, Tim Brain, chief constable of Gloucestershire police and the Association of Chief Police Officers lead on finance, made the following prescient point:

> "We don't all start on a level playing field, and some, possibly many, forces will have to continue to introduce planned cuts at a local level. Furthermore, the grant settlement will help maintain most aspects of 'business as usual' but is likely to restrict key development."

His comments then are equally relevant now in terms of some of the pressures and challenges police forces have to address and the fact that those challenges are changing and growing. We have heard about the pressures in relation to the growth of different communities and new communities arising, one of which is translation costs; according to Freedom of Information Act information, in the last financial year the cost to police forces throughout the country is about £25 million.

[James Brokenshire]

That cost has risen significantly in the past five years, probably by about two thirds. It is also worth remembering that additional policing pressures arise from this.

It would be useful to hear from the Minister about the context and framework of the review of the police funding formula. What will the parameters of that review be, and to what extent will it take into account changes in population and the practical impact that has on police forces and how they manage their budgets? I hope he will be able to give more details when he responds to the debate, and to confirm the timing of the review, whether he expects to publish interim findings, and how this will interrelate with the next comprehensive spending round. That will be important in informing the debate, and in explaining how things will link with the funding arrangements for the police as we move towards the next comprehensive spending review.

A number of different factors are putting increasing pressures on the police. As, sadly, we all know, there is a downturn in the economy, with an accompanying risk of an increase in volume acquisitive crime. The Home Office appears to have recognised and accepted that this will lead to an increase in crime, although we are getting some mixed messages from the Home Secretary about whether she agrees with that perspective. I am thinking of the leaked memo that indicated that the Home Office was expecting a rise. Will the Minister confirm whether he agrees with the memorandum or with the view of the Home Secretary that there might not be such a rise? There are also other pressures—not simply direct burglaries and frauds, which have been focused on, but emerging threats. He knows the interest that I take in the growth in cybercrime and internet crime—the different types of emerging problems that are complex and technical and for which there have been few prosecutions under the Computer Misuse Act 1990. We need to address the reliance on forensics and how dealing with that type of criminality will need to feed into and inform future funding arrangements because of the additional pressures that it will place on policing; we need to respond to the changing nature of the threats that emerge.

The Flanagan review made an important point about the pressures on policing; it said that the current level of policing numbers was unsustainable. Notwithstanding the fact that police strength numbers remained flat, according to the last figures, will the Minister say whether he agrees with Sir Ronnie's view that police force numbers are unsustainable? If he does, will he say what assessment he is making of any reductions that might apply and how that fits into the context of the current settlement and, indeed, future ones?

This important debate has given many hon. Members the opportunity to highlight the financing challenges and problems that may be faced in ensuring greater safety in their communities. We look forward to hearing further details on the funding formula and on how the Minister intends to review and reform it to ensure that it provides for, and reflects the needs of, our communities and is responsive to changes in threat, in population and in need. We look forward to continuing the debate in the months ahead.

3.21 pm

Mr. Coaker: I thank all hon. Members who contributed to this debate for the informed and interesting way in which they made their points. I shall try to answer the questions that have been raised and deal specifically with some of the points.

I agree very much with the hon. Member for Hornchurch (James Brokenshire) about the fact that all of us should start these debates, as we have done, by paying tribute to police forces across the country for their work and the fact that they often put themselves in very dangerous situations to ensure public safety as far as they are able.

The hon. Member for Bury St. Edmunds (Mr. Ruffley) again sought confirmation about capping. He will know that Cheshire, Leicestershire and Warwickshire were capped in advance for 2009-10, limiting their council tax increases to 3 per cent. That situation stays the same. They had 21 days from 26 November in which to appeal and none did so—that was the point that my right hon. Friend the Member for Leicester, East (Keith Vaz) made; the approach we took significantly helped in that regard.

The hon. Member for Bury St. Edmunds asked what capital moneys had been brought forward. Capital moneys for the Serious Organised Crime Agency and the National Police Improvement Agency have been brought forward, and they have been spent on helping with the current economic climate. He asked whether police authorities can apply for the migration moneys that I mentioned. Yes, they can. I want to spend a little time on this issue. We expect the Office for National Statistics to produce estimates of short-term inward migration by this summer, and we want to improve the population data informing the police funding formula debate. The review of the formula gives us an opportunity to try to address some of the issues raised by hon. Members from across the House. That review will enable us from the next comprehensive spending review round—from 2011-12—to move forward on that basis. That is where our intention lies. Meetings have started to be held on what changes we should be reflecting upon, and this afternoon's debate will help with that debate. All the issues such as how we can better estimate population and the impact of migration will be included in our discussions, as will other matter that have been raised.

The hon. Member for Peterborough (Mr. Jackson) said that no change had been forthcoming. I know he could not help not being here earlier in the debate, but had he been here he would have heard that from April the migration impact fund will be available in Government offices for the regions; police forces, as well as other local service providers, will be able to apply for money to help them deal with some of the very issues that he raised with regard to Cambridgeshire. Cambridgeshire police authority will be able to go to the Government office for its region to put a case for receiving that money, as will authorities in other parts of the country.

Mr. Stewart Jackson *rose—*

Mr. Coaker: I shall give way, but I have only 10 minutes and I wish to make some other points.

Mr. Jackson: My point was that the Migration Impacts Forum was established 18 months ago, but the information available to Ministers on the flawed methodology used

by the ONS and others was available before that. These are current problems from which my local force is suffering, and it was incumbent on Ministers to have acted much more quickly.

Mr. Coaker: It is also incumbent on Ministers to act responsibly. What I have said to the hon. Gentleman is that from April his local police force will be able to apply to the Government office for his region for funding. If we unpick the funding formula in the middle of a CSR round, although his force may get an extra few million, countless other Conservative Back Benchers and Members from all parts of the House will say that the Government have broken their word on what they said they were going to do, which was to provide stable funding for the police service. That is why the Home Office has recejved limited representation about this funding round and why we have heard more concern about what happens in the next funding round—that is what the hon. Member for Brecon and Radnorshire (Mr. Williams) was arguing about and it is what most other Members in this debate have discussed. They recognise that if a Government unpick a settlement in the middle of it, that causes instability and chaos. That is why we have not unpicked this one, and why we are not going to do so.

Paul Holmes *rose—*

Mr. Coaker: I want to carry on—I hope the hon. Gentleman does not mind.

The point of today's debate is that it allows us to inform that funding formula. My right hon. Friend the Member for Leicester, East raised the issue of new technology, and we agree with him on it. He, like the hon. Member for Hornchurch, raised a specific point, and I should like to read out a reply so that I put it accurately. The police portal was a website providing a national communications channel. The main service was to enable the reporting of crime and hate crime online. Good use was made of it, but running costs increased as a result of technical problems. The Association of Chief Police Officers took the view that there was not enough demand to justify the increasing costs, so the scheme was discontinued. QinetiQ's contract was terminated by the NPIA in July 2007. QinetiQ then sued the NPIA and it countersued. These legal matters were resolved in November 2008 in a non-disclosed agreement. Some forces do have online facilities on their website to allow the reporting of crime.

Keith Vaz: I am most grateful to the Minister for telling us that information. How much taxpayers' money was spent on setting up a computer system that was of no use?

Mr. Coaker: To provide the detail that my right hon. Friend requires, over and above the legal opinion that I have just given, I might need to write to him. I will put a copy of that letter in the Library.

The issue of alcohol was also raised by several hon. Members. We take the need to address that issue seriously and we are taking a range of enforcement measures. The Policing and Crime Bill will allow the Government to establish a mandatory code for the off-trade and for pubs and supermarkets. That will help to tackle the irresponsible promotions and pricing that lead to some of the issues that have been raised by hon. Members.

The hon. Member for Preseli Pembrokeshire (Mr. Crabb) mentioned Dyfed-Powys force and the important role of volunteers. We all agree that volunteers are particularly important and we need to ensure that we encourage specials and other volunteers.

The hon. Member for Brecon and Radnorshire raised the issue of the future of the rural policing grant. As we have discussed, that will form part of the review.

I confirm again to the hon. Member for Reading, East (Mr. Wilson) that the south-east allowances will form part of the discussions with the Police Negotiating Board. I hope that the issue will be resolved as quickly as possible to address the problem of the transfer of officers from neighbouring forces to the Metropolitan police.

The settlement before us represents a further significant increase in resources for the police services of England and Wales. The latest figures show not a decrease in police numbers, but an increase. In all forces since 1997, there have been significant increases in police officer numbers, and in staff numbers, as well as the introduction of PCSOs. At the same time, we have seen big reductions in crime. That is a record to be proud of and, notwithstanding the difficult economic times, this funding settlement will allow our police services to continue that fine record.

Question put and agreed to.

Resolved,

That the Police Grant Report (England and Wales) for 2009–10 (House of Commons Paper No. 148), which was laid before this House on 21 January, be approved.

Local Government Finance

Mr. Deputy Speaker (Sir Michael Lord): For the convenience of the House, we will deal with motions 4 and 5 together for the purposes of debate. We will, of course, put the questions separately at the conclusion of the allocated time.

3.31 pm

The Minister for Local Government (John Healey): I beg to move,

That the Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2009-10 (House of Commons Paper No. 149), which was laid before this House on 21 January, be approved.

Mr. Deputy Speaker: With this we shall take the following motion:

That the Local Government Finance Report (England) 2009-10 (House of Commons Paper No. 150), which was laid before this House on 21 January, be approved.

John Healey: We are debating the 2009-10 settlement for local government, the second year of the first ever three-year funding deal for councils. Through the Government's policy on three-year settlements, I have made certain commitments to local government. First, every council in every region will get an increase in its core grant in each of the three years. Secondly, total Government funding for councils in England rose by 4 per cent. this year, will rise by 4.2 per cent. next year and is set to increase by 4.4 per cent. in 2010-11. Thirdly, councils will have more freedom to take local spending decisions. By 2010-11, £5.7 billion a year will have been mainstreamed into funding with no Government funding strings attached. Fourthly, councils will have more certainty about other funding, so in addition to the core grant, I am also confirming today the allocation to councils of 70 other grants from eight different Departments. Most importantly, I have given the commitment not to change my proposals on formula grant distribution, except in entirely exceptional circumstances.

Local councils therefore know what they will get, and they can plan and manage ahead. The stability that that commitment brings is doubly important in dealing with the economic downturn, which I will come to in a few minutes.

Mr. Edward Davey (Kingston and Surbiton) (LD): The Minister mentioned exceptional circumstances. Is he aware that in the royal borough of Kingston, as in many other London boroughs, there was a massive and unexpected increase in demand for primary school reception year places in September 2008, which is expected to be repeated in September 2009 and beyond? The capital allocations, and the revenue to support those places, are simply not available. Will he talk to colleagues in the Department for Children, Schools and Families and argue that this is an exceptional case, and that Kingston and other London boroughs need the support of the Government?

John Healey: In a moment, I shall explain the conclusions that I have come to on whether there are exceptional circumstances in relation to the three-year settlement. I shall also deal with how I expect councils to show—and how they are showing—that they can deal with the downturn. I am aware of such representations, not least from London councils, representatives of which I met face to face. Their first point, when I asked them about the apparent impact of the economic downturn on their councils, was that an increasing number of students were coming out of private school education and looking for places in the state school system. That was their top priority.

Mr. Davey: The Minister suggested that he was going to answer in terms of the decisions that he has made. We already know that the decisions that he has made will not help the situation. My colleagues and I from all parties around the capital are asking the Government to consider the case of primary school places in London. The change happened before the Government did all the work in preparation for the announcement. Changes within the settlement and the comprehensive spending review need to be made in year. Otherwise, there will be severe problems for many children and families across the capital.

John Healey: One of the principal strengths of a three-year settlement, as well as the additional flexibilities that allow local authorities to identify the priorities or pressures in their area, is that the authorities are given the capacity to manage through that period. For that reason, I have not regarded the representations that I have received on the demand for school places as exceptional circumstances warranting an unpicking of the three-year settlement and undoing the stability and certainty that is at its heart.

Mr. Simon Burns (West Chelmsford) (Con): One of the other unfortunate by-products of the current economic downturn is the fact that local authorities such as mine, Chelmsford borough council, are being adversely affected as the fall in interest rates has changed the income that they receive from savings. What advice does the Minister have for local authorities affected in that way? Clearly, the three-year settlement would not have taken that consideration into account.

John Healey: That is one of the points that have been put to me, not least by the Local Government Association, as the hon. Gentleman might expect. The impacts and pressures of the economic downturn do not all go one way. Some costs are down considerably, reserves are up and with inflation set to be lower next year, the quantum of Government grant to local government is likely to go further. There are pressures on local councils, just as there are on central Government, but they do not all go one way. Councils have the capacity to manage their way through this period, not least because they now have a three-year settlement with extra flexibility as part of the funding. They know what they are getting and are able to plan ahead and make some of the difficult decisions that they face.

In my statement to the House on 26 November, I launched the period of statutory consultation on the local government settlement for next year. That ended on 7 January, and we received 109 written representations from local authorities, local authority groupings and hon. Members. That is the smallest number of representations on the local government finance settlement that anyone

can remember. It underlines the seriousness with which local government takes our commitment to a stable three-year settlement and, I think, the seriousness with which local government takes its responsibility to manage within that settlement.

Simon Hughes (North Southwark and Bermondsey) (LD): I am sorry that I missed the Minister's first words, but I rushed here as soon as I saw that he had started to speak. I think that there might not have been many representations because, with a fixed three-year settlement, local councils might have thought that they would not see much change. Does he accept the case put by inner-London boroughs in the representations that he has received for a better allocation of money for social services and the care of vulnerable younger people? The figure that I have been given—he can correct me if I am wrong—is that last year £370 million was transferred out of London to the rest of the country. While some local authorities now have 99 per cent. of their funding met, boroughs like mine get only two thirds of what they need to look after vulnerable young people.

John Healey: No, I do not agree. This change in the funding formula is based on some detailed work that we published and consulted on several years ago, which formed the basis of the decisions that I took at the beginning of this three-year settlement. Although the same arguments have been made to me by others, I have seen no evidence that the formula is not the best available, or to suggest that the shift in funding—which some people say is long overdue—is not appropriate for this year and next year.

Stephen Hammond (Wimbledon) (Con) *rose*—

Simon Hughes *rose*—

John Healey: The hon. Member for North Southwark and Bermondsey (Simon Hughes) had two bites at the cherry during the debate on the police authority settlement. I shall give him his second bite in this debate, and then give way to the hon. Member for Wimbledon (Stephen Hammond).

Simon Hughes: The Minister for Security, Counter-Terrorism, Crime and Policing was very helpful in response to my second bite at the cherry. He said that he accepted that he would revise the funding formula to take account of new and up-to-date assessments of migration and population figures before the next three-year funding period, at the latest. Will this Minister do the same? He knows the arguments: we think that Ministers do not count the population of boroughs such as mine correctly, as we have many more people than the official figures show.

John Healey: My hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing is always helpful. The hon. Gentleman has just asked a separate and different question, but I can give him the same answer. It is yes, and not least because the national statistician has been leading a taskforce over the past year, with local government intimately and essentially involved. On 24 February, the Office for National Statistics will announce a package of improvements to the population and migration statistics that will give us a better base for calculations for any future financial settlement beyond this three-year period.

Stephen Hammond: I am extremely grateful to the Minister for giving way. He will have noticed that one of the other representations made to him was a joint representation from the chief executive and the leader of Merton council. A continuing problem for many outer-London boroughs and constituencies is that, although we pay our hard-working teachers inner-London rates, we get the outer-London settlement in the local government formula. Has the Minister had a chance to consider the representation from the chief executive and the leader of Merton council? If so, what is his response? Will he consider meeting them, and me, to talk about the problem further?

John Healey: I have not yet considered that representation, or any of the others that we have encouraged from local authorities. The hon. Gentleman's point is linked to our review of the area cost adjustment, which is essentially the mechanism that he and his council's chief executive and leader are concerned about. The way in which it operates is not entirely satisfactory, and we looked at options before striking the present three-year funding deal with councils. We consulted on various changes to the mechanism but none was appropriate at the time, although we are looking hard for the sort of changes that may be appropriate in the future. The work that the hon. Gentleman's council, and others, are doing with departmental officials is extremely valuable, and I and other colleagues in government will take a hard look at it as we prepare the ground for any future finance settlement beyond the current three-year period.

Mr. David Burrowes (Enfield, Southgate) (Con): I am grateful to the Minister for giving way, and I apologise for not being present for the opening of his statement. The concerns expressed by my hon. Friend the Member for Wimbledon (Stephen Hammond) also affect the borough of Enfield. It too is an outer-London borough that welcomes the review of the area cost adjustment, but we need to see the reality of that review before we get to the end of the three-year cycle. Ideally, Enfield council would like to make reductions in council tax, but the fact that the dampening effect takes £5 million out of its hands means that that money cannot be passed on to the taxpayer.

John Healey: I am not sure that the hon. Gentleman's description of damping is quite correct. He might like to recall that it was we who introduced the damping floor into the local government settlement in about 2000. Before that, authorities such as his would face big reductions year on year. They faced volatility that was difficult for them to manage, and that certainly made it difficult for them to plan ahead. If his authority benefits from the floor, I have to say to him that without that floor, his authority would be entitled to a good deal less support for council spending and council services.

I have taken into account all the representations that we received, including what was said at the meetings that the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Tooting (Mr. Khan), and I had with local government groupings. My conclusions from the consultation are that there are no exceptional circumstances of a kind that would justify changing the plans that I announced for the core grant and its distribution in the coming year.

[John Healey]

I have confirmed that the formula grant is set to increase by £780 million, or 2.8 per cent., in 2009-10, and by £747 million, or 2.6 per cent., in 2010-11. The distribution of that formula or core grant to authorities will be as I proposed to the House in November. On top of that, specific and area-based grants take the total increases to £2.97 billion, or 4.2 per cent., next year, and £3.18 billion, or 4.4 per cent., the year after that. It is a tight but fair settlement. It is in line with what I announced in 2007, and every local authority will get an increase in core grant in each year in this three-year period. I am also confirming allocations for 70 other funding streams today, including 43 separate grants from six different Departments, which will be paid in a single sum each month under the new area-based grant system—and central Government have attached no strings, in terms of how local councils decide to spend that money.

Mr. Davey: I cannot let the Minister get away with the statement that every council will get an increase. The truth is that local authorities that are on the floor, such as mine, are getting a real-terms cut in their grant. Is he prepared at least to admit that fact on the record?

John Healey: No, because the hon. Gentleman is wrong. There are two points. First, every council will get an increase in each year of the three-year settlement—fact. Secondly, without that floor, his authority would get a good deal less this year, and possibly next year. That is how the floor, which the Government introduced to try to help local government through periods of funding formula change, assists his council and a number of others.

Included in the figures for the area-based grant is the working neighbourhoods fund.

John Howell (Henley) (Con): Will the Minister give way?

John Healey: Is the hon. Gentleman's point about the working neighbourhoods fund?

John Howell: No, it is on the earlier point.

John Healey: Well, all right.

John Howell: I thank the Minister for giving way. To go back to the amount of the increase, does he not accept that the inflation rate that councils face is not the inflation rate shown by the retail prices index or other statistics, but is instead in excess of 5 per cent.? For example, for many of them, the energy costs of previous years are yet to come through in the bills that they are paying.

John Healey: Actually, some of the significant costs for local authorities—fuel and, in time, energy costs—are going the other way. The pressures and economic trends vary in their effect on local authorities, but it is for local authorities to manage that. It is central Government's job first to give local government a sufficient settlement to enable it to provide the services that people need, and secondly to give it, as far as we can, the stability and predictability to allow it to do its job of deciding how to manage its budgets, including in this economic downturn.

The working neighbourhoods fund is our £1.5 billion programme to support local councils in getting people back into work in areas that face the most concentrated worklessness and deprivation in England. Hon. Members may know that we had concluded that there were errors in one of the three criteria that we used for eligibility—the third criterion. Having consulted all authorities on our proposals to revise the third criterion, and having taken into account all the representations that we received, I am today publishing the working neighbourhoods fund allocations for 2009-10 and the indicative allocations for the following year. As a result of these changes—I am sorry the hon. Member for Enfield, Southgate (Mr. Burrowes) has left the Chamber—Enfield is now fully eligible for the working neighbourhoods fund, as is Lewisham. They will receive their full allocations in 2009-10.

On the other hand, Brent, Camden, Westminster and West Somerset are no longer eligible for full funding, but I have nevertheless decided that because they have been adversely affected by the revisions to the third criterion, they will receive the special transitional payments that I proposed and set out in the consultation.

Mr. Mark Field (Cities of London and Westminster) (Con): It would be churlish of me not to give the Minister some credit, although I suspect that the remonstrations of the hon. Member for Regent's Park and Kensington, North (Ms Buck) carried more weight than mine in the various meetings that took place. When the Minister speaks of the working neighbourhoods fund moneys and mentions a considerable number of London boroughs, is he not concerned that London boroughs are so disproportionately represented, with 24 out of 33 getting the floor of the more general funding? As the effects of the recession are likely to reach London and the south-east more quickly than other parts of the country, there are likely to be substantial problems, such as those that other London Members have raised in the course of the Minister's speech.

John Healey: The hon. Gentleman is right to pay tribute, as I do, to the work of my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck), who made a forceful case. She is very concerned about the most deprived areas of her borough and sees the funding as an important element of supporting those people, as long as the council makes the right decisions in investing in the sort of programmes that will help. However, the hon. Gentleman should not underplay the strength of his own representations. They certainly played a part in the decisions that I reached.

On the hon. Gentleman's more general point, which takes us back to an exchange during an earlier passage in my speech, the floor is there to assist authorities that would otherwise receive less core grant than they do. I hope he will appreciate that. Moreover, formula grant is part of the total funding that a council will have available each year. As part of their budget planning, councils make their own decisions on council tax levels. In order to judge to some extent whether the core grants that we are providing are a sufficient part for London boroughs such as his, it is important also to look at the council tax levels that his borough and others set.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I am grateful for the Minister's comments about West Somerset, and I am extremely grateful that the Government have

given money back to West Somerset. The council was told about that so close to the time that it had to set the budget that it caused enormous problems in the West Somerset area. Will the Minister consider revisiting the matter? The council will have to go right to the top of the capping level just to try to stand still. I would be grateful for the Minister's comments.

John Healey: First, we are debating the final settlement for next year, so I do not want to give the hon. Gentleman any indication or encouragement that somehow, as a result of his intervention, I intend to reopen or reconsider the matter. Secondly, the circumstances that West Somerset and the other three authorities were left in led me to the decision to propose the special transitional payment. I hope that will help the council manage its way through this period. I am grateful that the hon. Gentleman is nodding assent to that.

I shall move on and confirm that I am also announcing today the council-by-council allocations of the £100 million from our local authority business growth incentive funding. Those are the final payments of our three-year LABGI scheme, and I am using the same methodology to make the distribution as I did for the payments that we made in June last year. The funds will help local authorities respond to the economic downturn's impact on jobs and businesses in their areas. I propose to consult for a couple of weeks on the calculations and application of the methodology, before releasing payments to councils rapidly afterwards.

Mr. Philip Hollobone (Kettering) (Con): I am grateful to the Minister for mentioning that scheme, as £100 million has been held back pending the conclusion of various legal cases. Councils such as my own—Kettering borough council—have benefited from the scheme in the past. Will the Minister confirm whether the grant money will go to district and borough councils, and not to county authorities, or whether it will go to both? Will the funds be used only for the purposes of economic development?

John Healey: The funds will be distributed to authorities, whether county or district, in the same way as in June last year. My answer to his second question is no. One of the values of the scheme for local councils has been that central Government have not attached conditions or funding strings to the money. As I said, the money is available now to deal with the impact of the economic downturn on jobs and businesses in local areas. However, it will be for local councils to decide how best to spend any money that they receive as a result of this announcement and the allocations that I am making today; I hope that they will be able to do that in a matter of weeks.

Mr. Davey: I am grateful to the Minister, who is being extremely generous, particularly to me. I welcome the announcement but would like to suggest another way in which he can help small businesses across the country immediately. The Government should consider how to make the small business rate relief automatic. Many businesses are not aware of the relief and pay business rate bills far higher than they should.

John Healey: Small business rate relief is a valuable scheme that we introduced relatively recently; it probably benefits about 400,000 small firms across the country. It is for the local authorities, as the billing authorities, to promote the scheme. Back in September, I wrote to them reminding them of that and urging them to do so. Making the relief automatic is not straightforward, not least because there is a difficulty in ensuring that the person liable to pay business rates on one property does not have a string of similar properties, thereby breaching the eligibility criteria for claiming the relief.

However, I recognise that people are making the hon. Gentleman's argument at present, and there are things that we have done and can do to make the scheme better. Last year, we simplified the administration arrangements for it and we are now changing the eligibility that allows people to claim the relief back to the beginning of the financial year; that will come into play in April this coming year.

Julia Goldsworthy (Falmouth and Camborne) (LD) *rose—*

John Healey: I shall give way, but then I want to move on to discuss concessionary bus travel.

Julia Goldsworthy: The issue of small business rate relief and whether it should be made automatic has already been raised. Can the Minister do anything else to provide support? Other things that would greatly help small businesses could be done. Can he do anything further to help raise awareness?

John Healey: I am open to suggestions. I have written not only to all local authorities, but to business organisations. I have encouraged them to ensure that they do all that they can through their networks, local groups and membership to promote the scheme and its availability, and I hope that that will also help with take-up in future.

I noticed that I whetted the appetite of some hon. Members by mentioning concessionary bus travel. *[Interruption.]* If the hon. Member for East Worthing and Shoreham (Tim Loughton) wants to intervene, of course he can; or perhaps we can look forward to a speech from him. Funding for free bus travel for 11 million pensioners and disabled people continues to be delivered through two routes: the core grant and the special grant that local authorities requested for last year and the coming year. There is no evidence that the total amount of additional funding that central Government are putting in to support this new entitlement, which we are keen for people to have, is not enough, although some authorities have argued for a change in its distribution. I understand their argument, but I have to say that any change would upset the three-year funding certainty of the settlement. I also have to say that there is no guarantee that any alternative allocation would match needs better than the current one.

Tim Loughton (East Worthing and Shoreham) (Con): The Minister mentioned people being upset. My constituents are exceedingly upset, for the second year running. He will remember that, over Christmas and the new year, he kindly received a delegation of councillors and chief executives from my constituency. At that stage, Worthing council faced a deficit of more than £600,000 and eight of my other local councils faced deficits of almost £250,000—big hits that will mean big increases in council tax or cuts in services. We have just heard that, this year, Worthing is going to suffer a deficit in excess of £500,000 on top of that, despite

[Tim Loughton]

assurances from one of his colleagues that they would reconsider the formula by which these figures were decided. Although I do not dispute that the overall figure for the scheme nationally may be sufficient, in the case of my two local councils and others in my part of the country it is woefully insufficient and is having a serious impact on their finances.

John Healey: I well remember the meeting with Worthing council. I remember, too, that the figures that were set before me were essentially predictions and modelling about which nobody could be entirely certain, not least because of two main factors: first, how people respond to the fact that they can now travel for free anywhere they like on local buses; and secondly, the significant variations in how tough and effective councils have been in negotiating their contracts with local bus operators. If the hon. Gentleman wishes to send me updated figures that are based on actual spend and cost, I will be interested to look at them. However, it is now clear that moving administration of the free bus travel scheme to county level instead of leaving it in the hands of district councils such as his own will help to iron out some of these funding wrinkles. I can confirm to the House that the Government plan to consult on such a move within the next few weeks.

Alistair Burt (North-East Bedfordshire) (Con): I want to probe the Minister's suggestion that studies were being done to work out the public's response to the availability of more free travel. Presumably after millions of pounds-worth of consultants, he found that more people might take advantage of free travel. Is there any more to be got out of the studies other than that basic fact and beyond trying to work out exactly where people are travelling?

John Healey: We do not need studies, because we can look at what has happened during the course of this year. The hon. Gentleman refers to studies; I was referring to modelling that local government had commissioned to try to argue the case with central Government. Of course, one of the main results of the free entitlement is that more people travel on buses. That is why this year central Government are putting an extra £212 million into the concessionary travel pot to ensure that we can cover the extra costs for the extra entitlement that people now have to travel free on buses not only within their local council area but anywhere that they choose.

There was strong support in the consultation for three-year settlements; I keep coming back to that. That applies particularly in such economic times, because it gives local government the stability and certainty that it needs to plan and manage its budgets effectively. That, combined with an extra £8.9 billion over three years, and moving £5.7 billion into general grants that are not ring-fenced, allows councils to spend money on what matters most to local people.

A number of councillors commented on the pressures that they faced due to declining income or increasing demand on services. To help deal with the extra work load for housing and council tax benefit services, we have now confirmed that an extra £45 million will be distributed to councils on a monthly basis during 2009-10, using the existing administration subsidy distribution formula.

I also recognise the concerns of local authorities that have made investments in Icelandic banks. They have money that is clearly at risk, but it is not lost, and I want to help to minimise the problems for those authorities. Having completed the consultation on draft regulations that I promised the House in November, I will shortly lay them before the House so that they can come into effect in this financial year. The regulations will mean that the possible losses from Icelandic banks will not affect council budgets or council tax levels during the next year. Representations have been made to me by some authorities about the position of passenger transport executives, which would not be covered by the change in regulations I have proposed. Those are subject to a separate and more flexible financial regime, and unlike local authorities, they are already able to spread revenue costs between years without any Government action being needed.

Like everyone else, however, councils are now making hard budgetary decisions, and while the year ahead will be tough for many people, they need their council to provide services that they can rely on, and they need it to keep council tax down. In December, the Audit Commission published its report "Crunch time?", which confirmed that councils are generally prepared for the impact that this downturn will have on local services, and that their efforts to find efficiency savings will ensure value for money and minimise the impact on their budgets and communities.

As I said, however, the economic pressures are not all one way. With the expected fall in inflation next year, Government grants will go further. Some council costs are already down, reserves are up and borrowing is cheaper. Keeping council tax down and maintaining improvements in services means being continually more efficient, and low tax does not have to mean service cuts. About a fortnight ago, I visited Newham, Greenwich and Hackney, and saw that it is possible to make that equation add up. In each of those three boroughs, I saw service improvements and further investment at the same time as council tax was frozen. Councils must strive to make every penny of public money go as far as it can. When everyone is tightening their belt, people expect councils to do the same.

Mr. Ronnie Campbell (Blyth Valley) (Lab): Not everyone is capable of taking that advice. I am thinking of Northumberland where the Liberals are in charge, and they have just decided to increase their allowances by 40 per cent.

John Healey: My hon. Friend knows well enough that decisions about allowances for council members and decisions on employees' salaries are rightly matters for local government itself. I know that he will not agree with this, but I shall say it to him anyway. There are particular problems and financial pressures in Northumberland, some of which derive from the inheritance the new unitary council is taking on from the district authorities. In Northumberland, as in the other eight areas where new unitary councils will come into place in April, the scope to manage difficult economic pressures is much greater than it is for those councils that are continuing without such restructuring and reorganisation.

Mr. Campbell: The Minister did not say that when people came along with their gold-plated services and

an £18 million saving so that they could get a single-status authority in Northumberland. Everything seemed to be rosy, and that was only last year. What has changed?

John Healey: I am keeping a close eye, not least because my hon. Friend is ensuring that I do, on preparations for the new unitary authority in Northumberland and particularly on its finances. From everything that I have seen and been told, the new council is set to make a saving not quite of £18 million but of the £17 million-odd that it anticipated as part of the restructuring. It will also have to make almost £10 million of additional savings as a result of the legacies that have been passed to it by the combination of districts in its areas. Those are tough decisions for it to take, but I am confident that it will be up and running with its services in place by 1 April, and that it will make the necessary financial decisions in circumstances that I accept are difficult both in Northumberland and generally. All local councils face those decisions.

Robert Neill (Bromley and Chislehurst) (Con): Anxious as I know the Minister always is to learn from experience, particularly in relation to unitary authorities, and given his concern about the reliability of modelling and calculations, will he undertake to review the modelling that his Department used to calculate both the transitional costs and savings in relation to the new unitary authorities? He will recall that it was called into question by a number of academic sources, so will he undertake to review it in the light of the actual figures?

John Healey: I am surprised at the hon. Gentleman. The Department did no modelling of the financial changes. It looked very hard, using external financial expertise, at the modelling and financial figures submitted by those proposing unitary government. We debated in the House the financial elements of each change to which Parliament gave the go-ahead.

Robert Neill *rose—*

John Healey: I am conscious of the time, and a number of Members wish to speak, so I shall continue.

In line with the rest of the public sector, we expect councils to achieve at least 3 per cent. efficieneies every year. That means smarter procurement, better management of their assets, reorganising how the organisation works, sharing more services and collaborating more with public, private and third-sector organisations. In doing that, they cannot count cutting public services as efficiency savings. The rules in our guidance make it clear that any steps to make efficiencies must maintain or improve the quality of local services.

Mr. Mark Field: The Minister mentions smart procurement. How does he believe that will be achieved, particularly when central Government Departments have more than 100,000 different supplier contracts, often with duplications across or within Departments? How can he say that he will promote smarter procurement when central Government have so palpably failed to achieve that goal?

John Healey: Because local government is capable of achieving things that central Government do not find easy to achieve in some cases, and because leading councils are already doing each of the things that I have said that all councils need to consider much more seriously.

Julia Goldsworthy: Will the Minister give way?

John Healey: I give way to the hon. Lady one more time, then I shall move to a conclusion.

Julia Goldsworthy: On smart procurement, a lot of small businesses have complained to me that they find it difficult to take part on a level playing field when initial interest is expressed, because not enough detail is provided. Does the Minister agree that smart procurement can also mean making it easier for consortiums of smaller local businesses to take part in that process?

John Healey: Indeed. I accept and agree with the hon. Lady's points.

The efficiency challenge for councils means that they need to find more than £1.5 billion in new savings every year. To put that into perspective, it is worth £90 off the average band D council tax bill. For this year, councils are forecasting around £1.1 billion of new savings, which is similar to those that they have achieved each year in recent years, but it is clearly not good enough now, and councils must do more.

I believe that council tax payers should be able to see and challenge the value for money that their local authorities provide. Therefore, from this year, I will require councils to put on council tax bills standard information about the efficiency gains that they are making, and to give further detail in the accompanying leaflets.

Robert Neill: Can the Minister help me with two points? Will he publish the assessment of the costs that local authorities will incur? In an endeavour to lead by example, will he liaise with the Chancellor of the Exchequer to ensure that each income tax and other tax demand contains a list of all the efficiencies that all Departments achieved?

John Healey: There are all sorts of ways in which the efficiencies that Departments achieve are available for public scrutiny, as well as debate in the House. It will not surprise the hon. Gentleman to learn that the cost of such changes to council tax bills are relatively marginal and that I took them into account when reaching the decision.

Let me say something about council tax and capping, which, I know, will be unpopular and unwelcome in local government. We acted to protect council tax payers from excessive increases this year, and I will not hesitate to take tough action again, including requiring rebilling, if it is necessary to protect council tax payers next year. A combination of inflation-busting increases, which we have provided every year since 1997, in the Government grant to local government, and the threat of council tax capping produced this year the second lowest ever increase in council tax. At this time of economic downturn, councils should do everything in their power to keep council tax bills down and leave more money in people's pockets.

When I came to the job of Minister for Local Government 20 months ago—*[Interruption.]* I missed

[John Healey]

that sharp comment from my right hon. Friend the Member for Makerfield (Mr. McCartney). I do not know whether he would like to repeat it—if I missed it, the Official Reporters may have found it difficult to follow, too.

Mr. Ian McCartney (Makerfield) (Lab): I thank my right hon. Friend and comrade for giving way and apologise for making a joke at his expense. I said that when he came to the job, he had some hair.

John Healey: Many of us wish we could turn the clock back in so many ways. However, I do not regret my good fortune in taking on the job. When I did, local government was asking for greater certainty, stability, equity and flexibility in funding for local councils. With the three-year settlement, that is exactly what they got this year, and they will have it next year, too.

I know that the economic downturn is difficult for local authorities, just as it is for central Government. Some significant costs are coming down, council reserves are up, and local government has a good track record to date on efficiency. The Local Government Association is confident that councils are up for the challenge of providing the services that people need at affordable cost. I, too, am confident that the settlement will enable councils to do that. I commend it to the House.

4.19 pm

Robert Neill (Bromley and Chislehurst) (Con): I thank the Minister, as I always do, for his care and attention in outlining the Government's proposals and the invariable courtesy that he shows the House in taking several interventions. That said, in some respects, the Minister's very reasonableness makes him a dangerous man because that reasonableness masks an indefensible case, which bears little detailed examination.

Let us start, however, where the Minister and I agree. He is right that the three-year settlement is welcome. It is welcome right across the piece—we on the Conservative Benches welcomed it, as did the Local Government Association—and it makes good sense. He is perfectly right that the settlement gives certainty. It is implicit in what he said, although the Local Government Association would appreciate confirmation, that excepting some cataclysmic circumstance, he anticipates that the net third year will remain unchanged. Confirmation of that point would give the LGA the certainty that it wishes for—and I see that the Minister nods.

The downside is that the LGA knows that the settlement is bad news. Indeed, in addition to welcoming the certainty of a three-year process, the LGA said that this three-year settlement was the worst settlement that local councils had had in decades. To that extent, the Minister was right when he said that the statement back in November does what it says on the tin, but it was not very good news for local councils and local council tax payers.

John Healey: The hon. Gentleman has taken me a little by surprise. Could he point out for us where the Local Government Association has said that this settlement is the worst settlement in decades? If it has, I must have missed it.

Robert Neill: Yes, I will happily send the Minister the detail from the appropriate statement. I might add that I made the same comment, which he did not challenge, back in November, so nothing has changed in that respect since then.

It is also significant—the Minister will recognise this—that although we are in the middle of the three-year period, a lot has changed since the beginning of that period. Indeed, a lot has changed since November, and it has changed for the worse. The economic climate in which councils have to operate and in which council tax payers have to live has deteriorated. There is no getting away from the fact that that deterioration is the consequence of this Government's policies. The Minister is certainly consistent in his figures—I recognise that—so let me do him the compliment of being consistent in the judgment that my hon. Friends and I make about his statement. The settlement was a bad settlement for council tax payers in November—I think I used the phrase "a thoroughly bad settlement"—and it remains a thoroughly bad settlement for the rest of the three-year period.

Mr. McCartney: I thank little Tory for giving way to little Labour. The hon. Gentleman's party mantra is to cut public expenditure substantially. That was confirmed again in a debate on the economy earlier this week. If we are talking about the worst settlement in decades, can he tell us what further increases he is saying that the Conservative party would put back into local government?

Robert Neill: I will look the right hon. Gentleman straight in the eye, as I think I can—at least we have both retained our hair in our political careers—and say that the Minister answered that question when he said that efficiency and lower tax need not mean cuts in services. The Minister was right; indeed, Mayor Johnson in London and Conservative councils such as Hammersmith and Fulham are demonstrating precisely that point. However, it is perfectly reasonable for us to point out, in a spirit of constructive opposition, the concern that, even within the envelope of whatever settlement may be reached, there are areas where the system fails or does not work properly. However, I will turn to that point in a few moments, if hon. Members will bear with me.

The effect of the figures that we have—I hope that Government Members will remember this—confirms what was said in the debate in November. The Minister talks about the record levels of grant given to local authorities. The reality, however, is that council tax, which is the bottom line that most individuals and families are concerned about, will have doubled under this Government—that is, it will have doubled for families who are harder pressed than they have been in many years. The figures, which have never been disputed, are as follows. From 1997-98, the first full financial year under this Government, through to this year, 2008-09, a band D council tax bill—the standard measure normally used by the Government and all independent observers—will have increased from £688 to £1,374. The Minister said that he wanted to act on evidence and facts, and there we have incontrovertible evidence and facts.

Against that background, the Minister will know that the chairman of the Local Government Association wrote this year to say that the association anticipated that council tax increases would be about 3.5 per cent. on top of that rise. The reality is that such increases are well beyond inflation, as the Minister himself concedes. Why is this happening? It is not through a lack of effort

by the local authorities. It is because, at the end of the day, the funding settlement has not kept pace with the rising costs that bear down particularly heavily on local government. The Minister is a sensitive man, and he knows that the rise in council tax has repeatedly been flagged up in opinion polls and other evidence as one of the most significant concerns identified by individuals and families. This settlement makes things worse. If the Government want to have a joined-up set of policies, this is not the way to do it.

This remorseless rise in council tax makes nonsense of the supposed fiscal stimulus that we saw introduced before Christmas. The anticipated 3.5 per cent. increase is actually less than the Government's anticipated figure of 4.5 per cent., which was hidden away in the small print of the pre-Budget report. It is thanks to local government, not the Government, that that figure is coming down. A 3.5 per cent. increase would take band D council tax bills up to about £120 a month by April, and that would eat up much of the so-called spending power that the Government said they were putting back into people's pockets. They are giving with one hand and taking back with the other.

Tim Loughton: Does my hon. Friend also recognise that particular parts of the population have been hit disproportionately hard, not least pensioners in constituencies such as mine? About a third of the increase in their pension has been gobbled up automatically by the rise in council taxes, and they do not have an income that can rise to compensate. There is a double whammy, in that pensioners with meagre savings are now receiving less—if any—interest on those savings to make up the shortfall. Those people are suffering a real-terms decrease in their living standards.

Robert Neill: I am grateful to my hon. Friend for making that very cogent point. I have come across such circumstances in my constituency, as have many other Members in theirs.

The injustice being done to those pensioners is compounded by the complexities and difficulties that many of them face when negotiating their way through the system to claim council tax benefit. That is getting harder and harder, as I know from constituents and members of my own family who have negotiated their way through the system. The consequence is that, under this Government, the number of eligible pensioners taking up council tax benefit has fallen from about three quarters to a half. That is scarcely a record to be proud of, which, with respect to the Minister, makes it all the more ironic that he should say that the Government want local authorities to flag up efficiency savings on council tax bills. A little bit of flagging up of the Government's inefficiency in handling the council tax benefit regime might redress the balance somewhat.

Those problems are compounded yet further. As the Minister knows, some of his cover was blown in the November debate. If we look at page 203 of the pre-Budget report—a document that no one in the Government has so far sought to disavow—we see that, in addition to above-inflation increases in council tax this year, which come on top of the doubling of council tax during the past 10 years of this Government, the report postulates a further council tax rise of 10.7 per cent. over the following two years—2011 and 2012. That additional 10.7 per cent. increase is postulated in the same pre-Budget report that postulates that retail prices index inflation will slip into a negative figure, giving a deflationary figure of minus 2.25 per cent. over that same period. If we put the two figures together, we can see the reality of the whammy that is going to hit people over that period.

Dan Rogerson (North Cornwall) (LD): The hon. Gentleman is very generous; he said that the Minister was being very reasonable because he was covering up for various unpopular aspects, and I think that the hon. Gentleman is being very reasonable because he is covering up for the fact that not a great deal is there in the way of an alternative. I would be interested to hear about the Conservative party's position on council tax and its long-term position on local taxation. What big difference would his party make?

Robert Neill: As I never like to disappoint the hon. Gentleman, who I know wants to get back home to the family in Cornwall—quite rightly in this bad weather and when he has a young baby—I will make a bit of my speech out of context especially for him, so he can hear it now. We have a very clear alternative, as we would assist local councils and work with them over the first two years of a Conservative Government to freeze their council tax. If they can keep their increases down to 2.5 per cent., we would match-fund them by taking moneys from central Government budgets to freeze the bottom line to their council tax payers. That is a very positive alternative.

Mr. Edward Vaizey (Wantage) (Con): Does my hon. Friend agree that the reaction of Labour and Liberal Democrat-controlled councils to that policy was absolutely outrageous, as they effectively said that they would not come to the table to help keep council tax low for their council tax payers?

Robert Neill: My hon. Friend is absolutely right. That gives the lie to the weasel words we hear from other parties about their desire to protect council tax payers. There is only one sensible way to do that, and I urgently hope that councils of all political persuasions will, despite the difficult hand that the Government have dealt them, do their level best to keep council tax down and below inflation, where possible, in the knowledge that in due course we will work with them to freeze it. It is the bottom line that counts to hard-pressed people.

David Wright (Telford) (Lab): We all want to keep council tax down. Will the hon. Gentleman publish a list of Conservative council leaders who have signed up to this two-year commitment, and will he do so today?

Robert Neill: Funnily enough, and unhappily, I do not carry such a list with me on my mobile word processor. If the hon. Gentleman is patient, however, he will find out not only about the commitments that have been made, but about the local authorities that are already working to cut tax. Indeed, some local authorities such as Kensington and Chelsea have already announced a £50 efficiency bonus; some, such as Hammersmith and Fulham, have announced a 3 per cent. reduction; and the largest levier in the country, the Mayor of London, has announced a freeze. Action has already been delivered.

Mr. Vaizey: It might take me rather more than a day to produce it, but I would happily send the hon. Member for Telford (David Wright) a list of Labour council leaders who have been turfed out by their electorates for consistently raising council tax. We could start with Ken Livingstone, although he is not technically a council leader, and the leader of Hammersmith and Fulham council.

Robert Neill: My hon. Friend is absolutely right. Of course I welcome the Minister's recognition of the hard work done by local authorities and their efforts to achieve efficiencies, but I am sure that he would want to be as reasonable and generous as he always is by acknowledging that that has happened largely because those authorities are now under Conservative party control. It is thanks to the Conservatives that it is happening.

Mr. Paul Truswell (Pudsey) (Lab) *rose—*

Robert Neill: Perhaps something I said has made the hon. Gentleman wish to intervene. I happily give way to him.

Mr. Truswell: The hon. Gentleman is most gracious. A recent independent inspection of adult services provided by Leeds city council, which the hon. Gentleman probably knows is now controlled by a coalition of Conservatives and Liberal Democrats, saw those services downgraded to an inadequate one-star rating. Does he understand the concern that this council, under his Conservative colleagues, is now cutting grants to community care schemes for older people—Pudsey Live at Home, Horsforth Live at Home, Farsley Live at Home and Aireborough voluntary services to elderly and disabled people, for example—that are provided by voluntary organisations? Is that the sort of approach locally that the hon. Gentleman and the right hon. Member for Witney (Mr. Cameron) are encouraging Conservative councils to take?

Robert Neill: I am well aware of the financial mess that the joint administration in Leeds inherited from its predecessor; it is endeavouring to sort it out. I suggest to the hon. Gentleman that some restructuring is necessary to take that forward, but it is the people on the ground who are close to their communities that are best able to decide on these issues. It is the local communities that passed judgment on the previous Labour administration, and it was that administration that got us into the situation in the first place. I hear what the hon. Gentleman says, but I will take no lectures from him on that matter.

Alistair Burt: While we are on this point and enjoying this happy interlude, let me say that one figure that my hon. Friend might carry around with him is the number of councils on which the Labour party is simply not represented at all on account of its past conduct. I think that it is more than 100, but my hon. Friend may have the right number. Does that not show what the electorate think of the hon. Member for Pudsey (Mr. Truswell) and his colleagues in respect of local government over recent years?

Robert Neill: I suspect that my hon. Friend is right, although I must confess that I did not have time to look up the exact figure. It tends to change pretty regularly. I am reminded of Western films in which there is a sign saying something like "Deadwood Gulch, population 152", and in which people strike the figure out and write "153" if they hear a baby cry, and if they hear a gunshot they strike it out and write "151". In much the same way, the figure for the number of Labour councillors is struck out on a fairly regular basis. That is the ultimate passing of judgment.

Mr. Truswell *rose—*

Robert Neill: Things are becoming very lively. I will happily give way to the hon. Gentleman.

Mr. Truswell: The hon. Gentleman is most entertaining and most gracious, but may I return him to reality? In recent years, when electoral trends have been running against the Labour party nationally and in local government, Labour has made gains in Leeds. The Liberal Democrat-Tory coalition running the city council has made no gains. Does that not prove that what he is saying is nonsense?

Robert Neill: There were times when one of the taunts from the Labour party was that there was no Conservative representation in the big cities of the north. In Leeds, Bradford and other such cities, that is no longer the case. With respect to the hon. Gentleman, he knows how these things ebb and flow—

Mr. Deputy Speaker: Order. Much as everyone is enjoying this interlude, I think it would be a good idea if we now returned to the matters in hand.

Robert Neill: I am always happy to be guided by you, Mr. Deputy Speaker.

What is apparent from this exchange is Labour Members' sensitivity on the topic that we are discussing. The simple fact is that it is local government that is the most efficient part of the public sector and local government that is delivering the best to people, and it is central Government who are dealing local government an increasingly tough hand. I am afraid that, with all respect to the Minister, the settlement that he has confirmed today makes that position no better.

The cumulative effect of the increases predicted in the PSBR document, which has not been sufficiently recognised by the public, leads me to revise one of my judgments. In November I said that this was a council tax bombshell, but I was wrong: if the Government were returned at the next general election, it would be a council tax bombardment that would continue for a number of years.

Let me take the Minister up on another point. We have referred to the LGA's concerns about the settlement. The Minister used a formulation that he has used on a number of other occasions when he said that the grant was being increased by 4.2 per cent. He is clever with words, but—I say this with every respect to him—he will know that that is not quite how it works in practice. The 4.2 per cent. is the figure for all grants, but within that is the dedicated schools grant of about £30 billion, which completely skews the figure. It is a huge sum over which local authorities have no discretion. If we take that figure out and look at the formula grant, which does give local authorities some ability to respond to changing circumstances, we are down to 2.8 per cent. That is why many local authorities are saying that the figure does not reflect the costs being imposed on them, even in the current deflationary environment. They are

currently tied into contracts and other costs that arose at an earlier stage.

John Healey: The hon. Gentleman has given a figure of 2.8 per cent., but his own party's commitment—the commitment of its shadow Chancellor and leader—is to a rise of 1 per cent. A gap of £240 million, not at some time far in the future but eight weeks from now, is what councils would be facing if the Conservative party were in power rather than us.

Robert Neill: Not surprisingly, the Minister has not described the Conservative party's policy accurately. In fact, as he knows, that the Government have been a little economical with the actualité. The 4.2 per cent. figure is the convenient figure that the Minister will always use, but local authorities of all political persuasions, including the cross-party Local Government Association, maintain that 2.8 per cent. is the real figure. They also point out that including the dedicated schools grant is not an accurate means of assessing discretionary spend. The Minister has done that for obvious reasons, given his position, but it does not give us the whole picture.

Can I also just point out to the Minister the second area of concern here? He makes something of having increased the amount of non-ring-fenced grant, but at the end of the day, that is still just a drop in the ocean; some £36 billion of the special grant remains ring-fenced. The bulk of it is still ring-fenced, so the amount of leeway for local authorities has eased a little, but not very much in the overall scheme of things. We are pledged to look at this again. Far too much of the expenditure outside dedicated schools grant is ring-fenced, and that gets in the way of local authorities' ability to take appropriate decisions for their localities.

Mr. Neil Turner (Wigan) (Lab): I am a little confused, and I wonder whether the hon. Gentleman can shed some light. Would a future Conservative Government give more money to local government in the support grant than the current Government are planning to give? That is a simple question and, despite all that he has said, I am totally at sea as to whether the answer is yes or no.

Robert Neill: I understand the hon. Gentleman's difficulty; he is probably as shell-shocked as I am that Wigan and West Ham United are in their current positions in the premiership. The Conservative position could not be clearer: we have spelled out that, for the first two full years of a Conservative Government, we will protect the interests of council tax payers by making a commitment that if a local authority is able to get its council tax increase under 2.5 per cent. we will match-fund it. We will, of course, work through the mechanisms by which we get to that, but that is the commitment, and it is plain enough. I will shortly come on to what we might need to do in future about a system that is increasingly creaking at the seams.

Mr. Mark Field: I am glad that my hon. Friend will now move on to addressing the future, as so far there has been a lot of banter, too much of which has looked back to the past. What would an incoming Conservative Government do in relation to the ongoing long-standing concerns that many Members, particularly those representing inner-city seats, have had about population statistics and the great inadequacies that have been built into the system in the past 10 years? Does my hon. Friend have some plans for ensuring that that concern is resolved?

Robert Neill: I suggest to my hon. Friend that there are some solutions here. The Minister's review is welcome in so far as it goes; nobody would dispute that. However, many of us would say that it has been a long time in coming, because these issues have been raised by Members on both sides of the House—the hon. Member for Slough (Fiona Mactaggart) attended an earlier debate, and she has raised it on a number of occasions. We need to bring this matter to a head.

There are things that could be done. There is a broad point about the way in which the formula grant is calculated and distributed. The criteria, the operation and the various indices that give rise to the distribution of the grant, whatever its overall size, to individual local authorities have become so opaque and unreliable that it no longer has credibility either with the professionals or the general public. The persistent use of significantly out-of-date population data is one very glaring example, although it is not the only one; several authorities have raised concerns about the fact that it is possible to interpret the deprivation indices in a number of different ways that produce different outcomes for local authorities.

We ought to be doing two things. First, perhaps we should move to a system in which the criteria for the distribution of the grant are no longer set entirely within the Department without reference to any independent body. Australia has an independent grants commission, which plays a role. Ultimately, there must be parliamentary accountability, of course, but that is an interesting model. It would be perfectly plausible to charge such a body with a statutory duty to review and update the statistical information. Under the current system, the Government could, if they wanted, choose not to rely on the outdated census statistics, but to take on board a vast array of more up-to-date data, such as national insurance registrations and school registrations. Westminster council, in the constituency of my hon. Friend the Member for Cities of London and Westminster (Mr. Field), has collected and put forward such data to Ministers. The Government could change the information, even in the current system, but we could find an even better means of embedding it. The Government could act on those updated figures now, because that would require only a change to the regulatory environment, which could easily be achieved. That is the solution.

Julia Goldsworthy: The hon. Member for Cities of London and Westminster (Mr. Field) raised the problem that this matter poses for inner-city areas. Does the hon. Member for Bromley and Chislehurst (Robert Neill) agree that it also poses problems for more rural areas, which may contain a large number of seasonal migrant workers and so demands may vary within the year? There also is scope for huge demographic change because of other reasons. For example, in my constituency, the growth of a higher education institute has resulted in the 18-to-24 population increasing by 80 per cent. in just three years. The funding formula struggles to deal with all these things.

Robert Neill: The hon. Lady is right, and her point demonstrates the urgency of the situation. I am glad

[Robert Neill]

that the Minister is taking this point on board, because many of us felt that when the Treasury was leading in this area it had a continuing reluctance to come to grips with the inadequacies of the situation. She is right to say that the problem applies across all types of authority, regardless of political or geographical circumstances. I hope that the Minister will come back urgently with the review. We will be constructive about that, but it may be necessary to go further—

Mr. Turner: Will the hon. Gentleman give way?

Robert Neill: I have been pretty generous so far, so the hon. Gentleman will understand that I now want to make some progress.

All of what I have said comes back to a suggestion that the grant system is creaking to the extent that it is no longer credible. The other evidence of that can be seen in the floor system. The Minister makes the point about the protection of floors, but, in reality, when the floor system reaches a stage when about one third of all the larger authorities are on the floor, when about 24 out of the 33 London boroughs are on the floor, and when a range of types of authorities and about 40 per cent. of district councils are on a worse floor—0.5 per cent., as opposed to 1.75 per cent.—something perverse is happening. It leads me to conclude that the system has gone beyond its useful life and that we need a much more significant and thoroughgoing reform as to how distribution takes place.

I noted, too, what the Minister said about looking at the operation of the area cost adjustments. I would welcome that, and again, I hope that he will use his good offices to inject some urgency into the matter, because it has been raised over a long time. It is not just about the operation of the grants for which his Department is responsible; one of the concerns that he will know has been raised both by the Local Government Association and by London councils is the lack of consistency between various Departments in the application of the ACAs. I hope that he will take that on board as a central point of the review, because I am sure that with political good will, consistency could be achieved swiftly.

My final point about the inadequacies of the grant formula relates to the peculiar results for local authorities of similar size and in similar, neighbouring areas. Let us consider a discrepancy in the formula grant in the west midlands. Solihull has a population of 205,000 and receives £53 million. Walsall has a population of 253,000. I accept that it has some other social problems, so one might expect a difference, but it receives £133 million, so the leap is so great as to be beyond credibility. The same applies closer to home for me, in the London boroughs. Bromley has a population of 300,000 and it receives £64 million. The next-door borough—Croydon has a population of 340,000, so it should get a bit more—but it receives £116 million, so there is a huge difference. Those apparently perverse outcomes cause people to question the way in which this system works in practice. With respect, I must say that those issues have not been addressed by the statement that has been made, because they relate to systemic problems that the Government could have dealt with, but have not dealt with over a period of time. That leads to suggestions that there is a degree of unjustified subjectivity in the operation of the system, and that needs to be dealt with if people are to have confidence for the future.

The net result of all that is that burdens on the council tax payers remain. The Minister talks about the desire to reduce them, but we did not go too much into the costs of operating what remains an over-intrusive inspection and targets regime. We are told that we should be grateful that the new regime has reduced the number of national indicator sets to 198 or 195, but that is still a huge amount and far greater than is necessary. That amount still involves real costs for local authorities. The need to tick the boxes still forces distortions on local authorities. If the Minister is serious about giving freedom to local authorities, as I hope he is, he could cut back further on that distorting inspection and targets regime.

If we are to achieve what is required for local authorities and council tax payers, we will need to give them more leeway than the Government have given them. I hope that Ministers consider that point for the remaining year, although I honestly do not think that they will be in a position to do so for the next three-year spending round. The bottom line is that people are now really hard pressed. Local authorities are doing their best, but sadly their job is being made harder by what is happening. I hope that, as a matter of urgency, local authorities will do all that they can to minimise the rise in council tax, despite the rotten hand that they have been dealt. We will work with them constructively. I am sorry that, for all the fine words from the Minister, the settlement will not give local authorities the constructive tools that they need to deliver as they wish for their communities.

4.51 pm

Mr. Neil Turner (Wigan) (Lab): I welcome the settlement—in the circumstances, it is an extremely good settlement for local government. It is as well to put on record the fact that this three-year settlement and the stability it provides are very important to local government. We will look back on it as a major reform by the Government that will continue to work in the future. Personally, I think that it should be a rolling settlement, so that in a three-year block we would have a two-year settlement with indicative figures for the third year, and in the third year the cycle started again. That is a refinement that we can work on in the future.

It is worth recalling that in the years since 1997 every local authority has had a cash increase in the amount they receive from Government. When you remember what was happening in the late 1980s and early 1990s, you see that there is a phenomenal difference. I cannot understand how the Local Government Association can say that this is the worst settlement in decades. It clearly does not remember what happened in the 1980s and 1990s, when my local authority in Wigan experienced cuts not only in real terms—below inflation levels—but in cash terms. The money we received from the Government was cut by £6 million, £7 million or even £10 million year after year under the Conservatives. How the LGA—now Conservative led—can claim that that was better than what we are getting now is beyond me.

Mr. Vaizey: My difficulty when Labour Members talk about cash increases for local government is that they never talk about the additional burdens. Ministers

love coming to the House and announcing initiatives to provide free services such as swimming or culture, but they never explain that local councils will have to pick up the bill.

Mr. Turner: There will always be such changes, and it is right to strike a balance between what local government has to pay—through the local council tax payer who will receive the services—and what the Government give in grant. The point that you did not address is that when the Conservative Government were in power, my local authority received less cash, not just below-inflation increases. The hon. Member for Bromley and Chislehurst (Robert Neill) was challenged not once but twice about what the Conservative party, were it in power, would do about grants to local government, but he could not make any commitment to more cash for local government from a Conservative Government. We had some weasel words about matching increases of under 2.5 per cent., but he could not commit to a cash increase across the board.

Alistair Burt: The hon. Gentleman did not address the significant point made by my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), which was that the Government tell local authorities what new services they are going to deliver and then put the extra costs on to the shoulders of local council tax payers, who do not get the choice one way or the other. That is the problem with the Government's handling of the situation.

Secondly, I was the Minister responsible for the city challenge in Wigan during the 1990s, which brought millions of pounds for regeneration in Wigan and changed the face of Wigan. I would have thought that as well as discussing what happened in local government the hon. Gentleman might have made some reference to that initiative of Michael Heseltine's, which made such a difference to Wigan and the surrounding area and put it on course for its present prosperity and all the good things that have happened since.

Mr. Turner: I would have some sympathy with that point if, at the same time, you had not been cutting all our mines and other industry and making the economy of Wigan, in a particularly short period of time, hugely difficult for us. It is only because we had an extremely good local authority, led by Councillor Peter Smith—now Lord Smith—that we could help the local economy following the devastation left by the closure of the pits. I accept that the city challenge made a difference—of course it did—but that does not answer the point that the Conservatives have not been able to give a single commitment to any increase across the board for local government.

Mr. Vaizey *rose—*

Alistair Burt *rose—*

Mr. Turner: I think that I have been fairly generous in giving way on that point, so I shall carry on.

It is important that we also welcome the floors and ceilings on funding. My local authority suffers from floors and ceilings, as it does not get as much funding as it would if we did not have floors and ceilings. Opposition Members talk about the amount of money that they are getting and about reductions because they are only at the floor, but they should be grateful to the people of Wigan. We are suffering—we are the ones who are paying for the fact that you are getting more money than you would otherwise be entitled to. That is important. I agree with the idea in principle. It is the right thing to do, because it gives local authorities the opportunity to make measured and manageable changes rather than the kind of changes that we would otherwise have—the kind of changes that we were forced into in the '80s and '90s. Hasty, ill-considered desperate short-termism was a hallmark of what we experienced.

The hon. Member for Bromley and Chislehurst was a little disingenuous when he talked about the changes to the formula, saying that it needs to be changed—creaking at the hinges was, I think, the phrase that he used. What he did not say was how he would introduce those changes. If he made a change that gave a £50 million increase to Bromley and Chislehurst and made a £50 million reduction in Wigan, would he do that overnight? Of course he would not. I would hope that he would introduce it in phases. In other words, all he would be able to do is to follow the same floors and ceilings process as we have at the moment. The end result would be different, but unless there was a massive change in local government overnight on 1 April of whatever year he introduced it, such changes would have to be brought in gradually.

Robert Neill: Is the hon. Gentleman saying that he is satisfied with the transparency of the operation of the floors, ceilings and grant distribution criteria at the moment, or could it be improved?

Mr. Turner: I am not saying that it could not be improved. Of course, local government finance has never been perfect. We have always known that. The point that I was making was that you were saying that you—

Mr. Deputy Speaker: Order. The hon. Gentleman has made that mistake several times now. I was hesitating before I intervened, but he understands why I have done so.

Mr. Turner: The hon. Member for Bromley and Chislehurst made the point that the Conservative party would introduce changes. If those changes are to be introduced, either they have to be introduced in one go or they will have to be phased in. If they are introduced in phases, there will be floors and ceilings. It is no use arguing against floors and ceilings and then saying that changes will be introduced.

The other issue that the hon. Gentleman raised, which is important, was to do with the accuracy of statistics. We all want statistics to be more accurate, and I noted that he welcomed the statement made on that point by my right hon. Friend the Minister—so do I. However, the hon. Gentleman was a little disingenuous when he said that the Australian system would somehow take the matter out of the political arena and put it into the academic arena. That would never happen. We are talking about local government and the services that it can provide for people. Those decisions are fundamentally political. The weighting given to each statistic will be a political decision. In the end, determining whether the allowance for free school meals should be £10 or £15 per

[Mr. Neil Turner]

head in a particular local authority will be a political decision. No matter whether the statistics are right or wrong, it is that political decision that will influence how much a local authority gets.

The Government have struck a balance between achieving equity for places such as Wigan that are below target and managing the necessary reductions for those authorities that get more than the formula says. I welcome the reduction in the floor from 2.7 per cent. in 2007-08 to 1.75 per cent. now. Unless the floor is reduced to a fairly low level, authorities that are entitled to more money will never get it. The reduction needs to continue, and I hope that my right hon. Friend the Minister will ensure that it does.

I shall give a couple of examples of what that means. If Wigan were to get its full entitlement, we would get an additional £6.5 million in 2009-10, and an additional £5.4 million in 2010-11. Obviously, that is £1.2 million better than what we are getting now, but we are still four or five years away from achieving equity. Adding that up, we are talking about Wigan receiving a total of £20 million or £30 million in additional money over a number of years. I believe that this is very much a work in progress, and I urge my right hon. Friend the Minister to make sure that it continues in future settlements so that all local authorities get the entitlement that they deserve from the formula.

I turn now to the important issue of revaluation. The hon. Member for Bromley and Chislehurst said that the formula was creaking at the hinges, but I think that the problem is that the council tax itself is creaking at the hinges. I believe that the Conservatives designed it to be unfair, and one of John Major's few achievements from their point of view was to create the present unfair system.

The burden of council tax falls most on the poorest, and least on the richest. We need to change that unfairness, and I think that we missed a trick with the Lyons report. We should have gone for that, or some form of it, as I believe that a property-based council tax is the right way to go. Even so, we need something new and much more transparent that can be integrated with council tax benefit.

The Nationwide building society and others can tell us how house prices have gone up or down, year by year and month by month. I cannot see why we cannot build a system in which property bands move on a three-year basis, for example, so that values are constantly changing. In contrast, the present council tax was valued in 1989 or 1990.

I want to touch on housing, which is an integral part of local government finance and services. The housing revenue account is under review, and that is long overdue. The Audit Commission said a number of years ago that it was unsustainable, and that is clearly true. Given that rent increases are running at 6.75 per cent. at a time when inflation is below 2 per cent., and that mortgages are coming down on a monthly basis, the disparity between council house tenants and the rest of the population is clear to see. I hope that the Minister and his Department will take that on board, so that the convergence with registered social landlord housing rents is delayed and the impact on council house tenants is reduced.

There are issues that we can deal with. If we put more money into housing, it will help the national economy, and help local economies even more. Housing repairs and maintenance, and house building, are labour-intensive, and we source most of the materials from the local economy. They have a massive impact on local authorities and economies. We should put money into that. If we put money into disabled grants, there would be a double whammy: that would not only help the local economy, but would allow people to stay in their own homes. If we allow them to stay in their homes—that, as we know, is what the vast majority want to do—it will reduce pressures on social services and on the NHS.

The Supporting People programme that the Government introduced, and the money that they put into it, is hugely important to achieving those aims. Again, if we look at the amount of money that goes into that, and at the formula, we see that there are huge discrepancies between the money that local authorities should get and the money that they actually get. It suffers from the same problem as the local authority grant. The Department for Communities and Local Government needs to consider whether we can ensure that local authorities can meet people's needs, and can put the money to good use in the local economy. To take the example of Wigan, in 2008-09, we got £7.2 million less than we should have done. In 2010-11 we will have £5.4 million less than we should; that reduction is £1.8 million less than the reduction in 2008-09, but it is still a significant figure. We could do with that.

When we talk about housing and the Supporting People grant, we also need to talk about the primary care trust. I know that that does not come under the heading of local authority funding, but it is an important issue. Often, local authorities and primary care trusts pool resources, grants and funding. The line between what the NHS provides and what the local authority provides is becoming increasingly blurred. Fights about who should fund what just allow vulnerable people to fall between the two. It is right that PCTs and local authorities should get together on that issue, as they increasingly do.

I have explained why the Supporting People programme and NHS funding is important. The difficulty arises when a local authority such as mine is underfunded under the local authority grant, under the Supporting People grant, and in its primary care trust funding. That compounds the problems and makes servicing those needs extremely difficult. To give the example of Wigan once again, in 2009-10, our PCT funding will be 4.7 per cent., or £25.5 million, below target. In 2010-11, we will have £25.4 million, or 4.5 per cent., less than we should. That is a £56,000 a year difference, under the final figures. I worked out that, on that basis, we will achieve our target on 14 April 6518 AD. I am not likely to be around then. It is important that we make progress on that issue because of the impact that it has on local government and the services that we provide.

The shortfall in those three programmes is £36.2 million in one year. If we carry that forward year on year, we can imagine the difficulty that my local authority and primary care trust will have in providing people with necessary services. Those are not services that I have plucked out of the air; I am referring to services that demonstrably and measurably cannot be provided, or fully provided, because of underfunding. I know that

the Minister is aware of the issue because Rotherham, his local authority, is in a similar position; I think that the figure is £35.8 million for Rotherham, whereas it is £36.2 for Wigan, over the three years. He is well aware of the problems, and I know that he is working hard within both local and central Government to address those issues.

The public services that we need must be given those resources. On the Government formulas, the independent advice given by the Advisory Committee on Resource Allocation for PCTs, and other advice given through local government, is that the money that we are talking about is the kind of money that is necessary to provide services that people in Wigan, Rotherham and other areas need. It is not a matter of shifting money from the south to the north. There are areas in London that require additional funding. It is not about towns *v.* country. There are country areas that require additional funding. It is about fairness, justice, equity, equality, and giving support to those who need it. That is why we on the Labour Benches came into politics, and why it is so important that my right hon. Friend continues the work that he has done to make sure that all local authorities and all primary care trusts get the resources that they need to provide the services required by their people.

5.10 pm

Julia Goldsworthy (Falmouth and Camborne) (LD): It is a pleasure to follow the hon. Member for Wigan (Mr. Turner). I have a great deal of sympathy with many of the points that he makes, because my local authority is also one that is near the ceiling and a long way away from its target funding, and it would benefit from the resources that it should receive, according to the funding formula. I also agree with the hon. Gentleman that it seems sensible to propose a rolling three-year budget that would provide stability, as well as extra flexibility to respond to the difficult economic situation.

We are in the second year of a three-year agreement, so there are no nasty or pleasant surprises in the reports that we are debating today, although I appreciate that some councils, such as West Somerset, would have been biting their nails until they found out whether they qualified for transitional funding. Ultimately, it is a very tight settlement and the Minister has been up-front about that. The hon. Member for Bromley and Chislehurst (Robert Neill) pointed out exactly how tight the settlement is, once the schools grant is taken out. It will be extremely difficult for many councils.

Even though the three-year settlement has offered certainty to local authorities and has been useful for planning purposes, as my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) said, it is not surprising that there were not many responses to the consultation. I wonder, and the Minister may know, whether any of the responses were from individuals. The documentation provided to us is not the easiest to negotiate.

I notice that in November the Minister's statement was published alongside a guide to the local finance settlement, which replaced the plain English guide to the local government finance settlement, first issued in 1998. No wonder these documents are difficult to understand. I worry that we have a system of local government finance that is very complicated: local government officers, civil servants and Members of Parliament all bury their heads in it to try to understand it, but for council tax payers it is difficult to understand what services they receive in return not just for their council tax, but for the taxes that they pay. We all need to do more to illuminate the process and make it simpler to understand. It is important that the public should be able to do that.

We have seen a fundamental change in the past year, and since the three-year settlement was announced. Despite the Government's claims to have boosted funding through measures such as LABGI, it is pretty much unchanged since the earlier announcement, and there has been no response to the economic crisis. The economic turmoil is creating extreme funding pressures and uncertainties for many councils.

The credit crunch has had a significant impact on councils' income, not just from their fees and services, which according to the Local Government Association totalled £11.5 billion last year, compared with the £23 billion that they received in council tax revenue. A significant amount of councils' revenues is received from charges, and the LGA estimates that that could fall by up to £2.5 billion this year—a substantial hit on funding, which may not derive from central Government grants, but will certainly have an impact on their cash flow.

Councils have also seen lower income from their investments because of lower interest rates. Although the Minister said that as a result of those lower interest rates borrowing is cheaper, I wonder what assessment he has made of whether that borrowing is easier to come by, even if it is cheaper. Councils' estimates of income from capital receipts have plummeted, which has not just impacted on their income, but is impacting on their investment programme. In spite of those pressures, there has been a significant increase in demand for services.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Before my hon. Friend leaves that point, may I draw attention to the impact of the unavailability of capital receipts from land sales on major proposals to repair and replace schools? That means that local authorities such as Northumberland continue to have a very high maintenance budget for schools such as the Duchess's school in Alnwick, because the capital to rebuild it is not available from land sales.

Julia Goldsworthy: My right hon. Friend makes an extremely important point. The lack of capital receipts impacts not only on capital spending but significantly on councils' revenue commitments.

Other things, outside the credit crunch, are involved. The whole baby P episode, for example, has resulted in additional demands and pressures on children's services. Furthermore, we still have to deal with the demographics of an ageing population, and that places additional pressure on adult services. My hon. Friend the Member for Kingston and Surbiton (Mr. Davey) cited other issues, such as the number of young people registering to transfer to primary schools. That is having a massive impact. During this debate, he told me that in the past year he has seen a 12 per cent. increase in primary school applications; that has a massive impact on a council's resources.

[Julia Goldsworthy]

As other hon. Members have pointed out, in addition to all that, councils are being asked to take on increased responsibilities. One of the most controversial has been the cost of concessionary bus travel, and there is a question about whether the grants given by central Government cover the costs. Also coming down the line is the roll-out of free swimming. In my local authority area, in Cornwall, we are worried about that because our population doubles in summer; a lot of holidaymakers will benefit from access to free swimming, but the council tax payers will have to meet the costs. There is increasing concern that such additional financial burdens are not being adequately funded.

Will the Minister provide us with information about how those pressures are impacting on councils and how councils are responding to them? I have seen anecdotal evidence of councils reporting recruitment freezes. Of course there will be further drives for efficiency, but I have heard that councils are using more temporary staff as a way of trying to keep cost pressures down. I would also appreciate the Minister's comments on whether he is aware of any potential plans for significant service cuts. Councils want stability, but they also want reassurance that the Government are sensitive to such rising pressures. Today's statement is a denial of some of the problems that many councils face.

Dan Rogerson: My hon. Friend is making an excellent case about the pressures under which local authorities find themselves. She has talked at length about the economic problems that we face at the moment. What does she feel about the fact that local authorities have to take up the slack when other Government agencies have withdrawn from areas? I am thinking of jobcentre closures and so on. Local authorities now find themselves having to do the work of other Government agencies—

Simon Hughes: Post offices.

Dan Rogerson: Post offices are also involved, as my hon. Friend rightly says. Local authorities have to carry other things because the other providers that were originally in the area have gone.

Julia Goldsworthy: My hon. Friend makes an excellent point, to which I shall come later. Although last year's pre-Budget report announced additional support for the Department for Work and Pensions for Jobcentre Plus, a lot of such pressures are now falling on local councils. Although increased support has been announced, its scale does not match the problem.

I now turn briefly to councils' exposure to the collapse of Icelandic banks. That issue has not affected all local authorities, but it has had a significant impact on a number of councils. Before Christmas, the Minister stated that councils would not need to make provision for any possible loss on those investments in 2009-10; I understand that there will soon be draft regulations for us to consider. However, it now seems clear that many councils do not expect to recover any of the losses for the foreseeable future, and that the process of recovering them will be protracted. Does the Minister accept that we need legislation to deal with the issue beyond next year? Councils would appreciate certainty about their ability to deal with the problems in the long term. Is the Minister seeking to give affected councils the powers to capitalise their losses so that they can spread them over a number of years? That would be sensible, as it does not seem as if there will be any short-term resolution to the problem. Today's debate is an opportunity to try to address the issue, but it has been overlooked.

Councils are not only impacted by the credit crunch themselves; they are already doing a huge amount to respond to it locally and to provide support for people who are struggling. I wonder whether the Government have missed an opportunity to make an announcement offering further support to councils in fulfilling this role. Business rate relief has already been mentioned. There has been talk about whether it would be appropriate to make that relief automatic, because a large number of small business that are entitled to it do not receive it. Surely every effort needs to be made to ensure that those businesses receive what they are entitled to. Why is the Department not following the lead of Her Majesty's Revenue and Customs, which has offered a great deal of flexibility to businesses in paying their business rates? If it were able to offer the same support to councils in terms of flexibility of payment, that could be handed on to businesses and more could be done to ease the burden of many small businesses locally.

On benefit advice and support, extra resources have been made available to the Department for Work and Pensions to the value of £1.3 billion. There will be similar pressures on councils to deliver council tax benefit and housing benefit, yet they are caught up in the squeeze. I am not entirely certain that the levels of resource that the Minister has mentioned will be sufficient to meet that increase in demand.

Local authorities are in a good position in terms of being able to identify and deliver capital projects on the ground quickly, but I am concerned that projects are being held up. The private finance initiative is becoming more expensive and appears to be slowing down in some places, and capital receipts are not materialising to fund many of the projects that councils have been planning.

What more can the Minister's Department do to ensure that these projects can be delivered more quickly on the ground? Has he considered allowing councils to bring forward future capital allocations to get projects moving? Will he support the Local Government Association's recommendation to consider plans whereby councils would pool billions of pounds of existing investment to fund infrastructure projects and support the economy locally? What more can he do to help councils link in to other funds? In Northumberland, particularly in Morpeth, there are huge problems with the capital highway maintenance emergency fund following the huge problems caused by last year's flooding. That could not have been foreseen, but the council is concerned about its ability to provide match funding and the impact that doing so will have on other budgets. Is there anything more that the DCLG can do to link in with other Departments to ensure that these important projects happen?

Sir Alan Beith: I am grateful to my hon. Friend for drawing the Minister's attention to this, because he may be able to have a word with the Department for Transport. Only a third of the costs of emergency repairs to the highway system that was so devastated by the floods will be met by the central grant, because the local authority is expected to fund such a large amount from its existing transport grant, which is itself under pressure

because of the overall effect of those weather conditions and flooding on roads throughout the county.

Julia Goldsworthy: I am grateful to my right hon. Friend. These are unforeseen events that the council has to respond to in the context of a very tight funding settlement. Any kind of flexibility from the Department, or anything that it can do to link up with the Department for Transport, would make a dramatic difference.

Those are all relatively minor proposals that the Government could bolt on to the existing funding arrangements. That is why I am disappointed that no such imagination has been used in this local government finance report. It is a shame that the Minister is not feeling bolder, because we have missed an opportunity to make much more fundamental changes that would give councils a much bigger role in responding to the economic crisis. The hon. Member for Wigan alluded to that.

One of the key challenges is the lack of social housing. At present, councils are completely hamstrung in their ability to respond to that, and the situation does not change as a result of this funding announcement. Surely it would have made sense to link the publication of the report to an announcement on much-needed reforms to housing revenue accounts. This is an arcane system that prevents councils from using future revenue streams from rent to supplement and fund improvements to their council housing stock. Combined with freeing up councils to borrow prudentially, it could play a massive role in tackling the social housing crisis that we face. It would also be a much fairer way of using tenants' rent, in stark contrast to the current system whereby some of the country's lowest earners are in effect paying a tenant tax that often ends up, almost in its entirety, in Treasury coffers. That is simply unfair. I know that the matter is under review at the moment, but given the economic situation, would it not have made sense to bring that review forward rather than delay it further, which I hear is likely? There was an opportunity for more straightforward and fundamental change, which appears to have been passed up.

One of the other issues arising from the report is capping. Early indications are that council tax increases for most councils will fall by about 3.5 per cent., but does the Minister have anything to say about the authorities that were capped last time? Does he have any comment on how they fared in the past year, and whether they look likely to be able to deliver within the range that he specified for this year? We are debating the funding formula for new authorities, which I understand has been agreed with those authorities, but I wonder about the impact of many of the efficiency savings that will arise from local government reorganisation in the longer term. By contrast, there will be costs involved in making some of these immediate changes, and I wonder whether that has been reflected in the allocations we have seen.

The Minister announced today that he would require local authorities to provide, in council tax bill statements, details of efficiency savings that they have delivered. Broadly, I welcome that. I wonder whether the Government will make equivalent information available, because a lot of local authorities are much better at delivering efficiencies than Departments are. I look forward to Departments providing readily accessible information in an equivalent way. Perhaps I can look forward to seeing on my P60 the efficiency savings that the Government have promised and delivered.

On a related point, an awful lot of public money is not spent by the local authority. Public money is spent locally that never ends up on any council tax bill, and is not part of any efficiency saving process. In the Sustainable Communities Act 2007, the Government made a commitment to produce local spending reports that would provide details of all public money being spent at local level, not just by organisations such as the NHS or the education authorities, but by the many quangos for which there is no direct accountability for how money is spent. I wonder whether the Minister has any plans to tie in his statements on delivering efficiencies with more transparency concerning the amount of money spent locally about which the public often know nothing. They do not know where it is being spent, let alone how effectively or efficiently it is being spent.

Last year, the Minister said that the settlement "does what it says on the tin", and that this year would be a repeat performance. But the fundamental question remains: whether it is right to continue justifying the unchanging nature of the settlement in the light of such uncertain and unstable economic times. A judgment has been made that the assumptions behind the settlement are correct—and that is where we disagree. My party's view is that such assumptions are wrong. Fundamental problems with the current funding arrangements have to be addressed, and as we face difficult economic times, the need to address those problems becomes more, not less, urgent.

Although we welcome the review of the area cost adjustment, there are wider systemic problems that must be addressed. There is an urgent need to review the formula, and the floors and ceiling system must be looked at. The councils at the floor feel that they are falling further behind, while those at the ceiling that are trying desperately to catch up look as if they will never have any prospect of getting the funds that the Government's own formula says that they need. There is a need to continue to cut ring-fencing to free councils to raise and spend more of their resources locally. There is a need to recognise how completely inadequate the current system of local taxation is in providing a link for local taxpayers between the services that they receive and the tax that they pay. It must be recognised that the council tax continues to be an unfair burden for those on lowest incomes because it increases above inflation each year, and is paid out of people's disposable income. They really feel any increases that are made each year. The Government have completely failed to recognise those problems, let alone address them.

I got quite excited in the debate this afternoon because I thought that the hon. Member for Bromley and Chislehurst was going to announce some amazing brand-new long-term plan for what a future Conservative Government planned to do. Sadly, I was disappointed. The worst-funded authorities will be the least able to deliver what the Conservatives claim will be a council tax freeze. That means that those in the greatest need will be the least able to benefit. Their suggestion is not a long-term plan; it is a two-year proposal. That will hardly address the systemic problems that the hon. Gentleman himself identified.

We need not a one-off gimmick but fundamental reform, not only of the balance of what is raised and spent locally but of how it is raised. That is about localising business rates, devolving powers and resources to a more local level from the regions and from Whitehall

[Julia Goldsworthy]

and, of course, scrapping the council tax. Instead of considering those proposals, the Government have so far refused to act even on the most modest proposals in the Lyons report. They have ducked the matter altogether, and are still in a state of denial, when now, more than ever, we need fundamental reform.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): On a point of order, Mr. Deputy Speaker. It has been reported on Radio Gloucestershire that Gloucestershire county council has been informed by United Salt, the country's largest supplier of salt, that it will be unable to supply the county council in the near future. That means that after tonight, Gloucestershire county council will have to ration the salting of its roads severely. I understand that a number of other local authorities are in an even more parlous position. I am sure that you, Mr. Deputy Speaker, and the House will understand that that raises serious road safety concerns.

I ask your guidance on what we can do to get a Minister here tomorrow—[HON. MEMBERS: "Today."] Or even today, to make a statement, in view of the serious issues involved, about whether the country is running out of salt and, if not, how it can be better distributed among local authorities.

Mr. Deputy Speaker (Sir Alan Haselhurst): I think that the hon. Gentleman knows that that is not strictly a point of order for the Chair to rule on, and that the Chair cannot command the presence of a Minister on the basis of what the hon. Gentleman reports. However, his remarks will have been heard by those on the Treasury Bench, and there is also an opportunity for him to submit to Mr. Speaker an urgent question to seek to achieve a ministerial presence in the House. There might also conceivably be an opportunity for the matter to be aired during business questions tomorrow. I hope that with the matter on the record, and with the suggestions that I have offered the hon. Gentleman, it will be possible for some assurances to be given to the House, and through the House to the public, about what the situation is.

Mr. Mark Harper (Forest of Dean) (Con): Further to that point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: Order. I think that I have said about as much as I can possibly say—perhaps more than I should have said. However, I shall take the point of order.

Mr. Harper: I thank you for your indulgence, Mr. Deputy Speaker. I simply wish to note that there is a Local Government Minister in his place, so given your suggestion, it might be helpful if before the end of the debate, he could arrange to inform the House of what the Government might intend to do, to save Mr. Speaker from having to trouble himself with deciding on an urgent question tomorrow.

Mr. Deputy Speaker: I think that the hon. Gentleman is trying to be helpful. He will have noted that I used a generic term in referring to the Treasury Bench, in order not to pinpoint or embarrass any particular Minister, but he has probably aimed his remarks in a good direction. Shall we leave it at that?

5.33 pm

John Howell (Henley) (Con): I start by reminding the House that I remain a county councillor on Oxfordshire county council. I do not wish to use this opportunity to engage in special pleading for the council, but that experience is relevant to how the settlement can be implemented and how past settlements have been implemented on the ground.

For three of the four years for which I have served on the county council, I held a portfolio that was relevant to the debate. Its scope was to drive through efficiencies, make the council more effective and drive through business processes that would enable it to deliver on its financial commitments. I think that we did very well on that, removing several hundred posts from the establishment and introducing business processes in planning and budget management that I think would be the envy of many a multinational. We slashed office costs by creating a shared service centre, which works well and promised £27 million of gross savings in the first seven years. We more than met our efficiency savings targets. However, any sense of pride in those achievements was tempered by the frustration of our expectations that we could, after coming to power with a radical agenda, make radical changes for the benefit of local people. Too often, those aims were frustrated by the fact that the Government perceived us as little more than their local executive arm and placed significant budgetary constraints on us, which reduced our options. The settlement perpetuates that, despite the Minister's words.

From the outside, councils' budgets may appear large. My county council has an annual turnover just short of £1 billion. However, the amount of money to play with in terms of local choice is pathetically small—only a few million pounds. At this time of year, when budget debates take place in council chambers, there is a common cry of, "Why is so much time spent on so little money?" It is impossible to adopt a distinctive political slant. The debate always happens because there is so little scope to alter funding objectives in the rest of the budget. There are two reasons for that.

First, some spending could not be cut without catastrophic effects on services to vulnerable people. Secondly, a huge element of the budget is ring-fenced to ensure that it can be spent only to deliver the Government agenda. To add insult to injury, that agenda was often euphemistically expressed as "shared priorities." I am not sure with whom we were supposed to share the priorities. For example, on highways, five were imposed and our "sharing" was restricted to one, which we had the option to create ourselves.

Despite the Minister's comments, freeing up the ring-fenced council grants has not gone nearly far enough to bring back control to local councillors and provide that distinctive local feeling. The hard work of making savings and efficiencies was largely simply to stand still, as the cash made from efficiencies was soaked up by pressures from service needs, demography, which has been mentioned, or new impositions from central Government. Again, some of my hon. Friends have referred to the latter pressure.

Let me give an example, albeit a small one. Under the Building Schools for the Future programme, the attendant costs of submitting a bid are considerable in the time that senior council officers have to spend on it. A

judgment had to be made about whether the costs were worth while, especially given the bias in the programme against affluent areas such as my county.

In the current climate, there is a huge take-up of services, not all due to the recession. After the baby P case, there has been a 32 per cent. increase in the number of referrals. It defies belief that, with such a mountain of evidence, the Minister can still claim that there are no exceptional circumstances.

It is perhaps worth considering where the headroom—the amount that we can decide how to spend to give some local character to a budget—comes from. It does not come from what the Government describe as a generous settlement. The three-year settlement in my council was increased by 2 per cent., 1.75 per cent. and 1.5 per cent. The boasts about investment in local government translate as pure spin and hide the wide regional variations that occur in the settlement as a whole.

The boasts also hide the fact, which I raised in an intervention on the Minister, that the real inflation rate that councils face has been well over 5 per cent. It is made up of various elements, but energy costs incurred when energy bills were much higher are only beginning to come through.

For the reasons that I have given, the headroom does not come mainly from savings, because they are used simply to stand still, nor does it come from excessive council tax rates. Being a good, Conservative county council, we have continued to put downward pressure on the rise in council tax in the three years for which there has been a Conservative administration there. Often, however, a major element of financial stability has had to come from the strategic measures that the council has had to take—for example in maximising its return on investments. It is no wonder that so many councils turned to Icelandic banks, relying on their interest rates in order to fund services.

The amounts involved are not insignificant. In the past, those strategic measures could have accounted for as much as 1.5 per cent. of a council's total budget requirements. That is a phenomenal amount of money. In the current downturn, a council would be lucky if those strategic measures accounted for 0.5 per cent. of its budget requirements. That has a major impact, in terms of the need both to rethink the strategies for borrowing and to make reductions in the headroom—and, therefore, the need to cut services or achieve further efficiencies.

I do not particularly want to conclude with an image of total frustration, but I am afraid that it is one that many councillors would identify with, owing to the way in which the Government have handled local government and the current settlement. They have eroded the chance to put a local face to local services, undermined local democracy and shown that they simply do not trust local councillors to make good local decisions. The Government have undermined good business practices by making it more difficult for councils to plan for the long term, because all the effort is put into meeting short-term Government targets, and they have imposed a ridiculous and meaningless burden of inspections, the like of which they would not dare to subject themselves to.

In one year, we had the unfortunate experience of having a full comprehensive performance assessment of the council, as well as having to put all the information together for the Government's ill-conceived plans to try to encourage us to bring forward unitary proposals. Both sapped senior resources in the council to a quite unimaginable degree. The effect of that on how we took forward our plans was quite significant. Moreover, the Government have presided over a financing system that is so opaque as to be practically incoherent. Many councillors believe, I think quite justifiably, that its whole purpose is to maximise the opportunities for central Government to get their own way. It is time for the Minister to put forward some proposals that allow the people to whom councils are really accountable finally to make the judgments.

5.43 pm

Alistair Burt (North-East Bedfordshire) (Con): It is a pleasure to take part in this debate. There is a form of friendship among those who have spoken at the Dispatch Box about local government—indeed, I hope that I can call the Minister and my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), who represents our Front Bench, two of my friends in the House.

I know the hon. Member for Falmouth and Camborne (Julia Goldsworthy) rather less well, but she has a very good grasp of the subject, and always speaks knowledgeably and well on it. I was a bit surprised when she said that she was excited—I wondered what I had missed in the debate so far—but she managed to convey why she was excited. From that I took it that she was even excited by the prospect of our becoming the Government. I share that sense of excitement.

The hon. Member for Wigan (Mr. Turner) reminded me of when I was the sponsor Minister for the city challenge project in Wigan. I would like to put on record how much I enjoyed that experience and how much I enjoyed working with the excellent Peter Smith in Wigan. That project was an attempt by the Government to be involved in supporting a local authority when times were difficult. In answer to the occasional jibe that is thrown in our direction about apparently being a do nothing Government at the time of the last recession, I would say that, as the hon. Gentleman will know, there was not much vested political interest in the Conservative party being heavily involved in Wigan through the city challenge project. We were doing it because it was the right thing to do at a difficult time, when we were affected by, if I may say so, a global change in manufacturing, for which we were blamed by hon. Members on the Labour Benches. It is an ill wind that comes round to see another Government being affected by what is apparently a global change and catching the drift of public discontent—in this case, quite rightly.

I want to make some general remarks about the settlement, followed by one or two particular ones. When I spoke from the Dispatch Box a couple of years ago, at the time of the first three-year settlement, I said that I welcomed the certainty that three-year settlements established. Since then, however, we have seen one of the problems with such arrangements. In a land where boom and bust no longer exist, a three-year settlement has some merit, because there is stability and we can plan. In the real world, where it turns out—to the surprise of no one except the Prime Minister—that boom and bust have not been abolished, the deficiencies

[Alistair Burt]

of a three-year settlement become exposed. The settlement is subject to pressures that no one could have imagined at a time when certainty was guaranteed. As we all know, those pressures come into the equation and cause difficulties, a number of which have been mentioned.

Investment income for local authorities, and income from property, searches and business rates, constitute a relatively small sum compared with the overall settlement, but because of the tightness of gearing in local authority finance, they actually constitute quite a significant amount. The pressures from these changes and the impact of the credit crunch on local authorities, which colleagues on both sides of the House have identified, are very real. The Local Government Association has published a series of figures, but I will not read them out because the Minister knows them well. Those new pressures have come into the equation, but some of our original concerns with the settlement, which my hon. Friend the Member for Bromley and Chislehurst highlighted earlier and my hon. Friend the Member for Henley (John Howell) has just explained, are still in the system to cause concern.

For example, adult social services remain a worry for everyone in local government because we know that the inflation figures that the Government have calculated do not meet the needs of those who come into the system needing care. That is a source of concern whenever councillors get together. Will the Minister pay particular attention to the transfer of youngsters who have been in care and who, on becoming adults, have found themselves in a situation where provision has tended not to be made, over the years?

I recently visited Hinwick Hall, a special school run by Livability, the organisation that was put together by the merger of the Shaftesbury Society and John Grooms. It cares for a number of youngsters in a residential setting, but the teachers and parents involved are constantly concerned about what will happen to the youngsters when they finish full-time education and leave that environment to go back to their original local authority, because the necessary provision is so often not there.

A growing number of youngsters are coming into that situation, and there will be a need for more provision, not less. I am not sure that the amounts already accounted for in the grant formula for adult social services will meet that need in the future. That will remain a concern for everyone. In relation to cash for highways, the inflation figures often outstrip the figures calculated by the Government. Public care costs, which a number of lawyers in my own area have mentioned to me, are also increasing, as my hon. Friend the Member for Henley has said.

I want to make some particular points about Bedfordshire. The Minister will know all too well the background to the situation there, and whatever hair he did not lose as a result of his previous job has certainly been lost through dealing with those problems. That applies to me as well. Some colleagues might remember that before I went to Bedfordshire I had a full head of hair, played football and all that sort of thing. Bedfordshire has dealt a savage blow to all that.

The background to the situation in Bedfordshire has been the steady rise in council tax—98 per cent. in Bedford borough and 105 per cent. in Mid-Bedfordshire district council since this Government took office—and the pressures now being created by the unitary process, which the Minister will understand very well. I have expressed concern in the past that the introduction of the unitary process involved a quick, late decision by the Government, which put extra pressures on the councils involved. Will the Minister reassure me that he will take a very close interest in the work of the excellent implementation teams in Bedfordshire and Bedford councils to ensure that, despite the difficult time scale, the process works?

There was some disquiet locally when both councils announced quite small local tax increases this year. It had been hoped initially that quite significant reductions would emerge through the unitary process—10 per cent. or 12 per cent. was quoted by the mayor of Bedford, but he recently had to announce that he was looking for a rise of slightly less than 1 per cent. That is very different from what was said previously, but I am sure that this is only the first stage and that savings will come from the unitary process as promised, particularly if both councils elect a Conservative administration at the first available opportunity. It is early days; I am sure that more will happen in future.

I would like to take the opportunity to put on record my thanks to councillors who have served on the councils in my constituency that are going to form the unitary council—on Bedford borough council, Mid-Bedfordshire district council and, last but not least, Bedfordshire county council, which will cease to exist in April after more than 100 years of service. Some sterling work has been done there by councillors and the council has largely been Conservative-run through most of its history. In recent years, it moved from being a no-star council to a three-star council over a very short period: it became one of the fastest and best-improving councils in the country.

I was reminded of that fact today when I attended the funeral of Councillor Phyllis Gershon, who recently died in harness. She was 89 years old. I suspect that most Members think very fondly of some councillors for their extraordinary service. Phyllis encapsulated what local authority service really means: genuine commitment to an area; no side; no privilege; doing her work honestly and well. Many councillors have done that over the years and they are responsible, I think, for some of the Government's success in local government. They have helped the Government to meet targets that were difficult to achieve through Government Departments, and they have done so through the hard work and effort of local councillors. I hope that we would all give credit to them for that.

John Healey *indicated assent.*

Alistair Burt: In the remaining moments available, I want to bring two or three particular issues to the Minister's attention. As far as the credit crunch in Bedford is concerned, figures from Bedford council show that it expects to lose about a third of its investment income this year. It used to bring in about £2.6 million, but it will lose about £900,000 this year—quite an amount—from the change in interest rates. If we add in the property, the searches and perhaps section 106, I am slightly surprised that with all that going on, the Minister thought that his original settlement could stay stable.

Secondly, concessionary fares have been highlighted by several Members. Bedford council reckons that it will

take a hit of about £250,000 on those fares. The Minister is adamant that the overall figure appears to the Government to meet the needs imposed as more people take up the concessionary fare scheme, but many councils have denied that, so I genuinely ask the Minister to reconsider it at some stage. The tight gearing means that these amounts really count for local authorities. If, when the scheme is fully implemented and the figures come in, it turns out that local authorities have lost out significantly, will the Minister give a commitment to looking at it again and make some recompense?

Thirdly, Building Schools for the Future is important for Bedford council. I am pleased about the support it is getting from the Government, but the local education partnership and the financing of the programme have come in for criticism from all sides. I would be keen to know what the Minister includes in the figures for the future financing of the partnership under the new unitary council and how he believes it will be paid by council tax payers in the future. People fear that it could be a considerable amount. I know that the Minister has looked at it very carefully and I accept that this is good news for Bedford council and its schools in the future, but how it will be paid for is a matter of concern. If the Minister cannot address that issue today, perhaps he will do so on another occasion.

Finally, on help for business, I recently had a meeting with the Sandy chamber of trade, which said that it had hardly noticed any difference as a result of the £12.5 billion spent on VAT changes, and that if that money had been put into reducing business rates for small businesses, it would have meant a great deal more. Perhaps the Minister will review this issue in due course and see whether better ways of supporting small businesses can be found than these VAT changes.

We will always have debates such as this. The expectations of local authorities are very high, and the expectation of Government is very high. There will never be enough money to satisfy all the needs, no matter who is in office locally or nationally. The idea of the three-year settlement is good, but it has the flaws identified by my hon. Friend the Member for Bromley and Chislehurst. I am sure that my hon. Friend, like me, looks forward to the occasion when he will sit on the other side of the fence and will have to put some of these difficult proposals into operation.

The Minister, for his part, is rightly proud of his work both in the Treasury and in local government. We know him to be an honest and extremely capable Minister—and in due course, I am afraid, he will make a very good shadow Secretary of State for the environment and local government when he is given the chance.

5.55 pm

Mr. Edward Vaizey (Wantage) (Con): It is a great pleasure to follow my hon. Friend the Member for North-East Bedfordshire (Alistair Burt). As I listened to his speech, I was reminded that Bedfordshire, or rather Bedford, has the largest Italian population in Britain outside London. I think that that is worth remembering during these troubled times at the Lindsey oil refinery. I also congratulate my hon. Friend on promoting the Minister to the next Labour shadow Cabinet.

Alistair Burt: Richly deserved.

Mr. Vaizey: My hon. Friend clearly has the highest regard for the Minister, which I share.

The debate gives us an opportunity to honour some of the leading lights in local government. I do not think that council leaders are ever given enough credit in the House for the work that they do. Among those whom I know or have encountered is Keith Mitchell CBE—leader of Oxfordshire county council and a colleague of my hon. Friend the Member for Henley (John Howell)—who since the Conservatives took control of the council at the most recent local elections has done an outstanding job in putting its finances in better order while improving services at the same time. I shall say more about that shortly.

I am also thinking of men such as Stephen Greenhalgh, leader of Hammersmith and Fulham council. I know that the Minister received a presentation from that Conservative council last week on the excellent work that it has been doing in reducing council tax while improving services. Then there is a man who, in my view, is not given enough attention in the national press: Mike Whitby, the leader of Britain's second city, Birmingham. He is a kind of pre-Boris Boris—the first Conservative mayor of a big city for some years—and he has been a superb leader of that city.

What unites the three gentlemen whom I have mentioned—and I have mentioned those three merely because they are the ones whom I know best—is a passion for the areas that they represent, and a passionate desire to give their council tax payers, the residents and the local population the best service possible. That, I think, goes to the heart of some of the frustration expressed by Conservative Members today about central Government's attitude to local government—the stranglehold in which central Government hold local government, and the almost psychotic wish of central Government not to allow local government the flexibility to experiment or innovate. Local government is simply there as central Government's whipping boy.

We see from the Government endless initiatives designed to catch headlines, particularly on issues such as free swimming, which concern me as a shadow Minister for Culture, Media and Sport, but also on issues mentioned by other Members, such as free local transport. The Government take the plaudits for those initiatives while expecting local government to pick up the bill. I suspect that the postbags of all Members in every part of the House will have been full of letters from constituents saying "I heard this announced by the Government six months ago: why is the council not implementing it?" We have to tell them that it is because, having announced it, the Government did not give the council the money.

Another thing that all Members will find frustrating is the sheer hypocrisy of Government. I must say that I think it is a good idea for council tax bills to contain details of the efficiencies and savings that a council has managed to come up with. I suspect that Hammersmith and Fulham council will do that without any impetus from Government, because it has a fantastic story to tell about the savings that it has achieved for local council tax payers. It is, however, mind-boggling hypocrisy for the Government to patronise local government by saying, "You will do this, and you will be made to be more efficient," but heaven forfend that local councils should push back and say, "Well, how about you putting some of the efficiency savings that central Government

[Mr. Vaizey]

have made on your income tax bills, and the other bills that people receive from the Government?" Central Government spending continues to rise inexorably, while all the time they are strangling local government spending.

My hon. Friend the Member for North-East Bedfordshire alluded to the fact that we have these debates all the time. Particularly for those watching outside the Chamber, there might be the feeling that here we go again—that were there to be another Conservative Government, we might be in this Chamber in some years' time with Labour Opposition Members complaining about the high-handed acts of central Government. However, I anticipate that there is on the Conservative Benches a genuine appetite for a change in the relationship between central and local government—for more power to be pushed down to local government.

We have talked about my hon. Friend the shadow Chancellor's commitment to freeze council tax in partnership with councils that will come to the table. The hon. Member for Telford (David Wright) is no longer in his place, but I would remind him that he can put Oxfordshire county council at number one on his list of councils that said they would come to the table for that council tax freeze.

We have also proposed referendums, so that if a council wants to increase the council tax above a certain level, the local people will have a chance to say, "Yes, we approve of that spending; we think it is the right thing to do in the circumstances," or "No, you've breached your covenant with us; that level of spending is too high, so go back and think again."

We have talked about locally elected police commissioners. That is a radical idea that might frighten the horses, but it is about giving accountability—about allowing local people a say in how local services are delivered. That is very important.

I do not live in cloud cuckoo land; I know that there will always be frustrations between central and local government, particularly while central Government continue to provide the bulk of the funding for local government. However, I believe that our party is on a journey to push power back to local councils. The reason for that is partly historical; we have been in opposition for 10 years, so our opportunity to exercise power has come at the local level. That has given this House outstanding Members of Parliament, such as my hon. Friend the Member for Henley and my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), who is another outstanding local government servant. It has also given us outstanding council leaders and an opportunity to think and innovate.

Let us look at what is happening in Oxfordshire county council. The increase in the budget from central Government is pathetic: it is 2 per cent. in 2008-09, 1.7 per cent. for 2009-10 and 1.5 per cent. for 2010-11. Those budget decisions were made by Ministers because Oxfordshire county council is, of course, a floor authority. In his budget speech, the leader of the council, Keith Mitchell, said—again, they were bitter words of frustration—that we now have a financing system for local government that is

"so opaque as to make any coherent analysis impossible".

He said that if he was a cynical man he would have believed it was

"designed to minimise transparency and...maximise the opportunity for political manipulation."

That is where we have got to in terms of the relationship between central and local government—a system that is so opaque that even a man who has served at county council level for 20 years, and who leads a county council with a £1 billion budget, cannot make head or tail of it, and neither can his officers—or, I suspect, officials in the Minister's Department. We must rip this up and start again.

Despite the constraints I have described, the county council continues to deliver value for money for local council tax payers. It has achieved efficiency savings of £40 million, and it will be proud to put that on its council tax bills. It has reduced the rate of increase in council tax from 4.5 per cent. to 3.75 per cent., which is far ahead of its own target. My hon. Friend the Member for Henley alluded to the fact that it has achieved that through greater shared services. The council has other achievements: electronic social care records; the refurbishment of its offices; closer working between the special educational needs department and the primary care trust; putting in place, despite a lack of Government funding, new provision for post-16 SEN—a campaign in which I was closely involved; free parking; and the refurbishment of Oxford city station. Of course, the crowning glory is the fact that it is the first county council to receive a corporate charter mark. I have no idea what a corporate charter mark is, but I am immensely proud that my county council was the first to get one.

John Howell: Let me inform my hon. Friend of what a corporate charter mark is. I happened to be the councillor who thought of the idea of the council s going for it and then pushed it through. It is a statement to the people of Oxfordshire that the council takes its relationship with them seriously in terms of the customer service it delivers. The thing that excited me was the enormous enthusiasm of ordinary officers and officials in the county council for taking it up.

Mr. Vaizey: I am extremely grateful to my hon. Friend for explaining that to me. I knew when I was about to praise the county council for attaining the corporate charter mark that it was a good thing, but until his intervention I did not realise just how good a thing it was. I know that in his closing remarks the Minister will want to make that point again and perhaps encourage the few remaining Labour councils to apply for a corporate charter mark.

Alistair Burt: Will my hon. Friend speculate as to exactly what it is in the waters of the River Thames that makes Members for Henley have such a grasp of local government and makes them such local government geniuses? No doubt, the next Mayor of London is sitting right in front of us now.

Mr. Vaizey: My hon. Friend has hit on something there, and I wish to elaborate on the waters of the Thames, because by doing so I shall move on to Hammersmith and Fulham council—I know that the Minister has been given a presentation by it. The source of the Thames is in the area represented by the leader of the Conservative party and meandering down it one finds the constituency that was represented by the Mayor of London and is now represented by my hon. Friend

the Member for Henley, who is going to be a star in the next Conservative Cabinet, and later Hammersmith and Fulham, which has a Conservative-controlled council, put in by the people of Hammersmith and Fulham after the abject failure of a previous Labour administration.

Mr. Neil Turner: Is what the hon. Gentleman is saying about the waters of the Thames possibly due to the fact that it has been filtered through 15 sets of kidneys?

Mr. Vaizey: I am testing your patience, Mr. Deputy Speaker, and unwittingly the hon. Gentleman has just given me a hook whereby I could spend 10 minutes talking about whether my constituency should have a reservoir or whether it is better to concentrate on effluent reuse in order to supply the people of London with water. However, I shall not be distracted by that temptation, and I am aware that another Conservative Member wishes to speak, which again shows the massive commitment on these Benches to this debate and to local government.

Hammersmith and Fulham council has saved the average council tax payer £700 in three years. It has cut spending by 18 per cent. and it has reduced its debt, yet residents' satisfaction has increased and council services have improved. There is a serious point to be made: Conservative Members constantly have to put up with Labour spin, if I may use that term in this Chamber, whereby any proposal made by a Conservative is described by Labour Members as a cut—they always ask what we are going to cut—and any proposal that the Government make is described as an efficiency saving, despite the fact that after 11 years we have never seen any example of an efficiency saving.

If people want to see efficiency savings and value for money in practice, they should look at the Conservative councils that have had to operate within this incredibly tight financial framework, but have still managed to reduce the rate of increase in council tax and improve services for council tax payers. In the June elections, I believe that the people of this country will put their faith in Conservative councils as a precursor to putting their faith in a Conservative Government.

6.10 pm

Tim Loughton (East Worthing and Shoreham) (Con): I had not intended to speak in this debate, but I was so moved by the contribution from my hon. Friend the Member for Wantage (Mr. Vaizey) that I wanted to make a few comments—although I cannot claim to be inspired by the waters of the Thames. The water is rather saltier down on the south coast.

The Minister, my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) and other hon. Members have spoken about the need for efficiency savings, smart purchasing and innovation. Too much innovation in local government is stifled by the stranglehold that the central grant system still has on the way in which local government runs. My local councils—Adur council and Worthing council—have been creative in working together in the last few years. Their joint working is so advanced that it is used as a model for many other councils. Without actually merging, Adur district council and Worthing borough council have merged some departments, so we now have a joint rubbish disposal department, which can buy a joint fleet of environmentally friendly, state-of-the-art trucks. We have merged the management system and the legal services department to save staff overheads. The councils also have joint IT purchasing agreements with other local councils. This provides a model for how councils can run their operations more cheaply without compromising quality—indeed, they can enhance quality.

We have much to be proud of, and that is why it is so galling that all that good work—to reduce the cost of running local government at the same time as improving services—can be undermined by an obligation, such as concessionary bus fares, that has been imposed on local councils. I should say that I am fully in favour of the concessionary fares. When I mentioned this in a debate last year, I was misinterpreted by irate pensioners who thought that I wanted to curtail their jaunts on buses. I had no such intention. If people want to take more bus journeys, that is fine. They are good for their health and I am fully in favour of that. However, if the Government are to be true to their word and fund the policy fully, the funding allocated between local authorities has to be fair.

I do not dispute that the total sum provided may be the total amount required, but the sum provided to run the scheme in Worthing and Adur falls well short of the actual cost. I will take up the Minister's earlier invitation to send him details, and I hope that he will meet another delegation. This year, Worthing faces another deficit of £500,000, which is the equivalent of several percentage points on its council tax. The council would much rather have lower council tax and see that money spent on services. That is why the situation is so unfair and galling. In my part of the world, the high pensioner population creates extra demands. We have the highest proportion of over-85s in the country, at some 4.6 per cent., with the resultant extra requirements for expenditure—which we are happy to make.

As a floor council, West Sussex county council is right at the bottom of the pile. Our increase this year is 1.75 per cent., or an extra £1.7 million. If one takes away the school spending, that equates to 4p a week more per resident per week for all services except schools over the next year, and the increase is even less next year. In contrast, Dorset does not have the area cost adjustment and it will get a grant rise of 7.6 per cent. Its demographics are similar to ours.

The Minister asserted in his speech that councils have received above-inflation increases since 1997, but West Sussex is in no such fortunate position. Its rise of 1.75 per cent. compares with a RPI figure of 3 per cent. The same was true last year: our grant increase was 2 per cent. with an RPI of 4.3 per cent. Those low rises are a direct consequence of changes made by Government to the grant system, removing funding from West Sussex and many other south-east authorities for the benefit of authorities in the north and midlands. If we had received an average grant settlement since 2003-04, when the Government changed the grant system, that would have produced an extra £28 million per annum for the county—enough to fund 700 extra social workers or to provide 1,680 residential care placements or more than 600 foster care placements. The impact of general inflation on non-school services alone is more than £10.5 million this year, and we are getting £1.75 million.

On children's services, the public law fees for child care hearings that have increased will cost the county

[Tim Loughton]

£200,000—an extra cost beyond that funded by the Government in the 2008-09 settlement. All the extra requirements for child protection that we debated in the House last night will impact on our budget. On adult social care, a lot of extra costs simply will not be funded.

In other areas, such as recycling, West Sussex has made great innovations. It has committed £1 billion in total over the next 25 years for a state-of-the-art biological digester plant that will produce compost and dispose of our waste in a very environmentally friendly way. That will all be funded with no additional Government support. We are doing good things in our councils, but I am afraid that is despite rather than because of Government funding.

We welcome the area cost adjustment review that is under way. The most frustrating aspect of the ACA is that we are denied access to the data necessary to check and review the Government's own calculations. There is too much smoke and mirrors. We need greater transparency in the way that local government is financed and we need to support, rather than undermine, the great innovations introduced by many of our local authorities in quite difficult positions, particularly in Worthing, Adur and West Sussex.

6.16 pm

John Healey: With the leave of the House, I want to respond to some of the points made in the debate. I had not quite expected to be called to speak just at that moment, Mr. Deputy Speaker, but I am grateful to you for calling me. Let me pick up where the hon. Member for East Worthing and Shoreham (Tim Loughton) left off and say that I look forward to any further information that he chooses to send me.

May I also pick up on the point of order made by the hon. Members for Cotswold (Mr. Clifton-Brown) and for Forest of Dean (Mr. Harper)? You pointed a finger in my general direction at that juncture, quite understandably and reasonably, Mr. Deputy Speaker. I am sorry that neither of the hon. Gentlemen is in the House to hear the brief update that I can give. They expressed concern about salt supplies in Gloucestershire. The Government, through the Government office resilience teams, are monitoring the situation very carefully, with the prospect of bad winter weather later in the week in some areas of the country. The Local Government Association is working very closely with us and is brokering an arrangement to ensure that the stocks of salt and grit in different areas can be best used and can be moved when required to the areas where the priorities are most pressing. That mutual aid arrangement involves not just local authorities and local highways authorities but the Highways Agency, which carries stocks of grit and salt. Such arrangements are now relatively common and relatively well proven to deal with a range of problems. Assistance from local government and other agencies, where necessary, is provided to those areas where the problems are greatest.

Such arrangements have worked well in dealing with other problems in the past. We are keeping a close eye on how the salt and grit supplies last, but at this stage I have confidence in the arrangements that local government, working with the highways authorities and Highways Agency, can put in place.

Robert Neill: I am grateful to the Minister for giving way. I am sure that all hon. Members will welcome that information and be grateful to him and his officials for taking the trouble to supply it. Have the highway authorities, the Local Government Association or his Department made any assessment of the total quantity of salt available in the country? What arrangements will be made for rural areas, where the danger is that roads may become impassable before the salt can be shipped in?

John Healey: I do not have an audit of salt and grit stocks across the country, and I am not sure that one has been completed. The levels being held will depend on the preparations that local authorities have made, and on the amounts that they have deemed necessary to put on the roads in recent days. The Highways Agency has sufficient stocks that it has been able to make at least a day's worth available to local highway authorities. That is a valuable contribution to the arrangements that the LGA is helping to broker to ensure that salt and grit are where we expect the greatest pressure to be, or where the priorities seem most pressing. I hope that helps the House.

I turn now to the substance of the debate, beginning with the hon. Member for Bromley and Chislehurst. He said that things had changed since the start of the three-year settlement, and it is certainly true that his party's promises about local government have changed. *[Interruption.]* We are talking about funding for local government, and what has changed is that a Conservative Government would now make the limit for local government a rise of 1 per cent. in real terms above inflation. That compares with the 2.8 per cent. rise in real terms for the core grant that we are putting in place for next year.

Moreover, if a Conservative Government were elected, the change that I have described would be introduced—and felt by local government—not in some distant future but after only eight weeks. Some £240 million would be taken out of central Government's core grant to local government. It is really not good enough for the hon. Member for Bromley and Chislehurst to suggest that somehow that could be dealt with through efficiency savings. They cannot be made in such a short space of time, so the Conservative plan can mean only one thing—that the services that people need would be cut.

In many ways, this is a case of back to the future—

Mr. Vaizey: Oh, come on!

John Healey: There is a bit of chuntering on the Opposition Benches, and I am not surprised, as Conservative Members do not like to be reminded that central Government funding for local government in each of the four years up to 1997 did not rise by an amount above the level of inflation, as it has done since 1997. Nor did that funding rise in line with inflation: instead, it fell by 7 per cent. compared with inflation in those four years—a point of which my hon. Friend the Member for Wigan (Mr. Turner) quite rightly reminded the House.

The hon. Member for Bromley and Chislehurst was challenged by the hon. Member for Falmouth and Camborne (Julia Goldsworthy) about his policies on council tax. I understand why he shifted uncomfortably and chuntered rather vaguely for a while, as the shadow Chancellor is conning the public with his announcements and suggestions about a council tax freeze. For example, he said to the Conservative party conference:

"I can tell you today that the next Conservative Government will freeze your council tax for at least two years".

but that was a con, as not all council tax payers' bills would be frozen, only those in the areas taking part in the scheme. Moreover, how would the freeze be paid for? The Conservative leader has said that the money would be taken from central Government advertising budgets, but he has suggested that those same budgets would pay for other policies.

Mr. Stewart Jackson (Peterborough) (Con): Such as?

John Healey: I am thinking of the proposed changes to the tax on savings, for example.

Mr. Vaizey: One of the Government's difficulties is that they spend so much time reading Conservative proposals that they never have time to do anything themselves. Does the Minister agree that the Institute of Fiscal Studies has confirmed that the Government are cutting spending by £35 billion? Can he name a single Labour council that has ever cut council tax for its council tax payers?

John Healey: When I spoke earlier, I named three Labour councils that are keeping council tax under control. Hackney, Greenwich and Newham are set to freeze council tax next year. One of those, Hackney, is to freeze council tax for a fourth successive year at a time when it is improving services, not cutting them; too often, cuts are Conservative councils' method of keeping council tax pressures under control.

Robert Neill: Perhaps the right hon. Gentleman would like to contrast the amount of grant received by those three local authorities with the average grant for Greater London authorities of all complexions. Secondly, will he confirm that regardless of whether something has changed since the last settlement, something has changed for him in the past three hours since he said, "Low tax does not have to mean service cuts"?

John Healey: Low tax does not need to mean service cuts. It does not mean it in Hackney, Newham or Greenwich. The hon. Gentleman asked about the funding formula for those three councils; it is precisely the same funding formula that is applied to other London councils, and to all councils across the country.

I welcome the hon. Member for Wantage (Mr. Vaizey) to this debate on local government. It is good to see him here. He was right to pay tribute to our council leaders. Many councils across the country are well led, and it is important that we make that point, irrespective of party. He described their passion for their areas, and he is quite right. We see in the best of local government a commitment to the very best in public service. I am just disappointed that his contribution to the debate went downhill after that.

I had not heard the hon. Member for Henley (John Howell) speak in this House before. I genuinely welcome his experience in local government. I welcome the interest that he and Members of all parties take in the subject and in our debates. I hope that his clear and genuine localist commitment does not disappear during the time that he looks forward to spending in this House. Like the hon. Member for Wantage, I am grateful to the hon. Member for Henley for his exposition of what a corporate charter mark is. It was instructive to Labour Members, as well as to Conservative Members.

The hon. Member for Henley talked about the settlement figures in Oxfordshire and took me to task on the figures for local government generally. The figures speak for themselves when it comes to investment and increased funding from central Government to local government. The distribution of the funding reflects the relative wealth of an area, and its ability to raise revenue locally in light of its council tax base. It also reflects the relative need and deprivation of areas. He complains that Oxfordshire is a floor authority that had a 2 per cent. rise last year, a 1.75 per cent. rise this year and a 1.5 per cent. rise next year, and then complains about the floor. I have to say to him that those rises are a result of the application of a formula that takes into account the relative wealth and needs of an area. Without the floor, which we introduced several years ago, Oxfordshire would be £9 million worse off this year, so I am surprised that he does not welcome, rather than criticise, the floor.

John Howell *rose*—

John Healey: My hon. Friend the Member for Wigan welcomed the three-year settlement—

Mr. Vaizey: Give way!

John Healey: No, the hon. Member for Henley has had his speech.

I now turn to the contribution of my hon. Friend the Member for Wigan. My hon. Friend was right to say what a significant reform to local government policy the three-year settlement is. Like the hon. Member for Henley, he speaks with great authority about local government; I believe that he served not just as a councillor, but as chair of a finance committee—

Mr. Neil Turner: I was chair of the direct works committee and the best value committee.

John Healey: My hon. Friend was a senior councillor on Wigan council. He made wide-ranging comments about primary care trust funding. He made strong arguments for the economic value of council activity and council investment in housing. I listened with care and interest to his views on the future reform of council tax.

I come to the speech of the hon. Member for North-East Bedfordshire (Alistair Burt). Let me start by reassuring him that I am keeping a close eye on the preparations for 1 April and the new unitary authorities in Bedfordshire. Like him, I want the change to be successful and in the interests of all Bedfordshire residents. If he has a particular concern about the plans for schools, I will happily discuss it with him later, as he asked me to.

The hon. Gentleman was right to remind us that he welcomed the three-year settlement from the Opposition Dispatch Box when I first announced it. He went on to argue that the settlement should be set aside because of the economic downturn, rather than the period of economic

[John Healey]

stability that we have had in the recent decade. I was curious about that, because it is not what local government are saying to us. The association that represents his county council, for instance, the Society of County Council Treasurers and the County Councils Network, said that it

"is pleased the Minister has confirmed that the 2009/10 Local Government Settlement would not be re-opened and reduced, providing counties with the financial stability promised by multi-year settlements."

That is a view that crosses party lines. Labour-led Barnsley responded by saying:

"Barnsley welcomes the stability and predictability offered in this second year of the three-year settlement and is pleased that there were no changes made to the initial announcement as a result of the current economic climate."

East Sussex county council, an interesting one to pick, stated:

"We also welcome the decision not to reopen the 2009/10 Local Government Settlement announced last year, and thereby continuing to provide the financial stability promised by multi-year settlements."

The hon. Member for Falmouth and Camborne made the point that the support that we have been prepared to give to councils that may have had investments in Icelandic banks has been insufficient. We made the financial experts available to those councils that felt that they might experience short-term pressures. We funded that extra expertise. We are now allowing accounting treatment next year, so there will be no hit on council budgets or on council tax.

Beyond that, surely the best thing for us to do is to continue to press for depositors to recover their funds as fully as possible, rather than writing off those deposits now and looking to a case for capitalisation or some other measure to make good any potential losses. Those are funds, as I said earlier, that are not lost. They may be at risk, and surely taking steps now and concentrating our attention on trying to get those funds back, with local government and the Local Government Association, is the best thing to do.

The hon. Lady was right, and I think I made the point in my remarks, that the recession is creating pressures on local authority budgets and cash flows, but as the chief executive of the Audit Commission said in its recent report,

"the pressures are real but councils are coping with them well."

It was the Conservative leader of the all-party Local Government Association who only this month said:

"Councils are working hard to keep council tax down, to keep local businesses afloat and help people deal with the impact of the recession."

The funding settlement for local government will help them do just that. The increase in flexibility and freedom allows them to decide how best to spend the funds for their area, and above all, the increase in funding—above inflation next year, as it was last year, and every year since 1997 under a Labour Government—will help them do just that.

Question put and agreed to.

Resolved,

That the Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2009-10 (House of Commons Paper No. 149), which was laid before this House on 21 January, be approved.

LOCAL GOVERNMENT FINANCE

Resolved,

That the Local Government Finance Report (England) 2009-10 (House of Commons Paper No. 150), which was laid before this House on 21 January, be approved.—*(Ms Butler.)*

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

NATIONAL HEALTH SERVICE

That the draft Health and Social Care Act 2008 (Registration of Regulated Activities) Regulations 2009, which were laid before this House on 12 January, be approved.—*(Ms Butler.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

PROTECTION OF ANIMALS USED FOR SCIENTIFIC PURPOSES

That this House takes note of European Union Document No. 15546/08 and Addenda 1 and 2, a draft Directive on the protection of animals used for scientific purposes; and supports the Government's aim of securing practical, proportionate and enforceable legislation that makes proper provision for the welfare of animals used for experimental and other scientific purposes, without delaying or preventing the scientific progress and benefits which responsible animal use can bring, and does not impose any disproportionate regulatory burden which could have adverse consequences for the competitiveness, sustainability and success of the research base in the United Kingdom and Europe.—*(Ms Butler.)*

Question agreed to.

PETITION

Planning and Development (Sutton)

6.34 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I present this petition on behalf of many thousands of my constituents and my local authority, the London borough of Sutton. The petition seeks protection for garden land from the rapacious appetite of developers.

Garden land is precious. It gives character to an area, it provides opportunities for leisure, and it is good for local wildlife. Once garden land is developed, it exposes the neighbourhood to greater air pollution from cars, increased risk of opportunistic burglary and a loss of wildlife habitat. The Government have at last announced a review of planning policy that designates garden land as brownfield land—a long overdue review.

The petition of my constituents states:

To the House of Commons

The Petition of residents living in Belmont, Cheam, Sutton, Stoneleigh and Worcester Park in the London Borough of Sutton, and others,

Declares that the quality of life of residents is harmed by the designation of garden land as brownfield land, because it allows inappropriate development to take place. Suburban back gardens have ecological, environmental and social value that should be protected from unwanted development.

The Petitioners therefore request that the House of Commons calls upon Her Majesty's Government to change planning policy guidance and planning law to allow local councils to develop and implement planning policies that protect private gardens from development which is out of character with the surrounding area.

And the Petitioners remain, etc.

[P000313]

Northern Rock

6.36 pm

Bill Etherington (Sunderland, North) (Lab): This petition is one of many involving Northern Rock shareholders. The issue is almost becoming an omnibus; there have been several such petitions, and I have no doubt that there will be more.

I have not always seen eye to eye with all the Northern Rock shareholders, and I want to make my position plain. They have been very critical of the Government, but I do not accept that they should be. The Government did not ask for the Northern Rock situation, but they had to deal with it.

However, one has to feel sympathy for people who believe that they are going to lose most or all of their savings, and I most certainly do. The directors of Northern Rock, not its shareholders, led to the current situation. The shareholders are worried about how the valuation was done when the company was no longer liquid. They believe that that will lead them to suffer an injustice and unfairness. I have faith in the Government, who have tried to do the right thing by everyone involved in Northern Rock. Nevertheless, I have described the feelings of the petitioners. All they are asking for is fairness and justice, and no one in this place would want to object to that. I hope that the Secretary of State and the Government will take notice of what seems to me to be a heartfelt plea. I thank you, Mr. Speaker, for your consideration in arranging this spot for me under somewhat unusual circumstances.

The petition states:

The Petition of small shareholders and supporters of Northern Rock of the Sunderland North constituency in the North East of England,

Declares that it welcomes the acknowledgement by the Government that it must pay compensation for nationalising Northern Rock plc, but that the terms of reference for the valuation of the shares are wrongly based as the company was not in administration and was still a 'going concern'.

Further declares that if these terms are unchanged there will not be a fair compensation payment which will lead to many in our region having their savings and pensions undermined which in turn will have a negative impact on the North East's economy.

The Petitioners therefore request that the House of Commons calls on the Government to reconsider the terms of reference given to the valuer so that he can fully reflect the true value of Northern Rock shares.

And the Petitioners remain, etc.

[P000314]

United States Missile Defence Shield

Motion made, and Question proposed, That this House do now adjourn. — *(Ms Butler.)*

6.38 pm

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): I have been struck by a couple of political clichés in the past few days. One was the attempts by the Foreign Secretary and the American Secretary of State to outdo each other in singing the praises of the special relationship, whatever that may mean to each of us. The other was the comments that I read today, made by the right hon. Member for Haltemprice and Howden (David Davis), who referred to the claim that American intelligence would be withdrawn in certain circumstances in relation to Guantanamo Bay. I mention that because in military terms, American intelligence is sometimes an oxymoron, to put it mildly. Nevertheless, one needs to understand what both clichés imply when considering our role in missile defence.

We are at a point in time when we have a new American President, whom I shall pray in aid in the course of my speech. I urge hon. Members, and certainly the Minister, not to get too excited by President Obama. I would, if I may, refer him to page 309 of "The Audacity of Hope" to show how difficult it can be to appraise American intentions. President Obama is talking about the need to establish a consensus before the kind of precipitate action for which the Bush Administration became a byword is taken. He says:

"Nor do I mean that we round up the United Kingdom and Togo and then do as we please".

I find that a rather disparaging comment. I think that it shows disdain, if not contempt, for the United Kingdom—or perhaps he is just being absolutely honest. Nevertheless, it is the framework within which I believe that the new Administration will work.

I have spoken many times about missile defence; let me remind the House of what it is. It is a successor to President Reagan's strategic defence initiative—star wars, as it was called. It was initially called, very tellingly, national missile defence, until even the Bush Administration realised that that implied that it was an American system for American defence—as in fact it was—and changed it to missile defence, often known by the acronym BMD: ballistic missile defence. The only way in which this could be introduced was by the Bush Administration being able to withdraw from the 1972 anti-ballistic missile treaty, which they did.

The system is a highly sophisticated technological concept by which a missile, or projectile, is fired at a missile at one of several stages in order to take it out in the course of its flight. It has been likened to a bullet hitting a bullet at about 1,600 kph. Over the years I have conversed with people such as Ted Postol, who was the father of the Trident missile system, and Dick Garwin, who started his professional life as a weapons expert on the H-bomb. One would associate both those men, by their own admission, with the right of the political spectrum. They are hardly loony lefties, but they are united, along with many other members of the Federation of American Scientists, in one belief—that this is a wholly impractical system. To my knowledge, it still has not been shown to be a proven way of intercepting offensive missiles.

[Mr. Peter Kilfoyle]

The question has often been posited—and nobody has ever been able to reply to it—"What happens if a so-called rogue state holds one of these weapons and sends it into space, and the United States, or whoever, has some means, as the technology currently stands, whereby it could guarantee that it could knock it out, and that state, which is presumably sophisticated enough to do so, incorporates some kind of decoy into its missile? That is, as yet, a completely untested proposition. The tests to date have included decoys of a different sort—homing devices that have enabled rockets to be semi-accurate. I can just see a rogue state putting a homing device into a rocket for us to knock out.

President Obama has, in all fairness, expressed doubts about this. He has said that he wants to

"ensure that it is developed in a way that is pragmatic and cost-effective; and, most importantly, does not divert resources from other national security priorities until we are positive the technology will protect the American public."

Will it work? Is it affordable? Those are very big questions that need to be answered, certainly in terms of our involvement, for reasons that I will come to in a moment. The truth is that we have fallen blindly in line behind this system with, in their different ways, right-wing Governments in the Czech Republic and Poland because of what is almost a paranoia fostered by what Eisenhower referred to as the military-industrial complex. Huge amounts of money—hundreds of billions of dollars—are invested in the development of this system, and that money comes from names that are familiar to those who have studied the trade in death otherwise known as the arms trade. They will not let go of their vested interest lightly

There is no question but that there are dangers abroad in the world, but Members will recall the coining of the phrase "the axis of evil". The No. 1 member of the axis of evil that had to be removed at one stage was Saddam Hussein in Iraq. That removal was predicated upon mythical weapons of mass destruction: many of us did not believe in them then, and we were shown to be right. The focus then moved to North Korea, which was launching missiles all over the place. We were told that North Korea was building up enough fissile material to create a certain number of bombs, and that the matter had to be resolved. There were threats of military action, but it all came down to negotiation. To bring things up to date, we now have someone else to demonise. We demonise Iran because it has a nuclear power programme. Doctor el-Baradei, who nobody believed when he said there were no WMDs in Iraq, has done a commendable job on behalf of the International Atomic Energy Authority in monitoring what is happening in Iran. With its launch of a satellite using its own missile, those who want to have someone to fear find it even easier to demonise it.

As I said, President Obama seems at best equivocal about missile defence. People of some import within Europe, such as President Sarkozy, have dismissed the missile defence project as destabilising. It seems to be Governments of a certain persuasion in parts of the former Soviet Union's area of influence who have given any sort of support to missile defence.

Jeremy Corbyn (Islington, North) (Lab): Does my hon. Friend not share my astonishment that former Prime Minister Tony Blair said to President Bush that he could have missile defence in this country? Unlike what happens in Poland and the Czech Republic, there has so far been no substantive debate or vote whatsoever in Parliament on this matter. Does he agree that, at the very least, the matter deserves parliamentary scrutiny because of the implications for an arms build-up, or pressure in Russia for a rearmament programme?

Mr. Kilfoyle: My hon. Friend has pre-empted the kernel of what I am driving towards. If he will be a little patient, I shall come to that issue in some detail. But he is right to indicate that there has been great disquiet in the United Kingdom, and not always from the sources that we might expect. Some of us in this party are painted as taking a particular view on the different manifestations of militarism, but the Select Committee on Defence issued a report in January 2003 commenting on the modernisation of Fylingdales, which I visited at that time to see the new radar that was being installed. The project was going ahead—that was a statement of fact.

The Select Committee noted:

"We deplore the manner in which the public debate on the issue of the upgrade...has been handled by the Ministry of Defence. It has shown no respect for either the views of those affected locally by the decision or for the arguments of those opposed to the upgrade in principle...We believe that it is incumbent on the MOD to publish as much of the detail of the request as it is able to. For example, more information could be published on the timescale for...its incorporation into the US missile defence system and how the system would be able to track missiles."

The Committee had real and practical concerns.

Other comments of concern were also made. In November 2007, more than 110 MPs signed early-day motion 65. It was entitled "Parliament and decisions over US missile defence", and it called upon the Government to arrange a full debate, as my hon. Friend the Member for Islington, North (Jeremy Corbyn) said a moment ago,

"to allow hon. Members to scrutinise in public the US Missile Defence deployment plans in the UK."

In November 2008 more than 50 MPs, including former Ministers, issued a public statement calling for a public debate on US plans to push ahead with the missile defence system using bases in the UK and Europe.

An open debate would have been the key to finding out what was going on. The right hon. and learned Member for North-East Fife (Sir Menzies Campbell) asked the then Prime Minister, Tony Blair, in a parliamentary question:

"When does he intend to tell the House of Commons the nature of his discussions with President Bush about the possible deployment of part of an anti-ballistic missile system for the United States in the United Kingdom?"

A pretty straightforward question, I would have thought. Unfortunately, once again, what we all believed at the time to be a commitment by the then Prime Minister was just smoke and mirrors. He replied:

"We will tell the House as soon as there is something to say. At the moment, those discussions are at a very preliminary stage, but it is important that we have them with the United States to see what options are available for this country and whether ballistic missile defence would be good for us or not. It is entirely sensible that we have those discussions—obviously they are on a confidential basis, but as soon as we have something to report we will do so."

Having been probed further by the right hon. and learned Gentleman, he went to say:

"I am sure that we will have the discussion in the House and, indeed, outside the House when we reach the point at a which a proposition can be put before people. Of course, the technology is untried"—

so we agree on one thing—

"and is under development in the United States which, as was indicated a short time ago, is in discussion with Poland and the Czech Republic...It is entirely sensible for us to work out the possible options and what the country's possible interests are. When we have a proposition to put, we will come back and put it. No doubt, the right hon. and learned Gentleman can then tell us whether or not he is in favour of it."—[*Official Report*, 28 February 2007; Vol. 457, c. 919-920.]

I am sorry to say that that opportunity was not given to the right hon. and learned Gentleman. In a written statement issued to Parliament on 25 July 2007, one day before the House rose for the summer recess, the then Secretary of State for Defence, the right hon. Member for Kilmarnock and Loudoun (Des Browne), wrote:

"On 5 February 2003 the Secretary of State for Defence announced the Government's agreement to a request from the US to upgrade the Ballistic Missile Early Warning System radar at RAF Fylingdales...That upgrade process is now complete and we expect that the radar will switch its operations to the new equipment from August 2007... Also, at RAF Menwith Hill"—

a misnomer, because I think there are only about two or three RAF people at RAF Menwith Hill, and it is wholly American-run, controlled and organised—

"equipment will be installed and operated by the US Government to allow receipt of satellite warnings of potentially hostile missile launches, and will pass this warning data to both UK and US authorities."—[*Official Report*, 25 July 2007; Vol 463, c. 7WS.]

There we have it—a Prime Minister promising one thing and a Secretary of State for Defence doing something entirely different without any reference to the House, showing almost total contempt. So much so that the Select Committee on Foreign Affairs later stated in its second report on global security and non-proliferation:

"We regret the manner and timing of the Government's announcement that RAF Menwith Hill is to participate in the US ballistic missile defence system"

note the name change—

"and the resulting lack of Parliamentary debate on the issue. In its response to this Report, we recommend that the Government inform us of the date on which it received the formal proposal from the US to include Menwith Hill in the BMD system. We recommend that there should be a full Parliamentary debate on these proposals."

Almost as an aside, the report continued:

"We conclude that Russian opposition to US ballistic missile defence (BMD) plans in Central Europe largely reflects Moscow's sensitivity about the presence of NATO infrastructure in its former satellite states. As such Russian opposition will be hard to overcome."

I fear that the Committee understated the case at that stage.

There was still no explanation of why the promised and heralded debate never eventuated. I hate to pray in aid members of the Liberal Democrat party, but the hon. Member for Eastleigh (Chris Huhne) tabled a written question to that end. He asked:

"for what reason no debate, consultation or oral statement took place in the House before the decision...to allow the installation and operation by the US Administration of equipment to allow receipt of satellite warnings of potentially hostile missile launches at Menwith Hill; and whether any intelligence received via the installation will be made available to the United Kingdom at the same time as to the United States."

The responsible Minister gave the same sort of evasive, bland non-answer that we received previously. The then Secretary of State said:

"Defence Ministers routinely answer written and oral questions on missile defence issues and there are regular defence debates scheduled throughout the year to allow MPs to raise specific issues on the Floor of the House. My written ministerial statement... was intended to keep the House informed of developments in areas of UK support to the US missile defence programme."

That is an insult to the House's intelligence. To table that as a substantive reply to a simple question, raising a matter that the former Prime Minister had promised would be discussed on the Floor of the House, is an absolute insult.

Another Liberal Democrat Member, the hon. Member for Lewes (Norman Baker) asked the Secretary of State for Defence:

"when a Memorandum of Understanding was signed between the UK and US governments on the formal use of RAF Menwith Hill in the American Missile Defense System; and if he will place a copy in the Library".

That is an important question, and the answer was:

"There is no memorandum of understanding covering these specific arrangements."—[*Official Report*, 16 October 2007; Vol. 464, c. 937W.]

If there is no memorandum of understanding and no consent from the House, who has the wherewithal and the power to take on themselves the task of effectively negotiating a foreign treaty with a foreign military power over a sovereign—at least in theory—British base? I would like to know the answer to that. I hope that the Under-Secretary can provide an answer to that and other questions at some stage, if not today.

I ask the Under-Secretary: on what legal basis does the UK support US missile defence? Do the Government agree with President Obama that missile defence should

"not divert resources from other national security priorities until we are positive the technology will protect the American public"

and, presumably, the British public?

Have the Government joined NATO in welcoming the announcement by Russia that it was

"shelving plans to deploy nuclear-capable missiles in Kaliningrad"?

I believe that the Russians are making a gesture to the new US Administration, and I await with eager anticipation Her Majesty's Government's response to it.

Do the Government recognise that the new US Administration offer the UK and the world an opportunity to ease global tension by resiling from many of the aggressive foreign and military policies, including missile defence, of the Bush years, to which we gave knee-jerk obeisance, as an unequal partner in the so-called special relationship?

The Under-Secretary may be glad to know that this is my penultimate question. Do the Government agree with the July 2007 YouGov survey, which showed that 68 per cent. of the British people agreed that UK support for missile defence should be decided by Parliament, while 54 per cent. agreed that siting US missile defence early warning bases in the UK, Poland and the Czech Republic would increase security threats faced by the UK and Europe?

Finally, will the Government allow Parliament to debate and decide whether the UK should continue to participate in the US missile defence programme, as promised by the former Prime Minister, as recommended

[Mr. Kilfoyle]

by the Select Committee on Foreign Affairs and as agreed to by 68 per cent. of the British people in the aforementioned YouGov poll, regardless of whether President Obama decides to proceed with it? I hope that at some stage either the Minister or his colleagues in the Ministry of Defence can give me substantive answers to those questions, rather than dismissive ones.

7 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—(*Chris Mole.*)

The Parliamentary Under-Secretary of State for Defence (Mr. Quentin Davies): I congratulate my hon. Friend the Member for Liverpool, Walton (Mr. Kilfoyle) on obtaining this Adjournment debate on a matter of considerable interest to many people, as he rightly said. He speaks not only from deep conviction on the subject, but from a long-standing involvement in it. Indeed, I have noticed his early-day motions and the other initiatives that he has taken to draw public attention to the issue.

It often happens on these occasions that the Minister replies to the Member who has secured the debate by reading a written statement. That can sometimes lead to the two individuals speaking past each other, so it might be more helpful in the time that I have to try to focus on the questions that my hon. Friend asked. Before I do so, however, let me say two things briefly. First, there is an illusion, which I wish to lay to rest, that the Government have a plan to deploy interceptors—an anti-ballistic missile system—in this country. We have no such current plans. That is an error in the early-day motion to which I have referred and I hope that I can lay it to rest.

Secondly, let me explain what national missile defence—or international or anti-ballistic missile defence—is about. If my hon. Friend went to Fylingdales, he would see a radar picture on a screen of the upper atmosphere and the surrounding areas of space over quite a large section of the northern hemisphere. He would be able to see all the various objects in that space, including satellites and the launches of commercial satellites, all of which we will have been notified of, which can be tracked through that system. Occasionally he might also see a meteor or something exciting of that kind.

However, if one fine day—well, it would not be a fine day; it would be a day of horror—an unidentified flying object appeared on that screen and the computers calculated from its trajectory that it was heading for us, there would be nothing practical that we could do about it, and that has been true for decades. It would be possible to notify the Vanguard submarine currently on patrol and to notify the Prime Minister, but nothing could be done. We would simply have to sit and wait to see whether that day was the day of Armageddon. Anti-ballistic missile defence provides an alternative to that. It provides the possibility of doing something about that object, which might be a rogue missile from a rogue state or an error—one does not know. That is the difference between having an anti-ballistic missile system and having no such system.

Let me go through the points that my hon. Friend raised. First, he talked about the effectiveness of the system and said that it was not proven. The system is not proven in the sense that there is a great deal of technical work to be done on it. He mentioned electronic counter-measures and decoys. Without going into sensitive areas, let me assure him that all those issues are being addressed.[1] All I can say is that up to now—this information has been in the public domain—there have been quite a number of firings by the Americans of their anti-ballistic missile systems. There have been 47 successes so far, as against 37 failures. The system is certainly making progress, so any assumption that it is technically non-viable would be a rather rash one to make.

My hon. Friend asked whether the information from the radars at Fylingdales to which I have referred and the information from the satellite sensors being downloaded at Menwith Hill is available to our authorities and the Americans at the same time. The answer to that is simply yes.

My hon. Friend raised the attitude of Russia. Russia's attitude is difficult to understand. As he knows, the intention of the United States—this is the matter currently under discussion with Poland—is to site 10 interceptors in Poland. Under the strategic arms reduction treaty, Russia has the right to 1,600 delivery systems—that basically means missiles—and, if I remember rightly, up to 6,000 warheads. It is inconceivable that 10 interceptors could make the slightest difference to a country with 1,600 missiles or thereabouts and a great many more warheads to deploy. That is not an argument that can be taken seriously.

I agree with the suggestion that my hon. Friend rightly made that there could be a great deal of sensitivity in Russia about a country that was a satellite of the Soviet Union and, for a century and a quarter before 1917, part of the tsarist empire and that is now, thank heaven, part of the European Union and NATO, getting involved in a close, collaborative, strategic defence relationship with the United States. I agree that that might well touch sensitive nerves. Whatever Russia's attitude is, however, it is not based on a rational calculation of the potential impact of those interceptors in Poland on anything whatever to do with its own missile or second-strike capability. I think that we can lay that one to rest as well.

My hon. Friend asked about the legal basis for Menwith Hill. I can tell him that a legal agreement under which American personnel have worked in Menwith Hill was signed, I believe, in 1955. I might not have got the date absolutely right, but it was certainly in the '50s. That agreement was introduced under the status of forces agreement that we signed with the Americans a few years earlier, at the beginning of the constitution of NATO. That agreement is still in place; it has never been rescinded. We do not need to sign an agreement with the United States every time we have a defence co-operation arrangement or every time we exchange information, which we do the whole time, I am glad to say. Our symbiotic relationship with the United States is the basis of a large amount of British national security. We share a lot of information and we have a very productive and important relationship, which is a great national asset.

My hon. Friend also asked me whether I believed that we should divert resources from our core defence budget to missile defence. We are not doing that, and the incremental costs involved in putting the new equipment

1. *[Official Report, 9 February 2009, Vol. 487, c. 10-12MC.]*

into Menwith Hill and Fylingdales were met entirely by the United States, so that issue has not arisen. As I have already told him, there are at the present time no plans to site an anti-ballistic missile system in this country, so that question does not arise.

My hon. Friend asked me whether we joined the rest of NATO the other day in welcoming the Russian Government's statement that they no longer intended to deploy missiles in Kaliningrad. Of course we welcome that; I can give him that assurance. He also asked whether the Government agreed with a particular survey. My answer is the one that I think he will have anticipated. The Government do not make it their business to agree or disagree with a survey, which is simply a series of questions. Of course, the Government listen to these surveys and take account of them, however, and I take on board what he has told me about that particular one.

Finally, my hon. Friend asked me about Parliament. Naturally, Parliament has had several opportunities before this evening to debate the ballistic missile defence issue. The last occasion was, I believe, 8 May last year, when we had a debate on defence in the world. The Government have made a commitment that, if we should take a decision to locate an anti-ballistic missile system with interceptors in this country, there would certainly be an opportunity for Parliament to debate the matter before we did so. However, I can assure my hon. Friend that no such decision has been taken and none is in prospect at the present time.

I think that our time is up, but may I once again congratulate my hon. Friend on his success in pursuing this cause with his characteristic tenacity? My colleagues and I remain entirely at his disposal, either for future occasions on which we can debate this matter in Parliament, or if he wants to come to see us privately to talk further about it.

Question put and agreed to.

7.9 pm

House adjourned.

House of Commons

Thursday 5 February 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

MANCHESTER CITY COUNCIL BILL [*LORDS*] AND BOURNEMOUTH BOROUGH COUNCIL BILL [*LORDS*]

Motion made, and Question (15 January) again proposed,

That the promoters of the Manchester City Council Bill [*Lords*] and Bournemouth Borough Council Bill [*Lords*], which were originally introduced in the House of Lords in Session 2006-07 on 22 January 2007, should have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills). —(*The Second Deputy Chairman of Ways and Means.*)

Hon. Members: Object.

The debate stood adjourned; to be resumed on Thursday 12 February.

CANTERBURY CITY COUNCIL BILL, LEEDS CITY COUNCIL BILL, NOTTINGHAM CITY COUNCIL BILL AND READING BOROUGH COUNCIL BILL

Motion made, and Question (15 January) again proposed,

That the promoters of the Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill, which were originally introduced in this House in Session 2007-08 on 22 January 2008, may have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills). —(*The Second Deputy Chairman of Ways and Means.*)

Hon. Members: Object.

The debate stood adjourned; to be resumed on Thursday 12 February.

Oral Answers to Questions

BUSINESS, ENTERPRISE AND REGULATORY REFORM

The Minister of State was asked—

Enterprise Finance Guarantee Scheme

2. **Mr. Andrew Pelling** (Croydon, Central) (Ind): What percentage of the amount of loans guaranteed under the Government's enterprise finance guarantee scheme as applied to businesses with an annual turnover of £25 million or less he estimates will be granted to businesses with an annual turnover between £20 million and £25 million in the next 12 months. [254309]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): The enterprise finance guarantee, launched on 14 January, is open to businesses with a turnover of up to £25 million. It is too early to predict how many loans will be made under the guarantee to firms with a turnover between £20 million and £25 million.

Mr. Pelling: Initial experience in my constituency suggests that we are encountering a problem that often arises when any public policy limit is set. That is, economies of scale mean that banks are very keen to serve businesses with a turnover of between £20 million and £25 million. If that turns out to be a general trend across the country, what can be done to ensure that businesses with a smaller turnover will also benefit from this policy initiative?

Ian Pearson: We want all businesses with a turnover of up to £25 million to benefit from the Government's enterprise finance guarantee and the other schemes and bank lending that are available. Under the enterprise finance guarantee, companies will be able to borrow anything from £1,000 to £1 million. There are generous repayment terms, and loans can be repaid over up to 10 years. The hon. Gentleman may be aware that only today RBS-NatWest has announced £3 billion in extra funding for small and medium-sized enterprises through new regional funds. Significant support packages are available now, which can be accessed though Business Link. The Government are providing real help for business now, and that is what the business community needs to help it through these difficult times.

David Taylor (North-West Leicestershire) (Lab/Co-op): I know that small and medium-sized businesses in North-West Leicestershire will welcome the launch of the enterprise finance guarantee. However, my constituent Mr. Evans, who has also read the helpful document "Real Help Now", says that he has been left totally confused. He said:

"My bank (HBOS) has told me they are still in the dark about the government's plans and have asked me for yet another business plan and projections (I submitted these only in November)."

How confident is the Minister that individual branches of the banks will be informed about the Government's proposals as rapidly as possible? It does not seem that the information is necessarily percolating down from the top levels of those organisations.

Ian Pearson: Nineteen banks and financial institutions are already participating in the enterprise finance guarantee, so I would be surprised if lending managers at national and regional levels are not aware of the scheme and of what is on offer. The scheme was launched on 14 January, so it is still relatively new, and I know that the banks are looking at their communication strategies to make sure that the information is available at the lending level. The scheme is clear, it is open for business and doing business now, and it comes on top of the other lending that is also available in the economy. If my hon. Friend gives me the details of the specific problem that his constituent faces, I shall make sure that it is investigated.

Peter Luff (Mid-Worcestershire) (Con): Can the Minister say to what extent today's very welcome announcement from RBS-NatWest depends on the enterprise finance

guarantee scheme? I share the reservations expressed by the hon. Member for North-West Leicestershire (David Taylor). The Forum of Private Business says that the scheme is not working effectively and that bank managers do not know about it. In my constituency I have a very worrying case in which a man has been made ineligible for the scheme by the arbitrary behaviour of another bank. There are real questions about the scheme that need to be addressed urgently.

Ian Pearson: We will investigate any problems that the hon. Gentleman says have been encountered, but I ask him to bear in mind the fact that the scheme was launched on 14 January. It is open for business now and is providing real support. There may be some teething problems at an individual banking level, but that might be expected with any scheme. Some companies will be turned down because they do not meet the criteria, but the business community as a whole has welcomed the flexibility to get a loan of between £1,000 and £1 million, with a 75 per cent. Government guarantee. I am surprised by the hon. Gentleman's comments about the Federation of Small Businesses; we are happy to work with it to make sure that the scheme is effective. It is properly designed, and it is open for business. It should be welcomed by the Opposition, as it provides support for the business community.

Miss Anne Begg (Aberdeen, South) (Lab): In his reply to my hon. Friend the Member for North-West Leicestershire (David Taylor), the Minister said that the scheme came on top of the finance already available—but does the Minister think that the banks are playing ball? A small business—well, it is not actually that small—contacted me: RBS has found any excuse to restructure its loan, and has charged it 1 per cent. for doing so. It is a profitable business that is looking to expand, but it finds it very difficult to get what would, in normal circumstances, be classed as normal finance. It feels that it is being taken for a ride by the bank.

Ian Pearson: Obviously, I cannot comment on those individual circumstances. On the general situation, hon. Members will be aware that through the lending panel, we are monitoring lending by the major banks extremely closely. A lot of lending into the banking system by foreign banks has disappeared, so there is a credit crunch affecting the UK economy. Our major banks are continuing to lend, and we continue to push them to make sure that they do, which is why I welcome the announcement by RBS-NatWest today. Obviously, we expect normal commercial loans to have been exhausted as a possibility before companies are eligible for schemes such as the enterprise finance guarantee scheme; that is the right thing to do when providing a taxpayers' guarantee. The schemes are up and running. They are working, and they are providing real help for business now.

Lorely Burt (Solihull) (LD): Is the Minister aware of an unintended consequence for leasing and asset finance companies that results from subsuming the small firms loan guarantee scheme within the enterprise finance guarantee loan scheme? As only six banks are offering the guarantees, such companies are no longer able to offer bank loan guarantees to their customers. Will he look into widening the availability of the scheme to leasing and asset finance companies?

Ian Pearson: More than six banks are offering the scheme. If the hon. Lady contacts me with specific details about finance and leasing companies, I shall be happy to consider them. We have made initial deals with banks to offer the enterprise finance guarantee, and we have brought on board more lending institutions, so the problem that she mentions may already have been solved, but I am happy to look at the detail.

Mr. Kenneth Clarke (Rushcliffe) (Con): When Lord Mandelson announced the scheme, he said that it was "going live today", and the Minister has just said that it is open for business—but does he not realise that he is lucky if he has found a small business that is aware of the existence of the scheme, and very lucky if he has found a bank that believes that it is operating the scheme at local level? Instead of producing a series of measures in a panic-stricken way, as the Government have done in recent months, would it not have been better if they had speedily adopted our policy of a £50 billion loan guarantee scheme for businesses of all sizes, and had shown some competence in getting it into practice at the speed required?

Ian Pearson: No, it would not have been a good idea to implement an uncosted, untargeted scheme. What the Government have done is to introduce the enterprise finance guarantee, which is specifically targeted at companies with a turnover of up to £25 million. The right hon. and learned Gentleman will be aware of the working capital scheme that we are also introducing. It will provide working capital support for businesses in the economy. That will apply to a portfolio of companies with a turnover of up to £500 million. That is real support for business, and it is working. We need to do more to market existing products to the business community. I would like to think that the right hon. and learned Gentleman and I shared an interest in wanting to do that, and in wanting to get the maximum possible publicity for the real support available to companies to help them through the recession.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): The Minister has heard from Members in all parts of the House about the concern that banks are failing to provide help for SMEs. Is he really satisfied that the banks have taken on board their duties to help put the scheme into action? All Members have heard evidence from companies: banks have failed to advise them of the scheme, and failed to help them to access it—and those are the very banks that the country now largely owns. When will the Government make the banks undertake what is necessary to make sure that the schemes actually work for small and medium-sized enterprises?

Ian Pearson: The hon. Gentleman has heard about the RBS-NatWest scheme that has been announced today, and he will be aware of schemes that were announced before Christmas, through which the major banks are continuing to provide finance to small and medium-sized businesses. He also ought to know what we have done as a Government, moving from the small firms loan guarantee scheme, which was a very small scheme targeted at fairly marginal businesses with a turnover of up to £5.6 million, to the enterprise finance guarantee, which takes all companies with a turnover of

up to £25 million and provides far bigger and more flexible loans. We need to make sure that that information gets out and is used by companies that want to have discussions with their banks. I know of many cases in my constituency where companies are aware of the scheme and are talking to their banks. I expect that the lending figures for companies participating in the enterprise finance guarantee will quickly start to build strongly. After just over two weeks, we think a good start has been made and we expect to see significant progress in the use of the scheme in the future.

UK Workers

3. **John Robertson** (Glasgow, North-West) (Lab): If he will take steps at EU level to secure greater employment opportunities for UK workers when contracts for work in the UK are awarded to companies registered overseas; and if he will make a statement. [254310]

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): The Government support the rights of labour mobility that go with European Union membership. We supported the European Commission's proposals to ask its group of experts to examine the operation of the posted workers directive and to ask social partners at European level to discuss the implications of recent European Court judgments. The posted workers directive operates throughout the EU and the recent report from the European Commission showed that there were 47,000 UK posted workers in the rest of the EU—three times more than the 15,000 posted workers from the rest of the EU working here in the UK.

John Robertson: The posted workers directive is, of course, the problem. The court ruling has brought it into disrepute, with subcontracting companies playing worker against worker, which is why we ended up with the strikes this week. Is it not time the UK put workers rights in the EU as No. 1 on the agenda, and made sure that we lead the field in ensuring that the rights of those workers are looked after?

Mr. McFadden: I understand what my hon. Friend says, but I am not sure that the recent court judgments are relevant to the unofficial strike action over the past weeks. Those judgments are essentially about pay and about the capacity of trade unions to take industrial action in support of collective agreements. We have been told that all subcontractors on the site at the Lindsey oil refinery are required to pay according to the industry agreed rates. ACAS will test the veracity of that claim, but that is what we have been told, so whatever this week's dispute was about, it does not seem, on the face of it, to have been about a race to the bottom in terms of pay.

Mr. David Heathcoat-Amory (Wells) (Con): Is not the recent industrial unrest a direct result of the Prime Minister's call, from weakness, for "British jobs for British workers"? In answering the hon. Member for Glasgow, North-West (John Robertson), would it not be more honest for the Government to admit that the Prime Minister could never deliver on that promise? He is legally bound by EU law, which the European Commission has no intention of amending at all. What other way is the Minister finding through this terrible dilemma of serious industrial unrest, up against a legal prohibition on anything serious being done to remedy it?

Mr. McFadden: I do not accept the right hon. Gentleman's premise. Everyone in the House wants to see British workers having jobs, and we want them to have the skills and training necessary for that. However, we do not want to forsake a relationship whereby half our exports go to the rest of the EU, half of our inward investment comes from the rest of the EU, and 3 million to 3.5 million—one in 10—of the jobs in this country are in some way associated with trade with the rest of the EU. It is not inconsistent to support that and also to support skills and training for British workers for the jobs and industries of the future.

Shona McIsaac (Cleethorpes) (Lab): Given that the dispute at the Lindsey oil refinery seems to have been resolved, I would like Ministers to consider some of the wider issues underlying it. If terms and conditions are equal and there are no differences in pay, will the Minister and his ministerial colleagues look into why British firms are losing contracts, and why they are not winning the contracts when they compete against European firms? We need to establish that if we are to get to the real reason why the dispute occurred.

Mr. McFadden: My hon. Friend raises an important question, and I know that she has been very close to this issue and taken time to establish the facts. The question that she poses is a good one. If the issue was not about pay, what, in the competition for the contracts, may sometimes mean that UK firms lose out? That does not mean that every time a non-UK firm wins a contract some rule has been broken or we need a change in the law. There could be other reasons. My hon. Friend has asked an important and pertinent question.

Mr. William Cash (Stone) (Con): The Minister will be aware of the Bill that I introduced a couple of days ago on this issue. It supports, of course, the notion of fair movement, but it also supports free movement and fair provision for services and workers. Is he aware that in several other member states, parallel legislation already prevents social dumping, precisely because there are circumstances in which a correction is needed? Will the Minister be good enough to answer the question that I now have on the Order Paper? It is about ensuring that we bring in domestic legislation to ensure fair and free movement, and that we look after British workers as well.

Mr. McFadden: I believe in fair and free movement, and the Government have introduced many important employment rights for UK workers in the past decade. I hope that the hon. Gentleman will agree that it was a step forward for the employers in this situation to agree on guidance, which states:

> "Always consider whether there are competent workers available locally. If there are, it is good practice for the non-UK contractor to explore and consider the local skills availability and to consider any applications that may be forthcoming."

Two important things were required to end the dispute. One was that there should be a fair chance for UK workers. The other was that no Italian worker who was here legally should have to be sent home; I am glad that that too was supported by the trade unions in this situation.

Mr. Dennis Skinner (Bolsover) (Lab): If the Government want to ensure that we do not have another situation such as that at Lindsey or anywhere else, the truth is that we need, among other things, to enact the Temporary and Agency Workers (Equal Treatment) Bill in total. That would ensure that middlemen and agency operators were not allowed to pick up about 25 per cent. of the earnings from foreign labour. Once we do that, we can stop the Lindseys of the future and deal with the matter in the Common Market as well.

Mr. McFadden: I do not believe that agency workers were a factor in the Lindsey dispute. My understanding is that in that particular part of the construction industry the workers are directly employed by the subcontractors on the site. I have also been told that the subcontractors all have to pay the agreed rates. However, I agree with my hon. Friend that it was right to reach an agreement on the agency workers directive which suited the UK labour market. We did that on the basis of an agreement between the TUC and the CBI which was then reflected in the text of the agreed directive. The Government will bring forward a consultation on the implementation of the directive here in the UK.

Jo Swinson (East Dunbartonshire) (LD): More than 16 jobs will be lost as a result of the recent awarding of a specialist vessel requirement Navy contract in the Falklands to a Dutch company with a Filipino crew, instead of to the Scottish company that has provided the service successfully for 27 years. As there are serious questions about the tendering process, with correct procedure not having been followed, will the Minister ask his colleagues in the Ministry of Defence to investigate the circumstances of this case?

Mr. McFadden: I am not aware of the individual circumstances of that case, but I am happy to ask the relevant Department to look into the issues that the hon. Lady has raised.

Tony Lloyd (Manchester, Central) (Lab): Does my hon. Friend accept that it is not protectionist to insist on minimum pay and working conditions for British workers in competition with foreign workers? In that context, and in terms of the posted workers directive, can he insist that the European Commission gets a move on with its review? Will he also look at the British angle of this, which is that the current minimum standard is the minimum wage, but that we could move the standard up to nationally agreed collective bargaining regulation?

Mr. McFadden: I believe—or at least, I have been informed—that the agreed collective bargaining rate applies in this case, and that therefore pay was not an issue in this dispute. As for the European Commission's proposal to examine the operation of the posted workers directive, the UK Government supported that when it was discussed in December.

Consumer Demand

4. **Hugh Bayley** (City of York) (Lab): What recent assessment he has made of the effectiveness of his Department's policies to encourage consumer demand. [254311]

The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas): The Government have a variety of measures in place to encourage consumer demand. Within the Department, among other measures, we are conducting a wide-ranging review of the effectiveness of the consumer protection regime. That is one of a number of measures that will assist in giving consumers renewed confidence. We will announce the outcomes of the review in due course.

Hugh Bayley: With the economy in recession, it is important to do everything we can to improve demand for goods and services. Has the Department considered the impact that the cut in VAT has had on increasing demand and safeguarding jobs?

Mr. Thomas: As my hon. Friend will recognise, the VAT cut, and other questions around taxation, are very much a matter for the Treasury, so the Treasury will review the effectiveness of that measure. However, it is interesting to note the support from several bodies that could in no way be described as friends of the Government all the time—the Institute for Fiscal Studies is one, and the Society of Motor Manufacturers and Traders is another—but that welcomed the impact of the cut in VAT, as indeed have a number of retailers. Perhaps that is because it represents the largest single tax cut for some 20 years. It is also just one of a number of areas about which the right hon. and learned Member for Rushcliffe (Mr. Clarke) disagrees with his shadow Chancellor.

Mr. Christopher Chope (Christchurch) (Con): Is the Minister aware of an example of a case in which the Government are actively suppressing demand—a case about which I wrote to the Secretary of State on 10 December? I have not had a reply, despite putting down parliamentary questions. Eighty jobs in my constituency are threatened because the Government have changed the regulations, making it more difficult for foreign airlines to have their pilots trained on simulator training equipment in a company in my constituency. Is not that an example of the Government speaking with one voice and acting in another way?

Mr. Thomas: If the hon. Gentleman had written to me, I would, as he knows, have been very happy to reply. I do not know what has happened in the particular case that he refers to. He has clearly written to the Department, and I will chase up a response for him as a result of his question.

Mr. Jim Devine (Livingston) (Lab): As my hon. Friend is aware, many scams are taking place—phishing expeditions, for example—on computers. What is the Department doing to protect consumers from those scams?

Mr. Thomas: My hon. Friend is right to say that consumer demand can suffer when people are the victims of scams. He may not be aware that the Office of Fair Trading and the Trading Standards Institute have just

launched an effort to make people aware of the risks of scams—scams awareness month. I pay tribute to the all-party group on consumer affairs and trading standards, which supported the OFT and the TSI in launching that month's-worth of awareness-raising activities just this week. It is one of a number of measures, alongside investment in scam-buster teams and teams to deal with illegal money lending, through which we are seeking to crack down on the rogues who want to exploit vulnerable consumers at this time.

Mr. Richard Spring (West Suffolk) (Con): Given the universally held view at home and abroad that the VAT cut has been ineffective in stimulating demand, what assessment has the Department made of the effect of the VAT cut on slumping car sales in this country?

Mr. Thomas: With all due respect to the hon. Gentleman, I do not think that his view of the VAT cut is shared abroad or at home. The only place where that view is held is among the ranks of the Opposition. He would do well to review what the Institute for Fiscal Studies said about the VAT cut, and the comments of the Society of Motor Manufacturers and Traders. He might also wish to review the comments that the shadow Business Secretary made before the VAT cut was introduced.

Mr. Denis MacShane (Rotherham) (Lab): Has my hon. Friend seen the important article by Professor Thomas Piketty, France's leading economist, praising the VAT cut as a way of increasing demand across the economy, and suggesting that it should be applied across Europe? It is only the economic illiterates surrounding the new shadow Business Secretary who believe the opposite. Will his Department look at the example of Germany and France, which are offering scrap-and-build incentives whereby people bring in their old polluting cars and buy new ones?

Mr. Thomas: I hope that my right hon. Friend will forgive me if I concentrate on reading the *Harrow Observer* and the *Harrow Times*. I will, however, rush to dig out the article to which he refers. I suspect that the comments he mentions are just one indication of the considerable support that exists for the measures that my right hon. Friends the Chancellor, the Prime Minister and the Business Secretary have taken to restimulate demand in the UK economy and lead efforts to boost consumer demand. The VAT cut, the fiscal stimulus package and the increase in incomes that pensioners will see in their bank accounts are all examples of the measures that we have taken—measures that the Opposition continue to oppose.

Motor Industry

5. **Mr. Jim Cunningham** (Coventry, South) (Lab): What recent steps his Department has taken to support the motor industry; and if he will make a statement. [254312]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): We have already announced support for businesses, including the automotive supply chain, through the enterprise finance guarantee and the working capital scheme, and helped to secure €8 billion for the sector through the European Investment Bank. Last week we announced a £2.3 billion package to support lending to the automotive industry, and work is under way with the European Commission to ensure that we can move forward on these measures as quickly as possible.

Mr. Cunningham: What progress has been made with Jaguar Land Rover in any discussions or negotiations about assistance? Can the Minister define what assistance he is offering?

Ian Pearson: We have been in discussions with Jaguar Land Rover for a period of time. We are certainly aware of the company's situation, and we have been supportive by encouraging it to go to the European Investment Bank for finance. The measures that we announced last Tuesday will provide guarantees for any loan that JLR secures from the EIB, but the company has other requests and we will continue our dialogue with them. The key thing to stress is that we are talking about taxpayers' money, and we need to ensure that that money is used in the most effective way possible. We will continue to do that.

Mr. Mark Prisk (Hertford and Stortford) (Con): The announcement of aid last week came four months after the Minister first promised to help, but even today, as we learn that car sales have fallen again, the industry still does not have the details it needs to plan. There is no plan to help with consumer demand and loans, and the Government have now admitted that they have not even cleared their plans with the European Commission. Given that most of our competitors have already injected finance into their car industry, what is the problem? Do not Ministers understand the urgency, or is it just a matter of incompetence?

Ian Pearson: The hon. Gentleman ought to welcome the fact that we have announced a £2.3 billion package of loan guarantees to the industry. May I provide some of the details that he seems studiously to ignore? We will be guaranteeing EIB loans of more than £200 million for non-investment grade companies, which we need to do to ensure that they can get access to the necessary finance, as soon as those loans are approved. We will also guarantee up to £1 billion of new lending to companies looking to borrow more than £5 million. That will sit on top of the enterprise finance guarantee scheme that we have already announced, which we have talked about this morning. We hope that it will be open for business as quickly as possible.

I expect the state aid process to take days rather than months, and we will report on its progress. In the meantime, we are contacting all the companies in the automotive supply chain with a turnover above £25 million that could take advantage of the scheme, and talking to them about their requirements. We are getting on with the process of discussing what sensible lending might be made available to them now, rather than waiting for EU state aid approval.

Payment Policies

6. **Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): What recent discussions he has had with large corporations about their policies on prompt payment of contractors and suppliers. [254313]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): DBERR has been in contact with more than 200 of the UK's largest corporations and business representative bodies. Additionally, we have brought forward more than £66 billion of payments made by central Government Departments, launched a series of cash flow management guides to ensure that business has access to the very best information and supported the launch of a new prompt payment code by the Institute of Credit Management.

Sir Robert Smith: I thank the Minister for that answer. We clearly have to recognise that if large companies do not pay quickly in this crisis, they will force their supply chain out of business and lose out in the long run. Is it not crucial, given the balance of power between the large companies and the small companies trying to enforce payment terms, that there is more external intervention? To that end, does he support the call by the Federation of Small Businesses for Companies House to be given more resources to name and shame companies that do not register their payment terms with it?

Ian Pearson: Yes, it is important that big companies look to do what they can to support their supply chain during these difficult times. In the automotive industry, for instance, I am aware of a number of car manufacturers actively working with their supply chain and paying earlier than they normally do. Particularly in a time of lean or just-in-time production in the supply chains of the automotive industry and many other sectors of our economy, big companies have a direct interest in ensuring that small companies continue to survive. Many of them are already taking action to do that. Of course, the action that the Government are taking to stimulate credit in the economy will also help those small businesses.

John Penrose (Weston-super-Mare) (Con): Does the Minister accept that the Government's efforts to promote prompt payment by large corporations will be severely undermined if they cannot put their own house in order? Will he therefore promise to investigate reports that many NHS trusts are failing to pay their contractors and suppliers within 30 days—far beyond the 14 days that the Government have promised?

Ian Pearson: I will certainly ensure that the Department of Health is aware of the concerns that the hon. Gentleman expresses. We have made a prompt payment commitment right across government, and we expect it to be delivered on. Inevitably, there may be some situations in which queries are made about invoices and judgments have to be taken about whether payment should be made, because we need to protect taxpayers' money. We want to ensure that payments are made properly and promptly, and I will happily ensure that his comments are passed on.

Topical Questions

T1. [254328] **Simon Hughes** (North Southwark and Bermondsey) (LD): If he will make a statement on his departmental responsibilities.

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): My Department is focused on helping business through the current economic downturn and ensuring that British business is in the best place possible to take advantage of the upturn, when eventually it comes.

Simon Hughes: A small business in Borough high street in Southwark, which has been trading for 12 years, making a profit and paying all its bills, was recently 12 days late in paying its tax and liabilities. It paid them on 30 and 31 December rather than 19 December. On 31 December, it received a letter from Her Majesty's Revenue and Customs stating:

"Your case will be referred for enforcement action…if payment is not made immediately."

Will Ministers talk to their colleagues in the Treasury and the Revenue to ensure that they are understanding of the difficulties when payments in make payments out a bit more difficult?

Mr. McFadden: I am happy to ask HMRC to consider the case that the hon. Gentleman raises. As the Chancellor announced in the pre-Budget report, businesses have the capacity to ask for more time to pay tax during the current period, and some 30,000 businesses have taken advantage of that capacity in recent months. Her Majesty's Revenue and Customs is aware of the problem and understands the difficulties of business in the current period.

T2. [254329] **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): The Minister will be aware that many north-east Members of Parliament are concerned about Nissan and the car industry in general. What is the Department doing to support and encourage Nissan to develop a new generation of cars, which are low energy and low-carbon emitting?

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): I thank my hon. Friend for that question. Nissan is an important part of the north-east regional economy, with one of the most efficient plants in the whole of western Europe. Like other car companies, Nissan is going through major problems because of the current lack of demand for cars.

My hon. Friend is right to highlight the importance of the future. Nissan is interested in producing a new generation of electric vehicles and we have been in direct discussions with the company about that. We would like the vehicles to be made in the north-east and we will continue to have dialogue with Nissan about the matter.

T4. [254331] **Mr. Philip Dunne** (Ludlow) (Con): Will the Minister confirm whether the Department or Royal Mail have entered into any discussions with a private equity firm about the possible sale of a stake in Royal Mail?

Mr. McFadden: The process for people expressing an interest in Royal Mail is open and we have not reached any conclusion so far on the prospective partner. We believe that it is in the interests of Royal Mail to partner with an experienced network or postal partner that has gone through the experience of change in a network operation of the sort that Royal Mail runs.

Mr. Kenneth Clarke (Rushcliffe) (Con): As the theme of these questions has been a series of pronouncements and commitments given by the Government and questions about dithering and failure to deliver, was the Minister

surprised to hear the Chancellor of the Exchequer, when giving evidence on Tuesday to the House of Lords, openly debating what form his latest big announcement might take, and whether the Government were switching from insurance of toxic debts in the banks' balance sheets to a possible bad bank solution? As it is widely known that Baroness Vadera, a colleague in the Minister's Department, is mainly in charge of the banking packages, will he get across to her the need for urgency, efficiency and some competence in delivery, and stress to her that British business cannot afford further delay and uncertainty before credit is got flowing properly again to businesses of all sizes?

Mr. McFadden: We fully understand the depth of the current crisis, which is why we have been active, first on recapitalising the banks and then on taking a greater share of risk in lending. The whole world is going through the downturn and Governments have to act to try to restore confidence and lending. That is precisely what we are doing.

I have to contrast our actions with the Conservative party's approach. In the words of Professor Paul Krugman, the Nobel prize winner:

"It's pure Herbert Hoover... In fact, it reminds me of Andrew Mellon"

Hoover's Secretary of the Treasury,

"who said the"

Government

"response to the Depression should be to 'liquidate labor, liquidate stocks, and liquidate farmers'."

That is what the Nobel prize-winning economist thinks of the Conservative party's approach. Ours is much more in tune with the task in hand.

T3. [254330] **Fiona Mactaggart** (Slough) (Lab): Few of my constituents get an annual bonus and many face pay cuts in the downturn. Given that, will the Minister take a leaf out of Barack Obama's book and put a cap on the pay and bonuses of people who have run down our banks, which my constituents' taxes are subsidising?

Mr. McFadden: I understand the question that my hon. Friend raises. Given the economic circumstances, banks must realise that there are huge public sensitivities about the issue. The public expect restraint. They also expect that if any bonuses are to be paid, they should be paid on the basis of achievement, not past failures.

T5. [254332] **Sir Nicholas Winterton** (Macclesfield) (Con): If the Minister is keen to reassure British workers about their jobs, particularly those in major infrastructure projects, will he publish a list of British companies, and in particular British construction companies, that are undertaking important infrastructure and other projects in other European countries? That information might well reassure some British workers. Will he publish such a list, and if so, the sooner the better?

The Minister of State, Department for International Development (Mr. Gareth Thomas): Perhaps I can encourage the hon. Gentleman. British Ministers have taken construction companies on a series of international trade missions, helping them to win contracts abroad, not just in European countries, but in Asian countries, Gulf countries and so on. The details of those visits are public—questions have been asked about them—and some of the contracts that have been signed are public as a result. We will continue to work with the construction industry. Indeed, my hon. Friend the Under-Secretary of State has already met the construction industry and he will continue to do so.

T8. [254335] **John Robertson** (Glasgow, North-West) (Lab): The recent interim "Digital Britain" report went on about access being very important, but provision is the important part. Does my hon. Friend agree that social tariffs would be one way of including those who are least well off, who have the lowest uptake, such as the people of Glasgow? If the Government go down the social tariff route, will they also talk to the mobile phone companies, which we also need to get on board?

Mr. McFadden: I am sure that my noble Friend Lord Carter will listen carefully to my hon. Friend, who raises an important point in general. As we go through this downturn, we must also look to the industries of the future. The communications revolution and good broadband access throughout the country are critical to our country's economic future. That is why they are such a high priority for the Government.

T6. [254333] **Mr. David Heath** (Somerton and Frome) (LD): Are Ministers content with the operation of the Enterprise Act 2002, particularly in respect of pre-pack companies, which can take over companies that have gone into administration, but which often walk away from the obligations to local traders, the work force and even the Revenue? Does that seem a fair way of operating companies?

Ian Pearson: It is important to recognise that there has been some recent public concern about the use of pre-pack administrations. We will always keep Government policy under review, and that includes the Enterprise Act 2002. Issues have arisen with some pre-packs, but there are also some advantages to pre-packs in terms of maintaining employment. I understand the comments that the hon. Gentleman makes and we will look at the matter closely.

T7. [254334] **Mr. Paul Burstow** (Sutton and Cheam) (LD): Further to the question that my hon. Friend the Member for Somerton and Frome (Mr. Heath) asked, will the Minister, in keeping the matter under review, also consider looking at the regulations that govern administration, so that where companies go into receivership, the administrators can ensure that they safeguard the interests of local creditors, which are often struggling small businesses themselves, and the loyal employees of those companies?

Ian Pearson: It is the job of administrators to act in the best interests of creditors. It is also the job of the administrator to ensure that where a company can continue as a going concern, it does so. There are some lessons we might want to learn that have arisen from recent administrations. Sometimes the communication between the administrator and trade unions that have approved negotiating rights with companies has not been satisfactory. There have also been some suggestions

that in some administrations there has been a rush to move towards liquidation without allowing sufficient time to explore other options. Again, that is something that we are actively looking at.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Investment Portfolio

1. **Mr. Andrew Pelling** (Croydon, Central) (Ind): What steps the Church Commissioners have taken to protect their investment portfolio since 1 October 2008. [254298]

The Second Church Estates Commissioner (Sir Stuart Bell): In the final few months of 2008, the commissioners established two new mandates with funds raised from UK equity sales in the first half of the year. They were an active global equities mandate and an unconstrained mandate, which invests in a mixture of equities, bonds and cash, as determined by the manager. Both mandates added value in the final quarter of the year and delivered positive returns in a difficult environment.

Mr. Pelling: Obviously some sagacity has been shown in taking money out of equities. I am aware that an important paper is to go to the General Synod this month on the implications of the financial crisis and the recession. Will the management of the funds continue to protect assets and assist the Church in its ministering role?

Sir Stuart Bell: The hon. Gentleman is perfectly right, in the sense that the Church looks at the long term and at inter-generational fairness. The commissioners, in common with similar funds, have been affected by the global economic downturn, but we are not speculating on figures. The audited results will be published in our annual report, but the latest actuarial advice that we have received, which fits in with the hon. Gentleman's question, is that we will be able to meet our 2008-10 expenditure plans, and that because of the way in which we smooth our non-pensions expenditure, we expect to maintain these distributions in cash terms into 2011 and 2013, further falls in the market notwithstanding.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I know that the Church Commissioners have regard to an ethical dimension in the investments that they make. In view of the General Synod's discussions next week on the Church's response to the financial crisis, will my hon. Friend ensure, through his good offices, that that ethical dimension is maintained, even in these difficult circumstances, when there is always an idea that it might be possible to make a quick buck? The Church should remain above all those elements and ensure that it learns lessons from the General Synod's discussions next week and builds them into its future investment programmes.

Sir Stuart Bell: I am grateful to my hon. Friend for that question. We look forward to that debate in the General Synod. In my Father's house are many mansions, and next week there will be many aspects to the debate on the Government's economic policy.

On ethical investment, I can assure my hon. Friend that the two new mandates are not permitted to engage in short selling, but they do have the ability to invest in instruments to protect funds under their management against adverse currency movements. There are no positions in hedge funds or direct exposure to sub-prime assets. Ethical investment has been the cornerstone of the Church of England's Commissioners for many years, I think going back to the 1940s.

PUBLIC ACCOUNTS COMMISSION

The Chairman of the Public Accounts Commission was asked—

Tenon

2. **Mr. Philip Hollobone** (Kettering) (Con): For what reasons Tenon was appointed as the National Audit Office's external auditor for a further year from June 2009. [254299]

Mr. Edward Leigh (Gainsborough): Following a competition in 2006, the Commission appointed Tenon for three years, with the option of two one-year extensions. The Commission has been satisfied with Tenon's performance and has decided to exercise the option to extend the appointment for a further year, to July 2010.

Mr. Hollobone: What key recommendations has Tenon made since its appointment?

Mr. Leigh: Tenon has made a number of important recommendations on, for example, business reporting arrangements, the management of fee income and how to deliver work programmes in the most effective way. With all the recommendations accepted, its work has ensured that the National Audit Office, working with the Public Accounts Committee, continues to be a world-class operation that delivers a £9 saving for every £1 spent. That means that £656 million is delivered back to the taxpayer every year.

David Taylor (North-West Leicestershire) (Lab/Co-op): Are we not back, however, to the central dilemma of Plato's "Republic": quis custodiet ipsos custodes? Who should audit the auditors? Have we not got a cosy cabal between Tenon and the NAO? Tenon failed to detect—or overlooked or declined to report on—the gold-plated, fur-lined expense arrangements of the former Comptroller and Auditor General, Sir John Bourn. What confidence can we have in its forensic ability to report on the things that matter in relation to the operation of the NAO?

Mr. Leigh: As the hon. Gentleman knows, we have now put in place a completely new governance structure for the National Audit Office. For the first time, there will be an independent chairman working with the Prime Minister. We have appointed Sir Andrew Likierman, who is probably the country's leading expert on resource accounts, to be the chairman of the NAO, and he will lead a board that will directly oversee the Comptroller and Auditor General in terms of his expenses and all the things that the hon. Gentleman has mentioned. At the same time, the board will ensure that the Comptroller

and Auditor General continues to be fully independent in delivering value-for-money reports. We have also, with the Prime Minister, appointed Amyas Morse—a first-class appointment—who will deliver the kind of improvements that the hon. Gentleman wants.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Electoral Fraud

3. **Fiona Mactaggart** (Slough) (Lab): What guidance the Electoral Commission has issued to electoral registration officers on steps they should take in constituencies where fraudulent entries on the electoral register have been revealed by prosecutions. [254300]

Sir Peter Viggers (Gosport): The Electoral Commission informs me that where malpractice has been exposed, it discusses lessons learned in detail with the electoral registration officers. More generally, the commission issues guidance to all electoral registration officers on suggested approaches to adopt in compiling and maintaining complete and accurate registers. This guidance reflects lessons learned from instances where there has been evidence of malpractice.

Fiona Mactaggart: I thank the hon. Gentleman for that reply. There is a particular problem in my constituency, where a criminal case has arisen that is being dealt with in Reading court, and there has been an electoral case demonstrating that people are listed on the register who do not exist, but who have postal votes. I am profoundly concerned that when postal votes are issued, they last five years before they can be removed by the electoral registration officer, and if the person on the register does not exist, there is no way of confirming it. Will the hon. Gentleman discuss with the Electoral Commission whether there is something it can do in these circumstances to ensure that we avoid the fraudulent voting that has occurred in Slough?

Sir Peter Viggers: The commission shares the court's very serious concerns about the system of voter registration in Great Britain. Since 2003, the commission has called for a reform of the system to provide security where it is needed, which is at the point of registration, and it argues that a system of individual electoral registration with personal identifiers is needed to provide a secure foundation for both registration and postal voting.

Mr. John Horam (Orpington) (Con): What research has the Electoral Commission undertaken on the extent of fraudulent entries on the electoral register? I am thinking about not just the deliberate fraud that the hon. Member for Slough (Fiona Mactaggart) mentioned, but the overall accuracy of the electoral register throughout the UK. That seems to me to be a rather fundamental point as we approach a possible general election.

Sir Peter Viggers: Malpractice has been the subject of a study and statistics are available. The amount of malpractice is in fact comparatively small, but it takes only a small amount of malpractice to create a great deal of suspicion and concern about the system generally. The United Kingdom is one of only two countries in the world to have a system of household registration, which, as the hon. Member for Slough (Fiona Mactaggart) pointed out, provides an opportunity for the head of the household or anyone who interferes with the post to carry out such fraud. The other country that has a system of household registration is Zimbabwe.

Mr. David Heath (Somerton and Frome) (LD): The hon. Gentleman knows that I agree with the Electoral Commission about the need for personal identification, but I think that the point made by the hon. Member for Slough (Fiona Mactaggart) about the integrity of the electoral register is extremely important. The issue is not just fraud, but one of attrition, as to whether the electoral registers are kept up to date when people die or move away, for example. What research has been done on that aspect, and what guidance can be given to electoral registration officers to ensure that they keep a fully up-to-date and accurate register, which is essential?

Sir Peter Viggers: Recent legislation has given the Electoral Commission power to issue more guidance to electoral registration officers, and the commission is taking that power. The commission feels strongly that the best way ahead is through individual registration, and its call has been backed by the Committee on Standards in Public Life, the Parliamentary Assembly of the Council of Europe and, most recently, the Slough electoral petition, in which Richard Mawrey, QC, called for immediate reform of the voter registration process to remove opportunities for electoral malpractice.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Historic Churches

4. **Miss Anne McIntosh** (Vale of York) (Con): What recent discussions the Church Commissioners have had with the Secretary of State for Culture, Media and Sport on funding for the preservation of historic churches. [254301]

The Second Church Estates Commissioner (Sir Stuart Bell): Church of England officials have been meeting officials from the Department for Culture, Media and Sport and other Government Departments. Those discussions seek, among other things, to identify national, regional and local sources of funds and ensure that the provision of community services in church buildings qualifies for these sources of funding on an equal basis as in respect of non-church buildings.

Miss McIntosh: I understand that the heritage grant is to be reduced this year, and that the funding of churches and church repairs is reaching crisis point. There has been a spate of thefts of lead from roofs, and churches must pay VAT on repairs. They have thousands of pounds' worth of commitments and very little by way of grant. What can the hon. Gentleman do, as a matter of urgency, to ensure that the largest possible heritage grant is available for the restoration of churches?

Sir Stuart Bell: I am grateful to the hon. Lady for raising a matter that is extremely important to the Church. We continue to monitor the heritage fund grant because we are constantly hearing that it may be reduced.

The hon. Lady is, of course, aware of our own efforts and campaigning to ensure that VAT on church repairs is effectively reduced to 5 per cent. She is right to say that we need to inject value into our church repairs. At least £925 million will be needed over the next five years to repair listed places of worship in England, most of which will be raised by congregations and local communities. The hon. Lady's efforts, and the efforts of the House, to maintain pressure on the Government are most welcome.

Water Charges

5. **Robert Key** (Salisbury) (Con): What estimate the Church Commissioners have made of the cost to English parishes of the new area charging regime introduced by water companies; and if he will make a statement. [254302]

Sir Stuart Bell: I estimate that the new charge—and, where applicable, highways drainage contributions—will cost Church of England churches and cathedrals about £15 million or more. Let me add by way of a statement that I consider the new charging regime to be unfair to the churches, small sports clubs and voluntary organisations that enrich our communities. Ministers are considering how to respond to these concerns, and we await their response with interest.

Robert Key: I think that the churches, charities and sports organisations await a ministerial announcement not just with interest but with anger. I wrote to the Minister responsible on 19 December, and his office has informed me today that I should receive a reply to my letter in the next few weeks. Would it not be better if the Second Church Estates Commissioner had a word with Ministers to ensure that they reach some conclusion about the need for new legislation—not just tinkering with guidance notes—before the Church of England debates the matter in our Synod next week?

Sir Stuart Bell: I am grateful to the hon. Gentleman for writing to the Minister personally.

A great deal of pressure has been exerted on the Government, not only by the Church but by the Scout Association, which has campaigned on the issue. Only yesterday a petition from former sports stars Brian *Moore and Mike Gatting* outlining the impact on sports clubs was received by the Under-Secretary of State for Environment, Food and Rural Affairs. The pressure is on the Government, and what we want is for the Government to respond. If I may use a biblical phrase, let me say: those who have ears, let them hear.

Sir Patrick Cormack (South Staffordshire) (Con): Is the hon. Gentleman aware that this matter arises from a rather misguided decision by Ofwat, with which I have been in correspondence for well over six months, and that, as is clear from that correspondence, the individual water companies still have a degree of latitude that would enable them to exempt churches?

Sir Stuart Bell: The hon. Gentleman is right, in that the matter lies with Ofwat; and therein, I suspect, lies the dilemma of Ministers. How do they intervene with Ofwat? How do they intervene on behalf of the Church or in relation to the Scouts Association? How do they intervene on behalf of all the small concerns that are the lifeblood of our country and act in their interests? That is a dilemma for the Government to which they should respond and on which they should reach a conclusion that is favourable to the Church's interest and also robust. We want no tinkering with the system and no filibustering here or there; we want a clear decision that is in the interests of the organisations to which I have referred.

Speaker's Statement

11.33 am

Mr. Speaker: On Monday of this week, the right hon. Member for Haltemprice and Howden (David Davis) raised the matter of a request by the Metropolitan police for access to e-mail correspondence between the right hon. Gentleman and the hon. Member for Ashford (Damian Green). I have caused the matter to be investigated. I can now inform the House that the request was made by the solicitors for the Metropolitan police service to the solicitors acting for the hon. Member for Ashford. The request concerned the methods to be used to establish the relevance to a criminal investigation of material which was already in the possession of the police. The request did not seek any further material from the hon. Member for Ashford, and no approach was made either by the Metropolitan police service or by its solicitors to the right hon. Member for Haltemprice and Howden.

Business of the House

11.35 am

Alan Duncan (Rutland and Melton) (Con): Will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week is as follows:

MONDAY 9 FEBRUARY—Motion to approve a Standards and Privileges Committee report on dual reporting and the revised guide to the rules followed by remaining stages of the Political Parties and Elections Bill (Day 1).

TUESDAY 10 FEBRUARY—Motion to approve a money resolution on the Banking Bill, followed by consideration of Lords amendments to the Banking Bill.

WEDNESDAY 11 FEBRUARY—Opposition day (5th Allotted Day). There will be a debate entitled "Government's failure to address the increase in housing waiting lists", followed by a debate on the future of Royal Mail. Both debates will arise on an Opposition motion followed by, if necessary, consideration of Lords amendments.

THURSDAY 12 FEBRUARY—Motions relating to the draft Social Security Benefits Up-rating Order 2009 and draft Guaranteed Minimum Pensions Increase Order 2009.

The provisional business for the week commencing 23 February will include:

MONDAY 23 FEBRUARY—Second Reading of the Apprenticeships, Skills, Children and Learning Bill.

TUESDAY 24 FEBRUARY—Opposition day (6th Allotted Day). There will be a debate on an Opposition motion. Subject to be announced.

WEDNESDAY 25 FEBRUARY—Remaining stages of the Saving Gateway Accounts Bill.

THURSDAY 26 FEBRUARY—General debate on Welsh Affairs.

FRIDAY 27 FEBRUARY—Private Members' Bills.

I would also like to inform the House that the business in Westminster Hall for 26 February and 5 March will be as follows:

THURSDAY 26 FEBRUARY—A debate on the report from the Work and Pensions Committee on valuing and supporting carers.

THURSDAY 5 MARCH—A debate on the report from the Joint Committee on Human Rights entitled, "A Life Like Any Other? Human Rights of Adults with Learning Disabilities".

Alan Duncan: I thank the right hon. and learned Lady for her statement, but may I, once again, ask for a debate on Equitable Life? Last week, the right hon. and learned Lady twice used the word "compensation" with reference to those who have lost out from the collapse of Equitable Life, but the word appears in neither the oral statement given to the House by the Chief Secretary to the Treasury on 15 January nor the Command Paper published immediately afterwards. Can the right hon. and learned Lady confirm that the Government will indeed be giving compensation, and not just means-tested payments? Is she aware of what the ombudsman—or, to use her favoured form of words, the ombudsperson—was complaining about last week when she said that the Government's response to her report had twisted her words and was spinning deceits?

[Alan Duncan]

Leaks to the press have suggested that the Prime Minister and the Chancellor are considering delaying the Budget announcement. Given the seriousness of our current economic plight, can the Leader of the House tell us when the Chancellor will deliver his Budget to the House? Some companies facing a slump in demand for their products have decided simply to shut down for a few months; have the Government decided to do the same?

Last week, the right hon. and learned Lady declined to answer a question from my right hon. Friend the Member for East Yorkshire (Mr. Knight) about her plans for the Modernisation Committee. That Committee has not met since July. May we have a statement on whether she plans to abolish it—as some of my hon. Friends would like—fold it into the Procedure Committee, or revive it?

May we also perhaps have a debate on moral authority, so that this House can help to establish a code of modern manners for privacy, humour and comment, which can be practised and agreed by everyone, in place of the current chaos, which provokes animosity and condemnation when it all could be so much better handled?

It seems that we have more inclement weather moving in. Perhaps the right hon. and learned Lady can dismiss the scurrilous rumours circulating this week that she spent most of Monday building a snowperson? We are now learning that some councils have been forced to scale back and even halt their gritting and salting programmes owing to national shortages, so may we have a debate on this country's lack of preparedness for snow and ice?

The report by the Select Committee on Business and Enterprise on the annual report of the Department criticised the lack of proper accountability caused by the large number of Ministers, including the Secretary of State Lord Mandelson, who are not in this House, but in another place. That report, which was published more than two months ago, called for urgent action by the Government to investigate possible solutions to this imbalance, but there has still been no formal response—when will there be such a response from the Government?

We are all in favour of Ministers flying the flag for Britain but, unlike Lord Mandelson, we like to do things the right way up. Given that flying the flag upside down is an internationally recognised sign of distress, was his appearance in front of such a symbol a mistake or a desperate cry for help? The truth is that the Prime Minister has moved from recession to depression, the country has run out of salt, the Government have run out of grit and now they are flying the flag of distress. How long will we have to wait before this Government follow the lead of Iceland and simply decide to pack up and go home?

Ms Harman: Well, I give the hon. Gentleman 10 out of 10 for frothy presentation and about zero for substance, but I shall try to glean some substantive points from his comments. On Equitable Life, whatever the terminology—[Hon. Members: "Oh."] Well, we are talking about the Government recognising that there had been not only terrible mismanagement by Equitable Life but regulatory failure, that an apology was due, and that there was a need for financial recompense—whatever the words one uses to describe it. I refer the hon. Gentleman to the statement made to this House by my right hon. Friend the Chief Secretary to the Treasury.

The hon. Gentleman asked when the Budget would be announced, so I shall tell him that it will be announced in the usual way. He implied that the Government were not taking action on the economy. I think he would recognise from all the statements made to this House and from all the Government's announcements that we have taken unprecedented action both to help people through the recession in this country and to work internationally to improve the global financial situation.

The hon. Gentleman also asked about the Modernisation Committee. I did not avoid the question put last week—I answered it. There are many programmes of modernisation working their way through the system for which we can thank the Modernisation Committee—for example, those on pre-legislative scrutiny, post-legislative scrutiny and having Bills in plain English. The Modernisation Committee's work runs alongside that of the Procedure Committee. Because of ministerial appointments, there have to be new Members on the Modernisation Committee. I am sure that the Committee of Selection will come forward with those appointments and the work on the modernisation of the House will continue.

On Monday, the business of the House carried on as usual, and I add my tribute to the one that you paid, Mr. Speaker, to the 800 members of staff of this House who came in to keep the House working as usual. I do not know what the hon. Gentleman was doing on Monday but, as far as I was concerned, as Leader of the House it was business as usual. He talked about snow, ice and grit. The Highways Agency is working with the Government, the Department for Transport and the Local Government Association to ensure that there is proper distribution of salt and that we can keep as many of the roads open as possible. He ended up with a general swipe at Ministers in the Lords, but I would like to pay tribute to the work of those people who step forward to be Ministers in the Lords; it is a question of serious people for serious times.

Mrs. Ann Cryer (Keighley) (Lab): Can time be found next week for an urgent debate on early-day motion 426, which I tabled?

[That this House notes the disproportionate impact on building societies of the Financial Services Compensation Scheme (FSCS) levy, resulting from the failure of Bradford and Bingley plc, the Icelandic banks and London Scottish Bank; recognises that building societies' share of the levy, approximately £200 million per annum in each of the next three years, is equivalent to about 15 per cent. of the sector's pre-tax profit for 2007-08 financial year ends; notes that building societies' share of the levy for years beyond 2011 is uncertain, but could well be higher than £200 million per annum; acknowledges that the impact on building societies contrasts starkly with the banking sector, where the FSCS levy is typically well below five per cent. of pre-tax profits over a similar accounting period; further notes that the current allocation of the FSCS levy works to the detriment of building societies' members, their savers and borrowers; acknowledges that no building society has ever made a call on the FSCS or its predecessor schemes; and calls on the Government to introduce a more equitable scheme for funding the insurance of deposits of failed banks.]

The motion now has 119 signatures, but not many from the Conservatives.

Ms Harman: I know that my hon. Friend has raised this issue personally with the Prime Minister. To take the matter forward, she may wish to consider whether it is a suitable subject for a Westminster Hall debate.

Mr. David Heath (Somerton and Frome) (LD): On the grounds that we should sometimes talk about what the rest of the country is talking about, there is a case for the topical debate next week to be on planning for adverse weather conditions.

I welcome the statement from the Foreign Secretary on the case of Binyam Mohamed that will follow business questions. I suggest, however, that we may need a statement from the Prime Minister, because the ruling from the court case makes it clear that the Intelligence and Security Committee, which is under the Prime Minister's tutelage, was asked to look at this matter, but 42 relevant documents were not given to it. This is a matter of the greatest gravity on the issue of the rule of law, and the Prime Minister needs to tell the House exactly what has happened.

May we have two statements on Iceland? We need one on the position of the Government and the regulatory authorities in relation to Kaupthing Singer & Friedlander in the Isle of Man and Guernsey, so that we can be sure that the Government have acted appropriately to protect the interests of United Kingdom depositors in that bank? The second should be on the apparent liquidation of Baugur and the impact that that will have on a huge number of retail jobs in this country.

In Prime Minister's questions, my hon. Friend the Member for St. Ives (Andrew George) asked about the Competition Commission's proposals to protect primary suppliers from the oligopolistic attitudes of the major retailing supermarkets. The Prime Minister said that my hon. Friend was "absolutely right". When will legislation be introduced to set up a statutory ombudsman for the supply chain, as recommended by the commission?

Last week, I drew attention to the credibility gap between what the Prime Minister says will happen and what actually happens. He said that the Government would accelerate capital programmes to deal with the recession; certainly in the case of colleges, they have stopped. He said that he would require energy companies to bring down prices; they have not. He said that he would require banks to increase lending and stop paying bonuses; they carry on regardless. He said that there would be a mortgage deferral scheme; two months later, it is not there. He announced an increase in house building, but last year only half as many houses were built as in the year before. May we have a debate on why it appears that nobody takes a blind bit of notice of what the Prime Minister actually says?

Ms Harman: The hon. Gentleman's first point will be the subject of a statement by the Foreign Secretary immediately after business questions, so perhaps he could address that question to him. If the hon. Gentleman wants to ask the Prime Minister, Prime Minister's questions will of course take place next Wednesday.

The hon. Gentleman raised the serious issue of the Icelandic banks. A great deal of information has been given to the House by Treasury Ministers, both by way of written ministerial statements and oral statements, and Treasury questions will take place next week. The hon. Gentleman mentioned the problems with Baugur, which highlight the importance of the tax stimulus that we have put into the economy, both by bringing forward cash for pensioners, child tax credit and tax rebates, and through the VAT cut, which will add to the benefits felt from the interest rate cuts. We have to recognise that retail is very much affected and should be the beneficiary of the tax stimulus that is being put into the economy.

The hon. Gentleman also asked about the Competition Commission. My right hon. Friend the Prime Minister answered the question yesterday and I do not think there is anything more I can add today. Obviously, the hon. Gentleman showed that he is fully in support of the point that lies behind the question asked by the hon. Member for St. Ives (Andrew George).

The hon. Member for Somerton and Frome (Mr. Heath) then made a range of accusations about things that have not worked. Actions have been taken and they are all working their way through the system: pressure has rightly been applied to bring down energy prices; interest rates have fallen; and the announcements for mortgage deferrals need to make their way through the system. He will recognise that against the background of a rapid deterioration in the global economic situation, we are taking all the actions that we can, not only internationally but nationally, to protect people. Yes, some of the measures take time to get through the system, but they are the right measures and we stand ready to introduce more. We will listen to any sensible suggestions from his party if such suggestions are made.

Dr. Stephen Ladyman (South Thanet) (Lab): My right hon. and learned Friend will be aware that when the economy was growing rapidly, we legislated to expose empty commercial properties to business rates. When the economy slowed down, we exempted properties with a rateable value of up to £15,000. Is she aware that the South East England Development Agency and my local council have got together to build much-needed industrial premises in my constituency that will help us to attract jobs when the economy starts to grow but, in the meantime, will shortly be a business rate liability on the taxpayer? Will she raise that issue with the Chancellor and will she arrange for us to have an opportunity to debate it in the near future, and certainly before the Budget?

Ms Harman: My hon. Friend is right to remind us that that measure was brought in to deter people from leaving property empty. I know that the subject has been raised by many hon. Members. Treasury questions will take place next week, so perhaps he can ask a Treasury Minister about it then.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): It was confirmed in a recent written answer by the Minister responsible for prisons that Whitemoor prison in my constituency has seen its proportion of Muslim prisoners increase by 14 percentage points, that is, from 20 to 34 per cent., in the last year for which figures are available. That is by far the largest proportion of Muslim prisoners in a high-security prison in the country and represents a disproportionate and unreasonable burden on the prison officer staff at Whitemoor. May we have a debate at the earliest opportunity on the dispersal policy for Muslim prisoners in the high-security estate?

Ms Harman: I will pass those comments on to my right hon. Friend the Secretary of State for Justice.

Anne Snelgrove (South Swindon) (Lab): Is my right hon. and learned Friend aware of the scandalous gender pay gap of 40 per cent. in the banking sector? Will she urge her ministerial colleagues to take action to rectify that situation, particularly as far as bonuses are concerned? They hardly ever fall to women and are awarded entirely subjectively. Frankly, it is unacceptable for that industry to carry on in the way that it has been doing.

Mr. Speaker: Order. The hon. Lady must request a debate. That would help.

Ms Harman: This issue could also be raised in Treasury questions. My hon. Friend is absolutely right to point out that there is a great deal of concern about remuneration policies in the financial services industry. There has been concern about remuneration policies in relation to bonuses, which have appeared to reward failure and have involved huge figures. She also mentioned an unfairness: despite the fact that most of those who work in the financial services sector are women, it has the biggest gender pay gap of all sectors at 40 per cent. That is why I have asked the Equality and Human Rights Commission to carry out an investigation into pay discrimination in the financial services sector, which needs a root-and-branch overhaul in respect of remuneration.

Mr. Paul Goodman (Wycombe) (Con): The Environment Agency recently scrapped an anti-flooding programme in Marlow, in my constituency, after design errors by Halcrow, the consultants, were discovered. That came at a cost of about £1 million—and rising—to the taxpayer. May we have a debate in the reasonably near future on the use of consultants by Government agencies?

Ms Harman: I shall draw the question to the attention of my right hon. Friends in the Department for Environment, Food and Rural Affairs, and I suggest that the hon. Gentleman seek the opportunity for a Westminster Hall debate on the subject.

Dr. Brian Iddon (Bolton, South-East) (Lab): In March, there will be a United Nation General Assembly special session on drugs in Vienna. That follows a similar UNGASS in Vienna last year, at which it was decided to consider reforming the three UN conventions that control the world's drug policy as well as the 1998 UN declaration on countering the world drug problem. There was a debate on the subject in the other place on 22 January. Do the Government intend to have a debate in this House to inform our delegate, the Under-Secretary of State for the Home Department, my hon. Friend the Member for Tynemouth (Mr. Campbell), on this extremely important matter?

Ms Harman: My hon. Friend is right to say that this matter is extremely important. The UN has a major role to play in drawing countries together internationally in the fight against drugs. I understand that a very high percentage of the world's heroin comes from Afghanistan, so that might well be a subject that he could raise, if he can catch Mr. Speaker's eye, as part of this afternoon's debate.

Pete Wishart (Perth and North Perthshire) (SNP): Following the support of the both the Conservative and Labour parties for yesterday's Scottish National party budget to invest in jobs and freeze council tax, may we have a proper debate about how this House funds Scotland? Yesterday, we also learned that this crowd are prepared to slash—

Mr. Speaker: Order. We must use temperate language. Her Majesty's Opposition are not a crowd; they are hon. Members.

Pete Wishart: Her Majesty's loyal Opposition wants to slash Scottish expenditure by altering the way in which Scotland is funded. Meanwhile, the Government want to be more direct and slash £2 billion from the Scottish budget. May we have a proper debate to consider all the options, including full fiscal autonomy so that Scotland pays and raises its taxes and spends them in the way that it sees fit?

Ms Harman: I suggest that the hon. Gentleman take the opportunity to raise that point in Treasury questions. It is difficult to think of a collective noun that could be used for the Opposition if they were not Her Majesty's Opposition. Today, the collective noun would certainly be "chaps".

Hugh Bayley (City of York) (Lab): The falling value of the pound against other currencies creates important opportunities for export industries and inbound tourism. In fact, it would be accurate for advertisements to be placed in the eurozone or United States saying, "Come to Britain for your holiday—30 per cent. off last year's price." May we have a debate to discuss what the Government could do to exploit the exchange rate to help tourism businesses and export industries in the UK?

Ms Harman: That is something that the Prime Minister answered yesterday. It is very much the preoccupation of the Department for Culture, Media and Sport. Tourism is very important in the City of York, which my hon. Friend represents, as well as in our coastal towns. I suggest that he could look for an opportunity for a Westminster Hall debate on the subject.

Mr. Andrew Mackay (Bracknell) (Con): May we have an early debate on the regulation of wheel clampers, particularly bearing in mind the case of my constituent, Tara Dougall, a health care professional whose car was clamped in deep snow this week? The cost of getting it back was £345, paid to a company called Park Direct.

Ms Harman: I shall bring the matter to the attention of my right hon. Friend the Secretary of State for Transport, and I suggest that the right hon. Gentleman writes to him about it. There are too many concerns and justified complaints about cowboy clampers, and perhaps we should be looking for someone to make an example of. The right hon. Gentleman may just have put his finger on a candidate.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): On the front of yesterday's *Evening Standard* was a picture of uncollected rubbish lying in the snow in Hammersmith. Many of my constituents have had no bus service or refuse collection this week, nor have they been able to walk on their pavements or drive on their streets, all because the incompetent Tory local council was not able to carry out its basic function of planning for, or reacting to, adverse weather. May we have a debate in Government time to explore how the Government can persuade local councils to carry out those basic functions?

Ms Harman: I know that there is a great deal of concern about whether all the London boroughs stepped up to the mark to help people to get to work, and about all the problems caused for Transport for London by the fact that traffic could not run along the roads, which had a knock-on effect on bus services. The London boroughs, and London's Mayor as well, should take full responsibility for that.

Sir George Young (North-West Hampshire) (Con): In response to the question asked by my hon. Friend the Member for Rutland and Melton (Alan Duncan), the Leader of the House said that she was sure that the Committee of Selection would shortly come up with some new names. Is she aware that responsibility for nominations to the Modernisation Committee rests not with the Committee of Selection, but with her?

However, may I ask why there is no topical debate next Thursday, or the next sitting Thursday after that? How can the right hon. and learned Lady be so confident that nothing will happen in the next three weeks that merits a topical debate?

Ms Harman: On the Thursday before the recess, we are debating social security orders, and on the Thursday following the recess, we are having a Welsh affairs debate. Usually, so many hon. Members from Wales want to speak in that debate that it is better not to carve out an hour and a half for a topical debate. However, if there is a pressing need for a topical debate next Thursday, in addition to the Government business of the social security upratings, I will consider arranging one, as I am aware that there will be a number of weeks without a topical debate. If we want to hold a topical debate on that Thursday, I can always come to the House and rearrange the business. The business that we intend to cover is as I have announced it, but I shall keep an eye on the matter.

David Taylor (North-West Leicestershire) (Lab/Co-op): There used to be a publishing imprint called "Condensed Classics", which provided compact versions of our nation's greatest literature. My early-day motion 665 attempts to do the same thing in relation to the series of articles this week in *The Guardian* exposing the tax-avoidance industry.

[That this House applauds the Guardian's serialised coverage of the tax avoidance industry and its cost to the public; observes that due to the complex and secretive nature of tax avoidance there is no accurate figure for the amount of tax that big business avoids paying in the UK every year; notes that the Trades Union Congress (TUC) estimates this annual hole in the public accounts to be £12 billion whilst the Public Accounts Committee puts the figure at £8.5 billion; further notes with concern the National Audit Office's finding that in 2006 more than 60 per cent. of Britain's 700 biggest companies paid less than £10 million corporation tax and 30 per cent. paid nothing; regards companies in the FTSE 100 and others indulging in this highly addictive practice as guilty of corporate malfeasance; seriously regrets that families and small to medium-sized businesses continue to plug this gap through disproportionately higher taxes; regrets the Government and HM Revenue and Customs' decision to close local tax offices at a time when the tax system is under sustained attack from the major accountancy firms on behalf of their corporate clients during a recession; believes that those accountancy firms offering tax avoidance products and advice should be excluded from tendering for public sector contracts until they stop serving this highly destructive and socially irresponsible corporate habit; and calls on the Government to respond formally to the Guardian's findings as part of a wholesale review of the corporate tax system.]

This will be of use to fellow parliamentarians, who are beset by many items of work at all times. Can we have a statement on the topic from my right hon. Friend the Financial Secretary to Treasury, or better still a debate in Government time? The annual hole in the public accounts, which has to be filled by tax paid by families and small and medium-sized enterprises, is at least £12 billion; that equates to about 4p on the standard rate of income tax. It is a scandal and a disgrace, and we really ought to be doing more to combat it.

Ms Harman: We all strongly believe that everyone should pay their fair share of taxes. It is objectionable for anyone to try to avoid paying tax, and is even more so when times are hard. People who are better off ought to step forward and take up their responsibilities for paying tax, not try to shirk them. Making sure that loopholes are plugged as soon as they are opened is a constant source of work in the Treasury. We have Treasury questions next week, when I suggest my hon. Friend raises with Treasury Ministers any further suggestions that he has for plugging tax loopholes.

Mr. Paul Burstow (Sutton and Cheam) (LD): In a week when much of the country has been paralysed by snow, my constituents in Sutton and Cheam and Worcester Park want to know why all the stations providing rail services into London were still closed on Tuesday. They also want to know why the railway industry seemed so singularly unprepared to cope with the adverse weather, despite the advance warnings that were given. Can we have a debate in Government time as soon as possible, so that we can explore contingency and resilience planning by Network Rail, Government Departments and local authorities?

Ms Harman: I am sure that all the organisations concerned will be seeking to learn lessons from their response to what everyone recognises was unprecedented weather. Perhaps I shall ask my right hon. Friend the Secretary of State for Transport to issue a written ministerial statement about the lessons that will be learned and how these issues will be taken forward.

Mary Creagh (Wakefield) (Lab): Can we have a debate—perhaps a topical debate—on the weather? I pay tribute to my own council in Wakefield, which gritted 1,400 km of snow-covered roads, but it is clear from the experiences of other hon. Members that that was not the case across the country. We have civil contingency plans for terror attacks and floods, but when we get three inches of snow, the buses stop working, the teachers stay at home, and Parliament goes home early. Many people do not get paid if they do not go to work. We need to debate all these issues and make sure that in the 21st century, the world's seventh-largest economy can deal with three inches of snow.

Ms Harman: Obviously, I join my hon. Friend in congratulating Wakefield council on its response to the extreme weather. Lessons need to be learned, and no doubt they will be, but we must also recognise that many people made great efforts to get into work, despite the emergency weather conditions. Hospitals were running and the House of Commons had business as usual, although the Liberal Democrats were kind enough to foreshorten their debate and bring it to a close half an hour early—

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): An hour early.

Ms Harman: They closed the debate an hour early, which allowed those who had come in to keep the House open to get home on time.

Sir Nicholas Winterton (Macclesfield) (Con): During questions to the hon. Member representing the Church Commissioners, my hon. Friend the Member for Salisbury (Robert Key) raised the unfair and ridiculous charge for the disposal of surface water that is being levied by water authorities. In the north-west, United Utilities has temporarily lifted that charge from small sporting clubs and places of worship and from the premises used by organisations such as the scouts and guides. Bearing that in mind, will the relevant Minister come forward at an early date to make it clear that the Government will cancel that fee and charge, with immediate effect?

Ms Harman: I shall refer the relevant Ministers to the points raised by the hon. Gentleman and in earlier questions.

Richard Younger-Ross (Teignbridge) (LD): On Monday, the Mayor of London said that the problem was not the wrong sort of snow but that there was just too much of it. Does the Leader of the House accept that glib excuse for the chaos in the capital city that followed? Will she listen to the points made by my hon. Friends the Members for Somerton and Frome (Mr. Heath) and for Sutton and Cheam (Mr. Burstow), and by the hon. Members for Wakefield (Mary Creagh) and for Ealing, Acton and Shepherd's Bush (Mr. Slaughter), and enable us to have an early debate on the chaos that followed when we had a little bit of snow?

Ms Harman: What people in London wanted was a gritting lorry rather than a soundbite. I can only repeat that we must learn the lessons from what happened. We will have to review what happened as a result of what were unprecedented weather conditions.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): The past few days have shown that upland hill farmers have had a pretty tough time, especially in the midlands and through Somerset and Exmoor, which I represent. Can we have a debate in Government time on the desperate situation of upland hill farmers, which has worsened over successive years? If we want to keep the United Kingdom's upland landscape beautiful, please may we discuss how those farmers can be helped by the Government?

Ms Harman: I think that that would be a good topic for a Westminster Hall debate, and I shall bring it to the attention of my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs.

Mr. Roger Gale (North Thanet) (Con): In light of the right hon. and learned Lady's earlier remarks, may I place on record my self-sacrificial willingness to step forward and serve as a Minister in the Lords, if the appropriate arrangements can be made—but under the next Government, not this one?

Mr. Speaker, you were in the Chair on Monday when my right hon. Friend the Member for West Dorset (Mr. Letwin) and I put questions to successive Ministers from the Department for Work and Pensions. There were two Ministers, and two completely contradictory answers were given. Some 1,700 ex-pat UK citizens, all of them by implication disabled, are waiting for payment of disability and related benefits. The matter is to be determined by the European Court of Justice, and the Government have been sitting on the problem for months. Given the confusion caused on Monday, will the Leader of the House ask the Secretary of State for Work and Pensions to come to the Dispatch Box to make a statement, so that we know what the position actually is?

Ms Harman: I shall ask the Secretary of State for Work and Pensions to write to the hon. Gentleman to clarify the situation following oral questions on Monday.

Bob Russell (Colchester) (LD): Two months ago, in a written statement, the Secretary of State for International Development said that there would be a pause in the negotiations for an airport on the island of St. Helena, which the Government had long promised and for which the contract was about to be awarded. Two months is more than a pause. Will the Leader of the House arrange for the Secretary of State to come to the House and hold a debate on why there has been such a long delay to the promised airport on St. Helena?

Ms Harman: The Secretary of State will come to the House next Wednesday. I suggest that the hon. Gentleman seeks an opportunity to ask him about the issue then.

Sir Patrick Cormack (South Staffordshire) (Con): In a week when a devoted community nurse was suspended from her duties for wanting to pray for one of her patients and then the BBC, which is even more misguided than that nurse's health authority, dismissed an eminent broadcaster for a remark made in the green room, while retaining the odious Jonathan Ross on £6 million a year, is it not time that we had a debate on the utter absurdities of political correctness?

Ms Harman: On the question of the nurse, whose case was reported in the newspapers, the matter is, I presume, a disciplinary issue for her employers. On the BBC, whether or not material is offensive is a question for trustees of the BBC.

Andrew Rosindell (Romford) (Con): Further to the comments of my hon. Friend the Member for Rutland and Melton (Alan Duncan), will the Leader of the House invite the Flag Institute to go to No. 10 Downing street to provide a training module for the Prime Minister, the noble Lord Mandelson and Downing street officials, to ensure that the embarrassing incident in which the flag of our country was displayed upside down in front of the Chinese Prime Minister never occurs again? Also, will she enable a debate to be held so that we in this country can consider introducing a flag Act similar

to that in Australia, so that such a thing is not allowed to happen again and so that the procedure and protocol can be clearly laid down?

Ms Harman: Consideration has been given to the question of flags in the debate on the constitutional renewal Bill. As and when any such Bill is introduced, no doubt the hon. Gentleman and colleagues who agree with him can table amendments.

Dr. Julian Lewis (New Forest, East) (Con): May we have a statement or a debate—or even, if we cannot have those, an expression of opinion from the Leader of the House—on the improper use of written statements as a substitute for ministerial statements made on the Floor of the House? I have in mind the written statement made on the postponement of the building programme for the two aircraft carriers. I know that the right hon. and learned Lady did her best to promise us that we could raise the issue in the armed forces debate held a week ago, but in the end, Mr. Speaker quite understandably decided that we could not. Will she at least try to send a signal to Ministers that, in future, when there is an important matter to be announced to the House, we should be able to question them, rather than the announcement being sneaked out as a written statement?

Ms Harman: I do not think that there is any intention to sneak out information by way of written statements. If information is put in a written statement, it is laid before the House, so it is not sneaked out at all; it is put in the public domain. Ministers and I, as Leader of the House, have to share the decision on whether time is needed for the Second Reading of an important Bill, the remaining stages of a controversial Bill, or Opposition day debates. There has been an unprecedented number of statements, not least because of statements from the Department for Business, Enterprise and Regulatory Reform and the Treasury on the economic situation, as well as a number of statements from the Home Office. We have to be careful to ensure that the main business of the House is not too squeezed by statements.

It is a question of striking a balance. I know that the hon. Gentleman takes such matters seriously, so I will be prompted by his question to review the balance between written and oral statements, and the balance between oral statements and the rest of the business of the House, to make sure that we get both right. I absolutely assure him that we are proud of our procurement from the important industries that provide for our armed services. There is no way that we would want to sweep that under the carpet.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The Leader of the House will be aware that I raised a point of order last night about the dwindling supplies of salt and grit in the country. Gloucestershire is in a particularly difficult situation: it has a 72-hour contract with Salt Union, but has been told that it may not get another supply next Tuesday, so it is severely rationing the number of roads that it can salt, which has implications for road safety. Will the Leader of the House guarantee to bring that to the attention of the Secretary of State at the Department of Communities and Local Government today? If conditions deteriorate over the weekend, will she ask the Secretary of State to come and make a statement to the House? Clearly, we cannot have a situation in which the country is running out of salt.

Ms Harman: As the hon. Gentleman knows, unprecedented demands have been made on the stocks of salt, and difficult decisions about priorities have to be made. I think that it is a matter of the Department for Transport working with the Department for Communities and Local Government, agencies such as the Highways Agency and local government bodies to make sure that we can replenish stocks and ensure that salt supplies are where they are needed.

Dr. Andrew Murrison (Westbury) (Con): Will the Leader of the House clarify the statement that she made in December and again on 13 January that when a debate is on armed forces personnel, the title should be interpreted broadly? She will understand that one can no more debate soldiers, sailors and airmen without debating the kit that they use than one can debate teachers or nurses without debating schools or hospitals. Will she confirm that in future, in debates on armed forces personnel, we can debate the equipment that they use and on which they rely?

Ms Harman: Traditionally, the House has debated armed services personnel separately from armed forces procurement; that has been the custom and practice. As for the scope or remit of any particular debate, that is obviously a matter for the Speaker. If the Defence Committee makes proposals on the subject, or if colleagues in the House want to make suggestions for change, that can be considered.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Mr. Speaker, like you, I hope, on Monday, when Britain came to a halt, I decided to run to work. [HON. MEMBERS: "From Bournemouth?"] Absolutely. When I arrived, I found that it was not business as usual, as the Leader of the House claims. The car park was shut. When I asked the policeman why it was shut, he said that the 15-metre ramp leading down to it was covered with snow. When I asked why the snow had not been removed, he said that there was no contract for it. When I asked him to join me in removing the snow, he said, "No, it's against health and safety." Setting aside the issues of community that that raises, may I endorse the calls for a debate on how Britain copes with snow, starting with how we deal with it here in the Palace of Westminster?

Ms Harman: I drove in on Monday, and I drove straight into the car park—*[Interruption]*—so I do not know what the hon. Gentleman is talking about. I do not know what his hon. Friends are talking about, either—no change there.

Jeremy Wright (Rugby and Kenilworth) (Con): Now that we have a national dementia strategy for England, the long-awaited arrival of which was announced to the world by the Secretary of State for Health on the "Andrew Marr Show", and to the House by written, not oral, statement on Tuesday, may we please have a debate on it in Government time, so that the people who are affected can hear the House discuss what is not in the strategy and how what is in it can be implemented and paid for?

Ms Harman: I shall take that as a suggestion for a future topical debate. I hope that all hon. Members welcome the national dementia strategy and the further

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announcement that was made. Of course, we will need to make progress on the issue; not everything was announced in one go. Rather than decrying what is not in the strategy, I ask the hon. Gentleman to welcome the important advances made by the national health service as part of the national dementia strategy.

Mr. Mark Harper (Forest of Dean) (Con): May I reiterate the calls for a statement to be made by a Minister about the country's salt stocks? The Leader of the House will be aware that yesterday the Minister for Local Government responded to the points of order raised by my hon. Friend the Member for Cotswold (Mr. Clifton-Brown) and myself. He said at column 938 that the Highways Agency had sufficient stocks available to make

"at least a day's worth available to local... authorities"—[*Official Report*, 4 February 2009; Vol. 487, c. 938.]

That is not the case in the Highways Agency south-west region. There are not sufficient stocks. Gloucestershire has been put in a very difficult position, which will impact on businesses and families across the area. Ministers should come to the House to say what the national position is. They do not have a clear understanding of it and we need to be able to question them appropriately.

Ms Harman: We have a very important statement, followed by a debate on Sri Lanka and another on Afghanistan and Pakistan, so it would not be right to have an oral statement today, but I will ask my right hon. Friend the Secretary of State for Transport to consider a written statement and hon. Members can pursue issues afterwards.

Mr. Julian Brazier (Canterbury) (Con): May I ask for another debate on port rating? A fortnight ago the Minister for Local Government told the House that most of the money had gone to port owners, but at Question Time last week, the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), assured us in the strongest possible language that that was not the case. The day afterwards, in an Adjournment debate on port rating, the Minister for Local Government, despite hearing that read to him twice from *Hansard*, repeated his assertion. Meanwhile, businesses are going bust on the Mersey, on the Humber and in other parts of the country. May we have a debate to sort this out?

Ms Harman: By his question, the hon. Gentleman has shown that the issue, which I know is of concern around the House, has been raised on numerous occasions, and there will be another opportunity to raise it in Treasury questions next week.

Mr. Graham Stuart (Beverley and Holderness) (Con): Following the mention by the spokesman for the Liberal Democrats, the hon. Member for Somerton and Frome (Mr. Heath), may we have an urgent debate on the freeze in funding of further education colleges and their plans? For example, the regeneration of Beverley depends very much on the East Riding college move to Flemingate, and I know that Hull college, which serves my constituency and areas of Hull, also has plans and has spent a lot of money on the basis of Government promises. May we have a debate to ensure that the promises made to FE colleges will be honoured by the Government?

Ms Harman: We have put unprecedented investment into further and higher education, and we intend to continue to do that, particularly on the capital side. We intend to bring forward the investment programme and we are working with colleges and the relevant agencies to do exactly that.

John Bercow (Buckingham) (Con): May we please have a debate in Government time on the Floor of the House on the plight of the thalidomide victims? Given that there are 457 remaining victims in the United Kingdom, that in many cases their health is progressively deteriorating, and that the cost of domestic adaptations to enable them to perform—sometimes simply basic tasks, let alone to live rewarding lives and to fulfil themselves, is so extortionately high, is it not time that the House considered whether we favour a publicly funded compensation scheme, analogous to those in Canada, Germany, Ireland and Sweden?

Ms Harman: The hon. Gentleman raises an important topic. Everybody remembers the shameful situation of the drug companies trying to evade their responsibilities to those who had suffered because of the drug thalidomide. As a first step, I suggest the hon. Gentleman raises the issue in Health questions next week.

Mr. Philip Hollobone (Kettering) (Con): With my constituency under 6 inches of early morning snow, making minor roads impassable, my constituents understand why all the local schools are closed today. However, they do not understand why half the local schools were closed on Tuesday, when the roads were icy but passable. Will the Leader of the House make sure that there is a topical debate next Thursday and that the debate is on Britain's reaction to adverse weather conditions?

Ms Harman: In the first instance, the hon. Gentleman should raise the matter with his local council. If he is unhappy with the response, perhaps he can take it up with the Department for Transport.

Binyam Mohamed

12.24 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): With your permission, Mr. Speaker, I would like to make a statement to the House on the case of Mr. Binyam Mohamed, following the judgment handed down yesterday in the High Court.

The fundamentals of the case are as follows. Mr. Binyam Mohamed, an Ethiopian national formerly resident in the UK, was arrested in Pakistan in 2002. In 2004 he was transferred to Guantanamo Bay. Until August 2007, the Government had taken responsibility for the release and return of British nationals from Guantanamo Bay. In August 2007, my right hon. Friend the Home Secretary and I wrote to then US Secretary of State to seek Mr. Mohamed's release from Guantanamo Bay and his return to the United Kingdom, along with four other former UK residents. Over the past 18 months, we have mounted what the Court has called a strenuous effort to achieve that objective. We have throughout kept Mr. Mohamed's family and lawyers informed of his situation and our efforts to resolve it.

The United States brought terrorist charges against Mr. Mohamed in May last year before a military commission. Mr. Mohamed subsequently brought proceedings against the British Government in an effort to secure the disclosure to his legal counsel of any material held by the British Government that might assist the defence of his case before the military commission. Having looked through all the material that we held across government, we provided through the appropriate legal and statutory mechanisms a great deal of both classified and unclassified UK information.

Among the information we held, however, we identified some highly classified US intelligence material. We took the view that the material was potentially exculpatory and ought to be disclosed to Mr. Mohamed's legal counsel. As this was sensitive US Government material, we informed the relevant US authorities of our view; we also informed Mr. Mohamed's counsel. We have worked since then to ensure that all the material was, indeed, made available to Mr. Mohamed's legal counsel by the US Government through their own procedures.

Across the four judgments handed down by the High Court since last August, the Court has explicitly recognised the efforts of the Government both to secure Mr. Mohamed's release and return, and to ensure that the material that we considered ought to be disclosed to him was, indeed, disclosed. The latter objective was achieved some time ago, when the US Department of Justice disclosed the material to Mr. Mohamed's counsel in the course of proceedings in the US federal courts.

At the heart of Mr. Mohamed's case have been allegations that he was tortured by foreign Government officials in a number of locations. It is the long-standing policy of this Government that we never condone, authorise or co-operate in torture. I repeat that commitment today. We also take very seriously all allegations of torture and investigate them fully. Allegations have been made in the course of these legal proceedings that the UK is in some way complicit in the alleged mistreatment of Mr. Mohamed.

Following the Court's judgment of 22 October, on 23 October last year my right hon. Friend the Home Secretary referred the question of possible criminal wrongdoing to the Attorney-General. That question is now being considered by the Attorney-General. That is, as the Court acknowledged yesterday, the proper democratic and legal process.

Yesterday's judgment was not about that, however. It was about whether an English court should, in the interests of public debate and understanding, order the disclosure to the general public of sensitive foreign intelligence shared with our own intelligence agencies on the strict understanding that it would not be released. As anyone who has read the judgments will appreciate, in circumstances in which Mr. Mohamed's access to the information relevant to his defence had been secured, the sole question for my consideration concerned the publication of classified material received from a foreign intelligence service — in this case, the US.

The question at issue was whether intelligence provided on a confidential basis by one state to another, in absolute trust that it will be kept secure, may be disclosed to the public by order of a foreign court, or whether instead, the breach of trust would be so grave as to endanger intelligence-sharing relationships and therefore affect national security. In this case it was US intelligence and an English court, but it could just as easily be British intelligence in a foreign court.

I had before me the clear and unanimous advice of all key UK Departments and agencies. As the Court observed yesterday,

> "Intelligence is shared on the basis of a reciprocal understanding that the confidence in and control over it will always be retained by the State that provides it. It is a fundamental part of that trust and confidentiality which lies at the heart of the relationship with foreign intelligence agencies".

Our intelligence relationship with the United States is vital to the national security of the United Kingdom. It is essential that the ability of the United States to communicate such material in confidence to the UK is protected. Without such confidence the US will simply not share that material with us.

The same applies to our intelligence relationships with all those who share intelligence information with us. And what applies to them also applies to us. We share intelligence with a large number of countries. We do so to protect British citizens, and we do so on the basis that the material will not be put into the public domain against our wishes. To state the obvious, were our own classified information to be disclosed in such a way, it could compromise our work, our sources and therefore our security. It therefore was and remains my judgment that the disclosure of the intelligence documents at issue, by order of our courts and against the wishes of the US authorities, would indeed cause real and significant damage to the national security and international relations of this country.

For the record, the United States authorities did not threaten to "break off" intelligence co-operation with the UK. What the United States said — and it appears in the open, public documents of this case — is that disclosure of the documents by order of our courts would be

> "likely to result in serious damage to US national security and could harm existing intelligence information-sharing ... between our two governments".

That is a simple affirmation of the facts of intelligence co-operation and it is worth noting that last night, in response to the High Court judgment, the US National

[David Miliband]

Security Council reaffirmed the long-standing US position concerning the importance of protecting sensitive national security information and preserving the long-standing intelligence-sharing relationship between our two countries.

The Court has concluded that there is no prejudice—I repeat, no prejudice—to Mr. Mohamed's case as a result of yesterday's judgment. The information in question is available to his US legal counsel. As the Court said,

"upholding the rule of law…is most unlikely to depend on making the information public".

The issue at stake is not the content of the intelligence material, but the principle at the heart of all intelligence relationships: that a country should retain control of its intelligence information, and that that cannot be disclosed by foreign authorities without its consent. That is a principle that we neglect at our peril.

Mr. William Hague (Richmond, Yorks) (Con): Let us be clear at the outset that we are united across the House on so many of the issues that this case illuminates. We all believe that it is right that the Guantanamo Bay detention centre should be closed and that torture is unacceptable under any circumstances. Many of us have criticised the use of extraordinary rendition and the possibility that it can sometimes lead to torture in a third country. The case of Binyam Mohamed illustrates why we have all had those concerns. He has been detained for nearly eight years and has not yet been brought to trial, although he is accused of terrorist offences.

As the Foreign Secretary said, the Government have sought the return of Binyam Mohamed to Britain since August 2007, but the US authorities have declined to release him. May I ask the Foreign Secretary whether he raised the issue of Mr. Mohamed's return during his visit to the United States on Tuesday? Have the new Administration indicated whether they will now accede to that request? What assessment has been made of any threat that that would present to the public in this country?

The High Court ruled that Mr. Mohamed

"had an arguable case that he had been subject to torture and cruel, inhuman and degrading treatment"

and that the British security services had facilitated interviews of Mr. Mohamed "in the knowledge" of what had been reported to them about his treatment.

In a letter to my hon. Friend the Member for Aylesbury (Mr. Lidington), dated 29 September last year, the then Minister of State, the hon. Member for Pontypridd (Dr. Howells), said that the Government had raised the allegations of torture with the US and "asked them to investigate". Has the Foreign Secretary received any response from the United States authorities about the outcome of those investigations? In the same letter, the then Minister stated that the Government

"rejects any allegation that UK Security and Intelligence officials have been complicit in torture".

Can the Foreign Secretary give the same assurance to the House today—that it is still his and the Government's firm view that there has been no complicity by UK security and intelligence officials in torture?

According to the High Court ruling of August last year, the Government were made aware in 2002 by a UK security official present at the interview of detainees held by the US, including Mr. Mohamed, that detainees

"may not have been treated in accordance with the appropriate standards".

The ruling contains an extract from a letter sent to that official by his superiors, saying that as the detainees in question

"were not within our custody or control, the law does not require you to intervene to prevent this".

That may be the case in legal terms, but in moral terms the Government were surely obliged to make the strongest representations to the United States Government against that form of treatment. Were such representations made?

My remaining questions concern the immensely important issue, which the Foreign Secretary has described, of intelligence co-operation between the US and the UK. Will the Foreign Secretary confirm—in a way, he has confirmed it in his statement—that that relationship is unique in the world and of immense value not only to the UK but to the United States? Will he confirm that the disruption of that relationship would have serious consequences for the US as well as for this country?

Lord Justice Thomas expressed dismay at the

"threat of the gravity of the kind made by the United States Government that it would reconsider its intelligence sharing relationship"

with the UK. The Foreign Secretary has reiterated that no threat of that kind was made. Is he suggesting that the Court of Appeal has misrepresented the United States position? Most importantly of all in my view, the Prime Minister's spokesman said yesterday:

"We have not engaged with the new Administration on the detail of this case."

Is it correct that the Government have had no discussions with the Obama Administration on this issue?

Looking to how matters should now proceed, consistent with the strong and welcome stance of the new US Administration on torture and with our own views in this House, may I finish by pressing the Foreign Secretary on this point? Should not the view of the High Court that

"the requirements of open justice, the rule of law and democratic accountability demonstrate the very considerable public interest in making the redacted paragraphs public"

weigh heavily with all of us, and with our American allies, particularly if the view of the Court—that nothing in the redacted paragraphs could possibly be described as highly sensitive, classified United States intelligence—is correct?

Given the change of Administration in the US two weeks ago, the changes in policy that have resulted and the changes of personnel in the CIA in the past fortnight, would it not be right to put it to the US Administration that they could change their approach to this case without fundamentally breaching the principle of which the Foreign Secretary has rightly spoken? Would not asking them even now to change their position be a way forward that we could all support in the House?

David Miliband: The right hon. Gentleman is right that the House is united in respect of the closure of Guantanamo Bay, action against torture and the rejection of extraordinary rendition. The Government have taken practical steps to put that into practice.

The right hon. Gentleman's first and seventh questions related to our engagement with the US Administration about what he called "this case". I want to be absolutely clear: I did indeed raise the case of the remaining Guantanamo detainees with British residency status when I met Secretary Clinton on Tuesday. I confirmed and reiterated to her that we remain determined to secure their release and return. The right hon. Gentleman may have slightly misspoken: the previous Administration had acceded to that request and the current Administration are continuing to commit themselves to the request for release and return. So Mr. Mohamed will indeed be coming back to the United Kingdom, and that raises precisely the questions of security and the arrangements for that that the right hon. Gentleman led into. I assure him that we are going to make sure that the return of Mr. Mohamed—after eight years, as the right hon. Gentleman says—is done in full accordance not just with his rights but with British security considerations.

In respect of the right hon. Gentleman's quotation about the "arguable case", I should say that the investigations of the US system are continuing. The system is, of course, very complicated. First of all there are the military commissions, then there are the federal courts and then there is the decision of the Obama Administration to wind up Guantanamo and the system of military commissions. The right thing to say is that those investigations remain at the heart of cases in the US system and of cases being brought in our system. Those investigations continue.

In respect of the allegations of British complicity, those matters, as my right hon. Friend the Home Secretary made clear on 23 October, are now with the Attorney-General, who is consulting the Director of Public Prosecutions.

The right hon. Gentleman's fourth question was about the representations that we have made in respect of allegations of torture. He cited one particular case from 2002, and before I answer specifically on that I want to go back to make sure that we give him exactly the right answer. However, our representations in respect of torture have always been clear in public and in private. I give him the example of the debate last year about the question of whether water-boarding constituted torture. We were absolutely clear in public and in private that in our view it did constitute torture, and that it was reprehensible on that basis. I can assure him that the British Government have remained fully engaged on that issue.

In respect of the unique intelligence-sharing relationship, that is indeed very important. The Intelligence and Security Committee has commented on the value of that relationship at various points. I think that the word "threat" was used by the Court of Appeal. Given the facts that I described—that the intelligence-sharing relationship is based on confidentiality, that if another country gave away our secrets that could not but have an implication for the way in which we judged the amount of material to share with it, and that the Americans have made it clear in public documents that they would see serious and lasting harm from the disclosure in our courts of their information—it is clear that the relationship would be affected; but it is the Court that used the word "threat".

Finally, there is the question of an American decision about what to disclose in public. I emphasise that it must be an American decision. Only they can make a decision about whether sources—their own or others—are compromised by the disclosure, in the same way that only we can make decisions about whether our information, disclosed to the public, would involve the compromise of sources. To that extent, I am not going to join a lobbying campaign against the American Government on this decision. It is a decision that they have to make given their knowledge of the full facts about the sources on which they depend and do not want to compromise. I am clear that our decisions are for us and their decisions are for them.

To that extent, this case hinges not on the content of the redacted paragraphs but on their nature, which is that they are American paragraphs—American evidence—in the same way that our intelligence sources are our property. We have approached the issue on that basis, which is the only basis on which to preserve the confidentiality and trust on which such a relationship depends.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Foreign Secretary for his statement and for the support that he and his Department have given to Binyam Mohamed.

The Foreign Secretary rightly says that his judgment is on the line—whether to take a threat, and it was a threat, of non-co-operation on future intelligence sharing from our closest ally seriously, or whether to allow information on criminal acts of torture to be published. Will he confirm that the Court makes it clear that the publication of the summary of intelligence reports under question would not have created a security risk to the United States—that it would not have revealed the name of any agent, the location of any secret establishment, or the methods of any intelligence gathering? The truth is that the question of the publication of this summary was not about security and intelligence but about whether to cover up torture, and United States interest in avoiding political embarrassment and potential criminal investigations against its security services. So we have the bizarre situation that this is not a threat to our security from terrorists, but a threat to our security posed by our closest ally over an issue relating to democratic accountability and the rule of law.

Have the British Government not just rolled over in the face of a scarcely credible threat from a friend? Have both this Government and President Bush's Administration not confused intelligence with abuse, security with the rule of law, and secrecy with cover-up? Why did the Foreign Secretary not make it clear to our American friends that this country's opposition to torture meant that we would have nothing to do with intelligence gathered that way? Is it not our international legal duty not only to refrain from torture but to bring those who torture to justice—that this country's long-term security is best protected when we uphold human rights and the rule of law, and when it comes to upholding the values that Britain and America are supposed to share, this country will not be bullied into shabby and shady compromise? Was not President Obama right to say in his inauguration speech,

"we reject as false the choice between our safety and our ideals"?

[Mr. Edward Davey]

When the Foreign Secretary raised this with Secretary Clinton, did he ask specifically, as the judges' final sentence says,

"for the United States government to consider changing its position or itself putting that information into the public domain"?

On the question of whether British security services have been complicit in torture, I hope that the investigations of the ISC and the Attorney-General will provide answers. However, in issuing a public interest immunity certificate in this case, the answer of this House must be that the Foreign Secretary has stood in the way of allowing justice to take its course.

David Miliband: These cases are indeed illuminating, not only of the judgment of Ministers but of the judgment of those who would aspire to be Ministers. Although there was a very large lack of questions in the rant by the hon. Gentleman, I will go through his points.

First, the hon. Gentleman has a fundamental confusion between that which is necessary for justice, which is that the defence counsel has full access to all the documents that are necessary for that justice to be achieved, and the interest—which is a perfectly legitimate one to put—in public debate.

Mr. Davey *indicated dissent.*

David Miliband: The hon. Gentleman shakes his head, but I am sorry—justice is served by the individual in question having his rights to a proper trial, and that is served by his having full access to the 42 documents that are at issue. The 42 documents that are referred to were given to the defence counsel for Binyam Mohamed in significant part as a result of the representations of this Government. That is the way in which Government are served. When the hon. Gentleman talks, as he did in his first few seconds, about a cover-up of torture, he is neglecting the fact, first, that Binyam Mohamed's lawyers were given that documentation, and secondly, that the Attorney-General is looking in detail at whether there is anything complicit about the United Kingdom's role in this case.

Secondly, the hon. Gentleman said—it is worth the House looking at this when *Hansard* is published—that the threat to our national security came not from sources that we debate often in this House, whether terrorism or elsewhere, but from our closest ally, which the Intelligence and Security Committee has said is critical to saving British lives because of the intelligence that it provides. When he has had a chance to look at his remarks, he will realise that one cannot on one hand quote President Obama's inaugural speech, and deny on the other hand what his National Security Council says. I am happy to stick by what President Obama said. The National Security Council, which sits in the White House, speaks for the US Government—

Mr. David Heath (Somerton and Frome) (LD): You have not asked them.

David Miliband: The hon. Gentleman shouts that we have not asked them. They made a public statement last night about this case, and they have been absolutely, resolutely clear about this case.

Finally, the position of the Government in never condoning, co-operating in or authorising torture is absolute, and our fulfilment of our international responsibilities in that respect, moral and legal, is absolute. That is why we never condone, co-operate in or authorise torture, and why any allegations thereto are taken with the utmost seriousness and investigated by the highest legal authorities in the land.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. As many Members are clearly hoping to catch my eye, could I please ask for single questions, not statements, and perhaps concise replies?

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): As my right hon. Friend is aware, Binyam Mohamed was resident in my constituency. I would like to put on record the fact that I am grateful for the very regular and extensive briefings that I have had over the past year from Foreign Office officials. Of course, these allegations are of the gravest kind and warrant legal and parliamentary scrutiny. It is also true that Mr. Mohamed is very frail and very sick. We were led to believe very recently that his release was imminent. What urgent steps is my right hon. Friend taking to ensure that my constituent is released from illegal detention and returned to this country as soon as possible?

David Miliband: We are pursuing his return at the highest level, including in discussions with Secretary Clinton and with the appropriate US authorities. I understand the urgency that my hon. Friend has brought to this case. We share that sense of urgency, and we are working as fast and as hard as we can. It is not only she who has paid tribute to that—the lawyers for Binyam Mohamed have also written to us about the efforts of Foreign Office officials to ensure his return to the UK.

Mr. Edward Garnier (Harborough) (Con): May I assure the Foreign Secretary that I entirely accept the points that he has made about the need to be sensitive with intelligence sharing, for the reasons that he has outlined? None of us is so naive as to think that it would be sensible to do anything but that. However, when he and the Attorney-General have finished investigating allegations of British complicity with unlawful rendition and torture—if that is what he is doing—if there is a case to be answered, will it be answered in public, not subjected to some form of secret process?

David Miliband: The hon. and learned Gentleman speaks with some authority on these matters. The case now before the Attorney-General relates to the allegation of complicity and torture—it is not a case of rendition. The Attorney-General has been brought in on the basis of the representation made by the Home Secretary as soon as the Court issued its judgment in October. I want to get the precise legal processes clear, but I assure him that it will be done according to the law of the land and under the way in which processes are set out to defend the rights of the individual and British justice in this case.

Dr. Kim Howells (Pontypridd) (Lab): Given that my right hon. Friend informed us that confidentiality in the handling of information between agencies is a cornerstone of all intelligence relationships—especially the one between this country and its most important ally, the United

States—and that, as the judges say, release of the information at issue here would come through not the United Kingdom but the United States, will he confirm that allegations about the complicity of our agencies in this case must be referred to the Investigatory Powers Tribunal, which is the only body with the legal power to investigate fully any allegation of misconduct by the UK agencies? Does he accept that the Intelligence and Security Committee's continuing investigations into our agencies' policy in respect of the US rendition programme may be helped if we were given the 42 documents mentioned by the judges? The ISC, my Committee, has not yet seen them, contrary to what the judgment says.

David Miliband: Absolutely. I think that I am right in saying that anyone can make representations to the tribunal, and that remains the case, but the Home Secretary has referred the matter to the Attorney-General, and since last summer, when these documents came to light, the Foreign Office has attempted at every stage of the development of this case to keep the ISC informed in a full and open way, and that is our determination for the future.

David Davis (Haltemprice and Howden) (Con): What the Foreign Secretary has been saying today seems almost entirely inconsistent with what was said by the judges yesterday. He said that the information that they want to reveal is highly classified secret intelligence. They say in terms, in paragraph 68, that it could not possibly be considered as

"highly sensitive classified US intelligence".

He says in absolute terms that it is covered by secrecy requirements of intelligence sharing—we all understand the basis of that. They reiterate the argument of the special advocates, which says that there can be

"no confidentiality in evidence tending to show the commission of a crime",

that

"the redacted paragraphs should be made public",

and that

"To do otherwise would be to conceal the gist of the evidence of serious wrongdoing by the United States which had been facilitated in part by the United Kingdom Government."

That is the substance of the argument today.

The question that the Foreign Secretary must answer is this: did he, or did he not, give the judges reason to say no fewer than eight times—not once, but eight times—that there was either a threat or a grave threat of intelligence being withheld either in his public or secret representations? He has reiterated a point today, from paragraph 11 of his own public immunity application, when quoting a letter from John Bellinger, which says in terms that the public disclosure of this information

"could harm existing intelligence information-sharing arrangements between our two Governments."

Is that, or is that not, a threat, and will he please seek to get it lifted?

David Miliband: The end of the right hon. Gentleman's question belied the beginning of it. The end of his statement showed the absolute consistency of what I said in my representations to the Court and in the case that I have made in the House today. The issue at hand is a simple one. Highly classified information was sent by the US, which is highly classified because of its contents, but the point at issue that I and the Court had to address is that intelligence sharing is based on a principle. It is based on the nature of the relationship that we have, and the nature of that relationship is not dependent on one cable or another, but on the fact that if another country cannot have confidence that its secrets are safe with us, it will not share its secrets with us in an open and transparent way with the relevant authorities.

In the same way, I am sure that if our secrets were disclosed in a foreign court—dare I say, in another European court—against our wishes, the right hon. Gentleman would be up in arms, rightly in my view, protesting against the invasion by a foreign court of our right to keep our sources secret. If he reflects on his position, and not just on mine, he will see that the inconsistency is his rather than mine.

Keith Vaz (Leicester, East) (Lab): I thank the Foreign Secretary for his statement and for the strenuous efforts made by the Government on behalf of Mr. Mohamed. He mentioned several times the investigation by the Attorney-General, and she has had this case before her for the past three months. In view of the public interest in this matter, can either he or the Home Secretary contact the Attorney-General to see whether the process can be completed as quickly as possible?

David Miliband: I am sure that the Attorney-General will not have failed to notice the public interest in this case during the past 24 hours, or failed to notice the representations made by my right hon. Friend today. In case she has, I will be sure to draw them to her attention.

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): Following on from that question, and the two earlier ones on exactly the same point, why does not the Foreign Secretary confirm that when the Government receive the advice from the Attorney-General sought by the Home Secretary on 23 October, they will make it available to the ISC, and to the House and the public generally, given what is now the public nature of the entire process?

On that issue, incidentally, we are also waiting to hear from the Government about the recent Information Tribunal ruling against them—again—on making available the then Attorney-General's advice and the Cabinet minutes relevant to the decision on the war on Iraq. Do the Government intend to appeal on that matter to the High Court, or to apply a veto under existing freedom of information legislation?

Madam Deputy Speaker (Sylvia Heal): Order. I think that the final remarks of the right hon. Member are beyond the scope of this statement.

Mr. Kennedy: It was worth a try.

David Miliband: As the right hon. Gentleman says, it was worth a try, but probably not worth a response. We will come back to that matter on another occasion.

In respect of the earlier parts of the right hon. Gentleman's remarks, it is dangerous for one non-lawyer to tell another non-lawyer about the legal situation, but he referred to "advice" from the Attorney-General.

[David Miliband]

That is not correct. The Attorney-General has to decide whether there is a case for prosecution, so it is a question not of whether advice should be published, but of whether steps should be taken on the basis of a decision by the Attorney-General, as the highest legal authority in the land. I hope that the right hon. Gentleman was not under any misapprehension about what I said earlier. The Government's commitment to the ISC—which has been repaid in full by the ISC in the way in which it has treated the information that we give to it—is to be full and open in our disclosures to it, and where information is of a highly sensitive nature, it is not published but the ISC do see it and scrutinise it. That must be the right way of working.

Mr. Andrew Dismore (Hendon) (Lab): On the potentially exculpatory material to which my right hon. Friend referred, would he at least go as far as to say, in general terms, whether it included evidence of torture? If so, that would fit the pattern of the cogent evidence that the Joint Committee on Human Rights received on Tuesday afternoon about allegations of torture committed by the Pakistan security services, and the complicity of UK agents in that. Although my right hon. Friend may see no evil and hear no evil, that does not mean that the evil of torture does not exist. Would he ensure that the JCHR gets full co-operation in our inquiry into UK compliance with the requirements of the United Nations convention against torture in these matters?

David Miliband: I am sorry if my hon. Friend sees the referral of an allegation of mistreatment to the Attorney-General, the highest authority in our land, as a "hear no evil, see no evil" approach. The suggestion of the evil of torture is what has prompted the referral to the Attorney-General, who can then decide whether there is a case for criminal prosecution of the individuals involved. Far from this matter ending up on a shelf, the Attorney-General will decide where to take it.

My hon. Friend showed through his early comments that this area is extremely complex and one where broad-brush statements have to be chosen with great caution. I say to him that the material is highly classified and that the aspects of complicity in torture elsewhere are published in the appropriate legal documents, and I refer him back to those.

Patrick Mercer (Newark) (Con): The Foreign Secretary will of course be aware that Mr. Binyam Mohamed is one of, I believe, two British residents who are still left in Guantanamo Bay. There are suggestions that the other several dozen prisoners should be removed from United States soil and dispersed around welcoming countries elsewhere. Will he tell the House what the British Government's position on that is, and whether they have yet received any requests from the Obama regime?

David Miliband: We have not received such requests. When I spoke to the new US Secretary of State on Tuesday, I explained to her what we had done and that we expected two further former British residents to come back to the UK. In the words that I used at the European General Affairs Council last week, I explained that we had "done our bit" by bringing back 13 residents, which will become 15, but that we wanted to play our part in helping other countries to fulfil their commitment to helping the US close Guantanamo Bay.

I promised my European Foreign Minister colleagues last week that we were happy to share our experience of bringing those people back, and I can tell the hon. Gentleman that a number of European countries have already asked for our help on that. We want to help them do it, because they recognise their need to help the Americans close Guantanamo Bay.

Ann Clwyd (Cynon Valley) (Lab): The judges argued yesterday that it was

"difficult to conceive that a democratically elected and accountable government could possibly have any rational objection"

to placing on record

"a summary of what its own officials reported as to how a detainee was treated by them".

The Foreign Secretary has said that he has spoken to Hillary Clinton, but is he prepared to ask President Obama personally for permission to release that information; otherwise, people in this country will continue to question the secrecy that surrounds the decision?

David Miliband: My right hon. Friend shares with the Government not just a very strong commitment to upholding human rights around the world but the belief that where there has been error, there should be openness as a way of trying to remedy it, at least in part. However, she asks in what circumstances continued secrecy is appropriate. It is when sources would be compromised by their release. It is for each country to determine the circumstances in which public release, not release to the defence counsel, would prejudice that position. That is the right and pragmatic approach to this case.

Mr. Andrew Tyrie (Chichester) (Con): There are several paragraphs in the judgment that are extremely important for all of us to bear in mind, particularly for the Foreign Secretary. It states that it is

"difficult to conceive that a democratically elected and accountable government could possibly have any rational objection to placing"

the appropriate information

"into the public domain…we did not consider that a democracy governed by the rule of law would expect a court in another democracy to suppress…evidence"

of

"allegations of torture…politically embarrassing though it might be."

Will he therefore act on the suggestion of my right hon. Friend the shadow Foreign Secretary and ask for a specific exception to be made in this case from the US Administration?

David Miliband: I have genuine respect for the way in which the hon. Gentleman has developed an interest in, and followed in great detail, the issue of rendition over the past few years. I think that he has said that he has taken it up with some surprise, not having expected it to be so close to the centre of his work, and I have genuine respect for him on that basis. However, I refer him to the answer that I just gave to my right hon. Friend the Member for Cynon Valley (Ann Clwyd) in respect of the paragraph that he has cited. Also, as I said earlier, I am not going to join a lobbying campaign—[Hon. Members: "Why not?"] Because the Obama Administration—

Mr. Heath: It is your job.

David Miliband: No, my job is to take decisions. It is the hon. Gentleman's job to offer opinions, it is our job to take decisions.

I am not going to join a lobbying campaign for a very simple reason. The Obama Administration have made clear not just their abhorrence of torture but their determination to do everything that they can to change the image of the United States around the world in this respect. They have a choice to make about whether to release many aspects of intelligence, in the same way that we do. They will not release it if it compromises their sources, and they will certainly not accede to its release through a foreign court. That is the right approach.

The new Administration have made clear, in a way the hon. Gentleman will probably argue that the previous Administration did not, their determination to clear the name of the United States. In that context, it is right to give them the scope to make a decision about all the issues that they face, which are far from confined to this particular case. I remind the House that there are a number of outstanding legal issues in the United States system on such issues, and every case has to be seen in that context.

Mr. David Winnick (Walsall, North) (Lab): Is my right hon. Friend aware that for many of us, the core of the matter is simply Mr. Mohamed's claim that he was cruelly tortured abroad and that British security agents knew about and colluded in what occurred. If that is so—I note what the Foreign Secretary has said about the Attorney-General's inquiries—surely the values and the rule of law of which this country and the House are so proud were betrayed. That is the seriousness of the issue, and we obviously want an answer as quickly as possible.

David Miliband: I agree with my hon. Friend. These very important issues raise not just political and moral questions but judicial ones. A matter of potential criminal wrongdoing has been referred to the Attorney-General, so it is right that we allow her to come to her conclusions as quickly as possible, as my hon. Friend says.

Sarah Teather (Brent, East) (LD): I recognise the Foreign Secretary's role in arguing for British residents to return to the UK, as he is well aware, and I thank him for it. However, I am very disappointed to hear him repeat that he will not join in a lobbying campaign to get allegations of torture released into the public domain. Does he not recognise that it is the job of the Foreign Secretary to argue for British interests and values abroad? He says that he is against torture, so surely he should be using every power at his disposal to ensure that allegations and evidence of torture are put into the public domain.

David Miliband: There is a fundamental confusion over the position of the US Government. Far from denying that they are against torture, they are celebrating the fact that they are against it and want to do everything that they can to ensure that it is expunged from the rhetoric and role of the United States. Secondly, I am sorry to have to repeat to the hon. Lady that there remains a fundamental distinction between justice for individuals and the general public interest in the public revelation of secret information. We have to make that decision about our own information, and the US will make it about the information that it holds on the basis of whether it believes it furthers its goal of campaigning against torture, which we share.

Lynne Jones (Birmingham, Selly Oak) (Lab): Does my right hon. Friend share my concern that the former US Administration were prepared to use torture to extract information from detainees—information that, by definition, must be unreliable—yet ignored reliable information provided by one of the UK's top agents, Michael Shipster, through his long-standing source at the highest level of the Iraqi Government, that the Iraqi Government did not have weapons of mass destruction? That information also provided a credible explanation for Saddam Hussein's reluctance to admit that.

David Miliband: I was with my hon. Friend for the first half of her question. The differences that existed between this Government and the previous Administration were discussed widely, specifically on whether water-boarding constituted torture. Those differences were exemplified by the position that the Government took, which I think was shared elsewhere in the House, that it did. Our position is absolutely clear: we are signed up to international conventions and covenants, never mind national laws, in that respect. I think that the Iraq question is for another day.

Sir Patrick Cormack (South Staffordshire) (Con): As one who believes that the Foreign Secretary has made a wise judgment and given the House a balanced statement, and who expects our Foreign Secretary to lead, not to lobby, may I nevertheless ask him for two assurances? First, will he make it abundantly plain that the Intelligence and Security Committee will have the 42 documents that its Chairman indicated it has not yet seen? Secondly, will he give the House an absolute undertaking that if, as a result of the Attorney-General's investigations, it appears that any member of the British security forces has engaged in torture, that person will be brought to trial, in the hope that he or she will be punished severely?

David Miliband: Yes, in respect of the 42 documents. The Government's commitment is to work openly with the Intelligence and Security Committee. It is an important part of our system that works well in holding to account some of the most sensitive aspects of Government.

In the end, the decision about prosecution is obviously a matter for the Attorney-General and the Director of Public Prosecutions. I am sure that they will want to discharge their duties in accordance with the full and open law of the land.

Tony Baldry (Banbury) (Con): The Foreign Secretary will know that, in 1863, President Lincoln issued an edict, which stated:

"Military necessity does not admit of cruelty nor of torture to extort confessions."

However, in December 2002, Donald Rumsfeld did just that by authorising interrogation techniques that clearly violated article 3 of the Geneva convention. Does the Foreign Secretary agree that nothing has so damaged the moral authority of the United States and her allies as the use of extraordinary rendition?

David Miliband: Yes. I said in a different context in the House that democratic countries are held to a higher standard than terrorist groups or others, and that those standards are in our interest. When we violate them, we seriously let ourselves down. If the hon. Gentleman is referring to Abu Ghraib and other matters, he is right to suggest that that did huge damage to not only the moral standing but the political position of decent people everywhere.

Peter Bottomley (Worthing, West) (Con): Will the Foreign Secretary send a report of our exchanges to the United States and ask for a summary or redacted version of the documents, which would solve a particular problem? Does he regret that the Government waited till 2007 to take up the issue of British residents instead of responding to the pro bono lawyers working for the Guantanamo people, who asked them to do it rather earlier?

David Miliband: The hon. Gentleman makes an interesting point. Until the end of 2005—certainly throughout 2005—the Government's focus was on bringing back the nine British citizens. We wanted to work hard to take that experience into account before moving to the separate class of issue to do with the former residents. In that context, the Home Secretary and I were presented with the work that had been done when we took office at the end of June 2007. Five weeks later, we were able to apply for their release.

I can assure the hon. Gentleman from previous experience, that our closest ally watches exchanges in the House closely.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): There will be some confusion in many of my constituents' minds about the role of the Foreign Secretary. On intelligence sharing and the protocols that go with it, the decision rests with the United States, but that does not prevent him from making representations on behalf of this country to the United States. Surely that is the role of Foreign Secretary—making representations on behalf of this country.

David Miliband: I can think only that the hon. Gentleman was not listening when I described—and the court described—the Government's extensive, to use the court's word, "strenuous" efforts to secure the return of the individuals from Guantanamo Bay. If that does not constitute standing up for this country's national interest, I do not know what does.

Mr. Philip Hollobone (Kettering) (Con): The really special bit of our special relationship with the United States is our intelligence sharing, and the Foreign Secretary is right to defend that. However, does he understand my constituents' concerns that this man is not even a British national? He has taken legal proceedings against the British Government, who seem to be doing their level best to return him to the United Kingdom. Does the Foreign Secretary recognise my constituents' concern that the man is creating all sorts of problems for us as a country, despite our best efforts to get him back here?

David Miliband: I prefer to stick with the fact that our position – to seek the release and return of Mr. Mohamed, as a former British resident—is the right thing to do. I am sorry if the hon. Gentleman cannot support us in that, even if he recognises the overall importance of the links between the US and the UK.

Points of Order

1.14 pm

Damian Green (Ashford) (Con): On a point of order, Madam Deputy Speaker. I refer to the Speaker's statement earlier today. In it, he referred to the investigations that he had made since the point of order that my right hon. Friend the Member for Haltemprice and Howden (David Davis) raised about the police's desire to look through e-mails sent between us. I find it extraordinary that, in a matter that concerns e-mails, which may be private, between two Members, the House authorities did not approach me to establish facts, but approached the Metropolitan police and took only their version of events as the basis for a Speaker's statement.

In addition, and even more seriously, the House will wish to know that Mr. Speaker has declined my request for the Standards and Privileges Committee to look at material seized from my office to decide what is privileged. Instead, the Clerks of the House—

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman is an experienced Member and knows that that is not the appropriate way in which to question the Speaker's statement. Clearly, I will ensure that his remarks are brought to Mr. Speaker's attention.

Damian Green: Further to my point of order, Madam Deputy Speaker. It is absurd that I can say things outside the House, but not inside—

Madam Deputy Speaker: Order.

Damian Green: I—

Madam Deputy Speaker: Order. I have already made a ruling. It is open to the hon. Gentleman to write to Mr. Speaker in addition to the action that I shall take in ensuring that his comments are drawn to the Speaker's attention.

David Davis (Haltemprice and Howden) (Con): Further to that point of order, Madam Deputy Speaker. Mr. Speaker's statement was in response to my original point of order of last Monday, when I asked him to give a ruling about whether the communications of Members of Parliament other than my hon. Friend the Member for Ashford (Damian Green), wherever those communications reside—e-mails can reside on everybody's computer or on several computers—should come within the protocol that Mr. Speaker had published in the previous week. It laid down that such applications would require both a warrant and an application to him prior to any action. I have to say that we have not had a response to that request.

Madam Deputy Speaker: I repeat what I said earlier—the remarks will be brought to the attention of Mr. Speaker. I have nothing to add to the statement that he has already made.

Mr. Graham Stuart (Beverley and Holderness) (Con): On a point of order, Madam Deputy Speaker. I wrote to the Chancellor of the Exchequer on 15 December on behalf of my constituent, Mr. Raymond Hardy, who, like 30,000 others, had deposits with Kaupthing Singer

& Friedlander in the Isle of Man. I have repeatedly chased up the Treasury for an answer. Yesterday, the Treasury e-mailed me, saying:

"We are unsure when a final reply would be sent to you, as we have several thousand outstanding cases to be signed by ministers or drafted by officials. I would like to sincerely apologise for the delay in replying, but HMT correspondence has almost trebled over the past few months, and we simply do not have enough staff to complete all cases in time."

So, I and other Members have constituents who cannot meet their commitments because they cannot access moneys, which are supposed to be guaranteed, yet their Members of Parliament cannot get an answer from the Treasury. Please could you help in ensuring that the Treasury does something about it?

Madam Deputy Speaker: The hon. Gentleman has made his point. He knows that it is not a point of order for the Chair, but Ministers are present on the Treasury Bench and will have heard his comments.

Mr. David Winnick (Walsall, North) (Lab): On a point of order, Madam Deputy Speaker. In pursuance of previous points of order, and I do not want to get involved in the controversy about e-mails, could you, or the Speaker in due course, let us know the position on the inquiry—I hope that there will be a parliamentary inquiry—about the way in which the police came into the Palace of Westminster and took possession of the papers and equipment of the hon. Member for Ashford (Damian Green)? It is important to bear in mind that concern is not by any means confined to the Opposition. Many of us are very concerned, and said so on 3 December, that such entry took place without a search warrant. Leaving aside what various Select Committees are doing, it would be interesting to know whether it is possible for the House to conduct an inquiry into what occurred.

Madam Deputy Speaker: I can only add to and repeat my earlier comments. I will ensure that Mr. Speaker is aware of the matters that have been brought before me as points of order and of the feelings of hon. Members of all parties.

Mr. Dominic Grieve (Beaconsfield) (Con): Further to that point of order. Two issues are now clear. First, as Mr. Speaker said, privilege—the protection that Members of Parliament enjoy—is a matter for the House. Secondly, it is clear from the conduct of the investigation that those carrying it out for the Metropolitan police are well aware of that because they appear to have been contacting the House and its servants to ascertain what might be privileged and what might not. Given that the decision ultimately falls to the House, is not it a strange state of affairs that the House is being denied the opportunity of getting the advice that it needs to make a reasonable decision? There has been no reference to the Standards and Privileges Committee, which has been set up for that express purpose. Could you please ensure that the Speaker is aware that the way in which the matter is developing gives rise to serious concern?

Madam Deputy Speaker: I can assure the hon. and learned Gentleman—and, indeed, all right hon. and hon. Members in the Chamber this afternoon—that I will ensure that Mr. Speaker is made aware, as I have already said, of the comments and the feelings of Members across the House.

Sir Patrick Cormack (South Staffordshire) (Con): Further to that point of order, Madam Deputy Speaker.

Madam Deputy Speaker: I do not know that there is anything further that I can add. I have already restated, on more than one occasion, that the comments of Members will be drawn to the attention of Mr. Speaker.

Sir Patrick Cormack: But I have a special comment.

Madam Deputy Speaker: Sir Patrick Cormack.

Sir Patrick Cormack: Thank you. I think that we all appreciate both what you have said and the delicacy of your position, Madam Deputy Speaker. The fact that you are going to talk to Mr. Speaker is something for which we are all grateful. When you talk to him, will you ask him whether he would be kind enough to consider making a statement on Monday to clarify a number of points? One of those points is that in the debate on 8 December he proposed that a committee be established, but because the motion that was put down was very different from his original proposal, the whole issue has run into the sand. It would be helpful to the whole House if Mr. Speaker could make an up-to-date statement, referring to the points made today and saying how he sees the way forward now.

Madam Deputy Speaker: May I repeat, once again, that the comments that have been made by hon. Members in the Chamber this afternoon will be relayed to Mr. Speaker? I am sure that it will then be up to him, at the time that he feels is appropriate, to make a response to the House.

Mr. Andrew Tyrie (Chichester) (Con): On a point of order, Madam Deputy Speaker. I am not going to refer in any way to the specific issues already raised, although I have repeatedly asked that the matter be referred to the Standards and Privileges Committee. Could you possibly have a word with Mr. Speaker and ask him to reconsider the decisions that have been taken, including those taken here, to close down opportunities for Members to make points of order in response to this specific issue?

Madam Deputy Speaker: Well, I can repeat once again—

Mr. Andrew Mackay (Bracknell) (Con): Gagged.

Madam Deputy Speaker: Order. I repeat once again that I can give an assurance to all Members in this House that the strength of feeling and the comments that have been made will be relayed to Mr. Speaker.

Sri Lanka

Topical debate

1.22 pm

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): I beg to move,

That this House has considered the matter of Sri Lanka.

I am pleased that we are having this debate today because, to put it bluntly, the situation in Sri Lanka is nothing short of shocking. We are very concerned about the humanitarian and human rights situation there. The humanitarian situation in the north of the country particularly has seriously deteriorated since the House last debated this subject in December.

In recent weeks, the fighting between the Liberation Tigers of Tamil Eelam and the Government of Sri Lanka has become increasingly bloody and the humanitarian situation has deteriorated dramatically. Fighting has continued even within the Government-declared safe zone, and on Sunday a hospital that had been declared a no-fire zone was shelled three times. Further shelling has taken place this week. The United Nations reports that at least 50 civilians have died at the hospital and that many more have been wounded, including women and children. There are more civilian casualties every day.

Those attacks are serious violations of international humanitarian law. Any attempts, including by representatives of the Sri Lankan Government, to defend the shelling of the hospital are frankly unacceptable. We expect and urge the Government of Sri Lanka to investigate any allegations of abuses by their forces. We would support a full investigation into the shelling of the hospital and into other civilian deaths. The primary burden for investigation rests on the authority against whose forces allegations of war crimes are made, and we expect such investigations to be undertaken.

Keith Vaz (Leicester, East) (Lab): May I thank the Minister for that statement, which is a strong condemnation of the actions of the Sri Lankan Government? On Saturday, 100,000 British Tamils marched through the streets of London peacefully, to draw attention to the plight of the Tamil community. Have the strong words that the Minister has issued in the House today been transmitted to the President of Sri Lanka?

Bill Rammell: We have repeatedly communicated our concerns to the Sri Lankan Government and we will continue to do so. I am conscious of the number of Members who wish to speak in this debate. I will therefore try to make some progress, to get the Government's position on the record, and then allow other Members to come in, if time allows.

The statement made by the Sri Lankan Government on Tuesday—that civilians should move out of the conflict area because they could no longer guarantee their safety—was extraordinarily worrying. The Sri Lankan Government have a duty to protect all their citizens and should do everything in their power to ensure their safety. Accurate figures of casualties are difficult to come by, but we estimate that there are around 250,000 internally displaced persons caught up in the conflict area. The United Nations has been unable to send a major humanitarian convoy into the conflict zone to assist civilians since 16 January, although some supplies were sent on 29 January. These are major matters of concern.

Our overwhelming priority is to press for a humanitarian ceasefire. Both sides have to respect international humanitarian law and take steps to protect civilians from the profound threats that they face, as well as allow humanitarian agencies the access that they need to bring those desperate people the help that they need. Over the past few weeks, we have increased our efforts to urge the Government of Sri Lanka to take action to alleviate the suffering of civilians.

We have also been acutely aware of the concern felt by members of the Tamil communities about the suffering of Tamils in Sri Lanka. The Foreign Secretary and my noble Friend Lord Malloch-Brown last week met more than 100 representatives of the Tamil communities in the UK to listen to their concerns, reassure them that we take them very seriously and explain the efforts that the Government are making to help bring about an end to the conflict.

My right hon. Friend the Prime Minister wrote to President Rajapakse in mid-January expressing our fundamental concern. My right hon. Friend the Foreign Secretary telephoned the President last week and urged him to declare a humanitarian ceasefire. My right hon. Friend has since repeated his calls for a humanitarian ceasefire and has publicly called on both sides to allow the wounded to receive medical treatment, to allow civilians to leave the conflict areas and to allow access for humanitarian agencies.

The Foreign Secretary also discussed the matter with US Secretary of State Clinton on Tuesday. They jointly called for a no-fire period to allow civilians to leave the conflict area and to allow humanitarian agencies access. There is no doubt that there is also concern in the United Nations about the safety and well-being of civilians caught up in the conflict, as the Secretary-General made clear in his statements of 26 and 30 January. We fully support the Secretary-General's sentiments and endorse his call for both sides to the conflict to abide by those important humanitarian obligations.

Jeremy Corbyn (Islington, North) (Lab): I endorse what the Minister has said and welcome the strength of his call for a ceasefire. That said, if the Government of Sri Lanka are simply not prepared to listen to the international community's calls for a ceasefire, is it not time for some degree of sanctions, such as suspension from the Commonwealth or the suspension of military or trade agreements, to show that the rest of the world means business in trying to bring about peace in Sri Lanka?

Bill Rammell: My hon. Friend will know that the European Union's generalised system of preferences plus is already under investigation. I do not rule anything out. The situation is extraordinarily worrying. At the moment, we are focused with all our international partners on ensuring that both sides meet their obligations and that we get an end to that horrendous conflict, which is blighting the lives of so many people.

On 29 January, President Rajapakse offered safe passage to civilians, but the LTTE failed to respond positively and hostilities did not cease even temporarily. The LTTE continues to refuse to allow civilians to leave the conflict areas. Worse still, it is deliberately using them as

a human shield. There are credible reports that the LTTE fires artillery on Sri Lankan Government troops from locations next to civilian centres, including from next to the hospital in the no-fire zone where civilians were killed on Sunday.

We call on the Government of Sri Lanka to repeat their offer of safe passage. We are working with others in the international community, particularly the United States and other members of the co-chairs group—Japan, the EU and Norway—to increase the pressure on the LTTE to respond positively. The call for a temporary no-fire period by the Foreign Secretary and Hillary Clinton this week should be acted upon immediately. The co-chairs have also called on both sides to allow a period for humanitarian aid to be delivered and have called on the LTTE to discuss ways of ending the current hostilities and to participate in a process to achieve a just and lasting political solution. Too many lives have already been lost in this terrible conflict. We do not want to see the situation deteriorate further.

Simon Hughes (North Southwark and Bermondsey) (LD): The Minister's strong comments will be widely welcomed. So far, independent agencies have not been able to gain access to the north of Sri Lanka. Will he undertake to ensure that such access is given priority, through action by either the United Nations or the Commonwealth, or both? If necessary, will the Prime Minister—who has been very helpful—make a further telephone call to the President of Sri Lanka, so that independent humanitarian and political agencies can gain access to the north, so that everyone knows exactly what is going on and can act accordingly?

Bill Rammell: I agree that humanitarian access is crucial. The Sri Lankan Government can be in no doubt about our views on that subject, but we will continue to put them forward forcefully at all levels.

Given the urgency of the situation, we are also taking immediate practical steps to alleviate the suffering of civilians. We have allocated a further £2.5 million, on top of the £2.5 million that we committed in October last year, to support the efforts of humanitarian agencies in Sri Lanka.

When the House last debated Sri Lanka, I explained that an objective assessment of the conflict was impossible because independent media and non-governmental organisations had limited access to the conflict zones. Attributing responsibility for individual attacks to one side or the other remains difficult. It is clear, however, that both sides have to take immediate steps to protect civilian lives.

The conflict between the Government of Sri Lanka and the LTTE has now been going on for more than 25 years. It has claimed the lives of at least 70,000 people in Sri Lanka and is daily claiming more. We recognise the Government of Sri Lanka's right to root out terrorism, but we are seriously concerned about the impact that the current military approach is having on civilians in the north. It remains our position that a political solution that addresses the legitimate concerns of all communities is the only way to bring a sustainable end to the conflict. We are continuing to call for a full debate, free from intimidation, among all communities—Tamil, Muslim and Sinhalese—on what an acceptable political settlement to the conflict might look like.

The Government of Sri Lanka must do more. They need to reach out to the different communities, build their confidence and demonstrate real commitment to reaching an inclusive political end to the conflict. Reaching a political solution now is in the Sri Lankan Government's interests. We also urge the LTTE to renounce terrorist methods and to demonstrate a genuine commitment to participate in a democratic political process to resolve the conflict. The LTTE should be doing all that it can to protect civilians at a time when Sri Lankan Tamils are suffering the worst effects of the conflict. We call on those who have influence with the LTTE also to encourage it to enter the democratic mainstream.

An important part of any political solution will be the establishment of effective systems and structures to protect the rights of all Sri Lankans. We continue to be concerned about the use of child soldiers by paramilitary groups, the culture of ethnic discrimination and the reports of abductions, disappearances and extra-judicial killings of civilians. The fact that prosecutions for such abuses are rare is feeding a dangerous culture of impunity. The Government of Sri Lanka clearly have a direct responsibility to tackle all human rights violations. Only by ensuring that full and thorough investigations into such violations are followed by successful prosecutions of those responsible will the Government strengthen the rule of law and tackle this corrosive culture of impunity.

Overall, the past month has demonstrated how serious the human rights situation remains. Media freedom has been under particular threat throughout January. A senior editor was murdered in Colombo in broad daylight, another was assaulted and the broadcasting centre of an independent TV station was destroyed by a well-armed gang. No one has yet been charged with any of these terrible crimes.

Mr. Philip Hollobone (Kettering) (Con): Is it not important for the Secretary-General of the United Nations and the head of the International Committee of the Red Cross to visit Sri Lanka as soon as possible so that they can see at first hand what is going on and have face-to-face meetings with the President of Sri Lanka?

Bill Rammell: The immediate priority is to allow the humanitarian agencies unfettered access, in order to bring relief to the people. A range of direct channels of communication to the Sri Lankan Government and the LTTE are being pursued to try to get the message across about the urgency of the situation.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): My hon. Friend has described the climate of fear that exists throughout Sri Lanka. Has he impressed on the Sri Lankan Government the fact that they should not simply label every Tamil voice a white tiger and refuse to have a dialogue with them? The Government must engage with the more moderate parts of the Tamil community, in Sri Lanka and internationally.

Bill Rammell: There is a great deal of force in what my hon. Friend says. I referred earlier to the need for a political solution and a political dialogue with representatives of all the communities, and that has to be a key part of the way forward.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I thank my hon. Friend for being so helpful to hon. Members who are concerned about the situation in Sri Lanka. Since 2006, 14 media workers have been unlawfully killed and, in the past two years, more than 20 journalists have left the country under threat. A climate of impunity has developed. The Sri Lankan Defence Minister has even accused the BBC and other international organisations of having a bias against the Government. Surely something must be done about this. Will my hon. Friend take the matter up with the Sri Lankan Government at the highest level?

Bill Rammell: I agree that the culture of impunity is wrong. It is extraordinarily corrosive, and it is undermining confidence. That is the message that my noble Friend Lord Malloch-Brown, the Foreign Secretary and the Prime Minister have communicated.

Andrew George (St. Ives) (LD) *rose—*

Bill Rammell: I will give way, but this must be the very last time, as I am conscious of the number of Members who wish to speak.

Andrew George: I am grateful. I do not think all of us will have the opportunity to speak, so an intervention is possibly the best way to make my point. I support the Minister's statement, but will he acknowledge that there is no such thing as a military solution in Sri Lanka? That is something that the Government there appear not to understand. Given the influence that the British Government have, will he please impress on the Sri Lankan Government the importance not only of humanitarian aid but of having independent human rights observation and independent arbitration of the many issues that will have to be resolved in the months and years ahead?

Bill Rammell: I agree emphatically that there cannot be a military solution, and that there needs to be a political one.

Recent attacks on the media are likely to have been carried out by extreme nationalist elements who have been encouraged by recent military progress in the north to take action against those perceived as traitors. We are urging the Sri Lankan Government to take firmer action to discourage the dangerous mood of ethnic nationalism, and to take clear-cut and rigorous action to bring the perpetrators of the attacks to justice. It is unacceptable for the Government of Sri Lanka not to do this.

While discussing human rights, it is appropriate to mention here the concerns that some hon. Members have expressed to me about the tone and substance of their contacts with representatives of the Sri Lankan Government. For the record, let me say unequivocally that every Member of this House has the absolute right to speak out in the interests of their constituents.

In conclusion, we want to see an end to this terrible conflict that has already claimed too many lives and gone on for far too long. The situation is unacceptable. We will do everything in our power to prevent more deaths, but ultimately it is for the Government and people of Sri Lanka to bring this about.

1.38 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): I concur with nearly everything the Minister said. One of the most depressing aspects of this debate is that the war—and it is a war—has been going on since 1983. I suspect that the Sri Lankan Government are probably their own worst enemy, as was suggested earlier. They might believe that this final military campaign will end the war and they will achieve total victory, but our own history is littered with far too many examples to show that, although there will be a military victory and they will occupy the last areas held by the Liberation Tigers of Tamil Eelam, we will then see a new form of war that will probably be conducted in a much more ferocious and violent way. It is up to us, who regard ourselves as friends of the Sri Lankan Government, to persuade them of the undoubted errors of their ways.

Keith Vaz: I welcome the bipartisan approach that is being taken here today. That is different from the debates that we have had in the past. Does the hon. Gentleman agree that this is a matter not only of achieving a ceasefire, but of commencing a peace process immediately afterwards? Does he also agree that Britain has an important role to play, as we have in the past, in ensuring that the peace talks get going as quickly as possible?

Mr. Simpson: I agree absolutely with the right hon. Gentleman. Indeed, the history of the conflict is one of stop-start peace negotiations, during which it is possible to allocate blame at different times to both sides. The House will know that my hon. Friend the Member for Woodspring (Dr. Fox), when he was a Foreign Office Minister in 1997, actually brokered a ceasefire and an agreement, which held for a considerable period. There are examples from both sides of the House of attempts to get the ceasefire moving.

My assessment is that, at the moment, it is not in the narrow military interests of Sri Lanka's Government to allow what everybody has been asking for. They genuinely believe that the war will be finished within the next two or three weeks, so they are going to endure the pressures, the criticisms and the pleas from the international community, and particularly the British Government, to accede to the suggestions that have been made, whether it be to let in the international media, to allow humanitarian aid, or whatever. It is in the Government's interests not to do that, whereas it is obviously in the LTTE's interests desperately to hope for a ceasefire to prevent, as it were, the final endgame.

Mr. Love: Is not the fallacy in the Sri Lankan Government's position the fact that the legacy of enmity and bitterness created in the north of the island and the polarisation of opinion will militate against the conditions in which a peaceful settlement can actually be agreed?

Mr. Simpson: I fear that the hon. Gentleman may well be right, but I also want to put on record, as I suspect did the Minister, the view that dreadful wrongs have been done on both sides. In trying to take a view on who is right and wrong, we should remember that at different times, both the LTTE and the Sri Lankan Government have decided to end a ceasefire. However noble the cause that the LTTE sees itself as defending, it

needs to be recognised that it has indulged in some appalling terrorist atrocities: it is an incredibly effective terrorist organisation, which has provided an example of terrorist methods for many other such organisations. However much it believes in its cause, we must remember that the LTTE assassinated a Sri Lankan president and was involved in the assassination of the Prime Minister of India, so the fear and loathing felt by the majority population is understandable. The hon. Gentleman is absolutely right.

My only hope lies in the possibility that if, at the end of two or three weeks, the Sri Lankan Government see that they have won a victory, there will be some voices within that Government calling to open up new negotiations. However, I could well understand it if the LTTE, having suffered such a humiliating defeat, decided not to engage in them and ratcheted up the terrorism.

The objective of all of us and of the British Government is, as the Minister said, to put as much pressure as possible over the next two or three weeks on the Sri Lankan Government to carry out the humanitarian action that is required. Indeed, it is in that Government's best interests to do so, as they will eventually have to come to terms with international opinion. Secondly, we should protest as much as we can when the media are attacked or intimidated by either side; we must make certain that we have an absolutely fair balance. Finally, we should spell out to the Sri Lankan Government the types of ultimate sanction that the international community could impose. A number of organisations could do that.

I shall not speak further, as I know that many hon. Members have constituency interests to raise. The situation is appalling. I fear that the Sri Lankan Government, for military reasons, will not give way on the issues we have raised. Nevertheless, it is crucial that we continue to press them.

Stephen Hammond (Wimbledon) (Con): I know that my hon. Friend is a military historian. It is important to be clear that, however the Sri Lankan Government see the position militarily, there can be no international credibility in a purely military victory—indeed, that will not be a victory. Anything that happens militarily must be accompanied by solutions that involve suffrage for the Tamil community. Should we not say to the Sri Lankan Government that the model established for the eastern provincial council elections, whatever its imperfections, provides a way forward, in that it involves the Tamil community in the suffrage process?

Mr. Simpson: My hon. Friend is absolutely right. Our history and the history of the world are littered with instances where majorities have tried to impose an undemocratic system on a minority. There is ultimately a solution, as history shows: it involves driving the minority out completely. That, I suspect, will prove impossible in Sri Lanka, and I think that some elements within the Sri Lankan Government and within the majority recognise that. Although the situation is dark and one has great reason to be pessimistic, we should nevertheless continue our best efforts to reach a solution that successive British Governments have worked so hard to achieve.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): I remind hon. Members that Mr. Speaker has imposed a six-minute limit on Back-Bench speeches.

1.46 pm

Joan Ryan (Enfield, North) (Lab): I start by welcoming the Minister's statement, which clearly indicated the Government's view and, I hope, the pressure that they and all our partners will bring to bear on the Government of Sri Lanka. I also welcome the cross-party approach expressed by the hon. Member for Mid-Norfolk (Mr. Simpson). The main political parties and others have pursued a cross-party approach for some time in the all-party Tamils group.

It is worth recalling that the people who are really suffering are the Tamil community both in Sri Lanka and here in the diaspora. Tamil constituents come to see me, absolutely frantic that they cannot make any contact with their friends and family. They do not know what has happened to their loved ones, or even whether they are alive, injured or, worse still, dead. We have a real responsibility because of our history with Sri Lanka, because we speak for our own constituents and a huge Tamil community of British citizens, and because of our deep concern about the current situation.

A recent report by the Genocide Prevention Project highlighted Sri Lanka as one of eight red alert countries where genocide or mass atrocities are under way or at risk of breaking out. I do not think that any of us can afford to ignore such an alert. We have said many times in the aftermath of genocide that we could have seen it coming and that we could and should have done more to prevent it. We must say and do more to prevent it from happening in Sri Lanka.

Keith Vaz: I thank my right hon. Friend for organising a meeting last week with the Prime Minister and the Foreign Secretary, in which these matters were raised. Does she agree that now is the time for the Government to appoint an envoy to succeed the current Secretary of State for Wales, who did the job extremely well? It is important that we send out a signal, and the appointment of an envoy is one way of doing so.

Joan Ryan: I very much agree. We had two very useful meetings with the Prime Minister and the Foreign Secretary and we are certain of their commitment to do more. I agree with the idea of appointing a special envoy, as envoys provide an important link and are able to form close relationships, to follow the situation and to report back directly to the Prime Minister. Such a role is important, so I hope that an appointment will be announced very soon.

We have heard the figures and know that 250,000 people are trapped. The most worrying aspect is that the Government of Sri Lanka have denied any responsibility for the safety and well-being of civilians who are still in the war zone. Lakshman Hulugalle, director of the Government media centre in Sri Lanka, has said that

"the Government cannot be responsible for the safety and security of civilians still living among the LTTE".

Yes, they can. I repeat: yes, they can. That is an outrageous statement, which demonstrates that the Sri Lankan Government are abandoning their responsibilities.

[Joan Ryan]

There has been a huge number of civilian injuries and deaths. I believe that the estimate of at least 70,000 deaths has been updated to at least 75,000 and is increasing. We know that more than 10,000 people have been injured and that there are 220,000 displaced people. We know that more than 10,000 people have been injured, and that there are 220,000 displaced people. This is no longer a crisis; it is by any measure a catastrophe.

Human Rights Watch has said:

"Intense fighting between the Sri Lankan army and the separatist LTTE has caught an estimated 250,000 civilians in deadly crossfire, and in the past week civilian casualties have risen dramatically."

Brad Adams, the Asia director of Human Rights Watch, has said:

"Civilians are scrambling for shelter in an area that is under heavy artillery fire, including many children, wounded, and elderly who need urgent assistance."

He added:

"The UN and concerned governments should press Sri Lanka to take all necessary steps to spare civilians from harm."

In contrast, military spokesman Brigadier Udaya Nanayakkara told the media

"There were no civilians killed",

and added:

"We are targeting the LTTE. We are not targeting any civilians, so there can't be any civilians killed."

I think that that signifies a complete abrogation of a national Government's responsibilities.

Only yesterday, United Nations sources indicated that many reports were coming in of the use of cluster bombs in the safety zone. With my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh), I raised that very matter with the Sri Lankan high commission, but the high commission, and all Government sources in Sri Lanka, regard any sort of question as an attack. Their attitude is "If you are not with us, you are agin us." There is no room for anyone even to question what is happening in Sri Lanka. The high commissioner—showing what I am afraid I would call almost a lack of respect—rubbished our suggestion, implying that we were simply foolish victims of propaganda and unable to make our own judgments on these matters. Meanwhile, Human Rights Watch has said that it is

"unaware of any serious action by the government".

Mr. Lee Scott (Ilford, North) (Con): Does the right hon. Lady share my concern about the fact that whenever any Member on either side of the House speaks up for the Tamil people and refers to their plight, the automatic, default reaction of the Sri Lankan Government is to accuse us all of being terrorists for doing so?

Joan Ryan: I entirely share that concern. I have been subjected to exactly that approach myself, as has my hon. Friend the Member for Mitcham and Morden, ever since we first opened our mouths on this issue.

The tragedy is that this was so preventable. It has been coming for such a long time that we could see it happening. Now is the time to be brave: we must not lack courage now. This may be the very last opportunity for us to insist on a ceasefire before we see many, many more thousands of people killed or injured.

I am very concerned by the response of the Sri Lankan Government in denying responsibility for their own civilians. It flies in the face of earlier guarantees and clearly contravenes international law. The Sri Lankan Government have made it clear that civilians should move to the safe zone, but, as we have heard, civilians are not safe in the safe zone and we know that they are not being enabled to move to the safe zone. We have also heard reports of attacks on both civilians and international aid workers in the safe zone.

The situation is very difficult for all aid agencies and international NGOs, which have been forced out of the Vanni region along with journalists. There are now no "eyes of the world" to observe what is happening, and we fear that huge abuses are being perpetrated. We know that when international statespeople have tried to become involved—many eminent international figures have commented on the deteriorating human rights situation—they have been sharply criticised by senior Government officials. Some—

Madam Deputy Speaker: Order. I am afraid that the right hon. Lady's time is up.

1.55 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): I am delighted that we are speaking as one in the House today. The message to the Sri Lankan Government must be loud and clear: British parties of all colours demand a ceasefire, demand justice for the Tamil people, and demand that humanitarian assistance be allowed through. A very welcome voice is being heard from the House today.

Let me first praise the right hon. Member for Enfield, North (Joan Ryan) and the all-party delegation to the Prime Minister—of which I was a member—that she led last week. I also praise the Minister for the strong words that he used, and, indeed, praise the words of the hon. Member for Mid-Norfolk (Mr. Simpson). I disagreed with the hon. Gentleman on only one small issue: I still think that we need to argue for the ceasefire. He may be right in saying that the Sri Lankan Government will not heed our calls, but I nevertheless believe that we should make them loud and clear. Unless we do so, there is a danger not just that more civilians and soldiers will be killed, but that there will be massacres in the Vanni region, where there are hundreds of thousands of civilians and troops.

We really need that ceasefire, and I am delighted that the Government—in the form of the Prime Minister as well as the Foreign Secretary—have called for it. I am also delighted that the Foreign Secretary achieved, through his discussion with Secretary Clinton in the United States, a joint US-UK call for a ceasefire. However, I urge the Government to go further. As I said in a letter to the Prime Minister recently, they should go to the United Nations Security Council. We need the whole international community to speak as one. We need to work for that, because the Sri Lankan Government should be in no doubt about how the international community feels. I am aware of the dangers involved, because it is always difficult to get a resolution through the United Nations Security Council. That is why I think we should call on some of our international colleagues to recognise the significance of the situation.

Keith Vaz: The hon. Gentleman is absolutely right, but it is also true that we are one of the big players in the United Nations. Even if we do not get a resolution through, it is important that one should be raised at the Security Council.

Mr. Davey: I agree, but let me identify some of the challenges that the Government face in trying to secure that resolution. The first comes from China. Britain and others have rightly reduced aid to Sri Lanka because of our opposition to some of its Government's measures, not just recently but over a number of years, and the Chinese have filled the vacuum. They are now sending £500 million of aid to Sri Lanka. We must tell them that it is not acceptable to give that amount of aid to a Government who are breaking international law. We must tell them—presumably quietly—that what they need to do in order to make amends is vote for a Security Council resolution. I believe that, with the Chinese and the Americans, we will bring the French and the Russians along as well.

Other developments show how strong we need to be with the Government of Sri Lanka. The fact that the Iranians are sending £900 million of aid in soft loans, grants and cheap oil should tell us everything that we need to know about the current Sri Lankan regime: its biggest friends are in Tehran. Does Sri Lanka really want to put itself in that position? Does it want to isolate itself along with Iran? It used to be a fantastic country. It used to be more democratic. It used to uphold the rights of individuals and minorities. Now, through the way in which it is behaving both to its own people and internationally, it is putting itself in serious jeopardy.

Last March, the State Department of the United States issued a report accusing the Sri Lankan Government of attacking civilians and practising torture, kidnapping, hostage-taking and extortion with impunity. That is the nature of the regime, and our calls today should be loud and unequivocal.

Andrew George: One of the biggest obstacles, in my view, is Sri Lanka itself. On the last occasion when President Rajapaksa came to the United Kingdom, I was privileged to have an opportunity to ask him about the human rights situation there. He told me that national human rights organisations were simply a front for the Tamil Tigers, and that international human rights organisations were simply gun-running for the Tamil Tigers. With that psychology, he must realise that we have a major impediment to overcome.

Mr. Davey: My hon. Friend is absolutely right, and sometimes one feels powerless when such injustices are taking place, but it is our job in this House to make the case nevertheless.

Colleagues have talked about how the press have been restricted. Not only have they been prevented from reporting the fighting, but journalists have been killed—the editor of *The Sunday Leader* was murdered—and there have been attacks on CNN and the BBC, accusing them of partisan behaviour. That shows how low the Sri Lankan Government are stooping. Also, only recently they expelled non-governmental organisations providing humanitarian assistance in the north-east of the island from that area, which was despicable. The Sri Lankan Government are breaking international law in many ways, so the Minister was right to use such strong language. I simply urge him to do that more, and to go to the UN.

I am conscious that other Members wish to speak, but I want to make one final, and very serious, point. In international discussions, too many countries hide behind the idea that they are democracies: they think that as they have elections and voting, they are somehow beyond the law, but they are not. Democracies are not beyond the law, particularly when they abuse the rule of law, allow minorities to be attacked and attack civil liberties and human rights. In my view, that makes them non-democracies. Sri Lanka has a proud history as a fantastic democracy and country. In the early '70s, it was not just a beautiful island—many parts still are beautiful—but it reduced infant mortality and increased adult literacy to levels not seen even in our country. In the past, democracy in Sri Lanka produced fantastic achievements. That is why what is happening now is so tragic. It is betraying its own history, as well as its own people.

Today, this House should be absolutely strong—I am looking forward to hearing Members' contributions—and the Government should have our full support as long as they take this argument to the Sri Lankan Government and take the message to the international community.

2.2 pm

Mr. Andrew Dismore (Hendon) (Lab): Since the end of last year, the eyes of the world have been on Gaza and southern Israel. There have been humanitarian aid appeals, debates in the House and statements from Ministers. However, while everyone focused on that area, a nasty, vicious, unremitting offensive was launched in north-east Sri Lanka at the end of last year, and I, like other Members who represent Tamil communities, have been inundated with letters and e-mails demanding that our Government take action. An appalling humanitarian catastrophe has unfolded almost unseen because the Sri Lankan Government have forbidden journalists to go there to report it. There has been a full-scale war with little or no respect for the human rights of the civilians, all of them Tamil, who are trapped in the battle—a battle for survival for the LTTE, and a battle for conquest for the Sri Lankan Government.

Three-hundred thousand civilians are trapped, and hundreds have been killed and injured in Vanni. There has been aerial and artillery bombardment, and there are allegations that cluster bombs have been used. There have been human rights violations by both sides—I spoke about them in the House during the debate on human rights and the Foreign Affairs Committee report on 18 December. The International Committee of the Red Cross reported on 28 January:

> "Hundreds of people had been killed...scores of wounded were overwhelming understaffed and ill-equipped medical facilities...People are being caught in the crossfire, hospitals and ambulances have been hit by shelling and...aid workers...injured while evacuating the wounded."

The Sri Lankan Government claim that they have established safe zones, but civilians have been killed in them by their artillery. A hospital doctor reported that 1,000 shells fell around his hospital. Internally displaced people from Vanni are kept in compulsory camps in Jaffna. People have repeatedly been displaced with

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inadequate food, shelter or medicine. Civilians face extreme risks in the safe zones from indiscriminate fire. On 28 January, the American Ceylon mission at Suthanthirapuram was bombed; 17 people were killed and 39 injured, including three orphans. At the time the Government of Sri Lanka had declared the area a neutral zone. On 30 January, the UN Secretary-General called on the Sri Lankan Government to ensure that civilians fleeing from Vanni were treated in accordance with international standards. Clearly, that has not been the case.

Journalists have been excluded, there have been increasing attacks on the media, and Lasantha Wickramatunge, editor of *The Sunday Leader*, was recently assassinated. Fourteen media people have been killed in the last three years, and others have been detained or tortured or have disappeared. Yet these crimes are not being investigated.

We should not absolve the LTTE, as it has been guilty of human rights abuses. A 24-vehicle convoy arranged by the Red Cross and the UN to transport 300 wounded and 50 children was stopped from leaving. The LTTE has been guilty of forced labour and forced recruitment, including of child soldiers. It has prevented civilians from leaving, forcing them into Mullaitivu, the LTTE controlled area, effectively as human shields, in violation of the laws of war. The Bishop of Jaffna, Dr. Nayagam, said on 25 January:

"We are urgently requesting Tamil Tigers not to station themselves among the people in the safety zone and fire their artillery shells and rockets at the Army."

A ceasefire is desperately needed. The real responsibility for what is going on lies with the Government of Sri Lanka. There is no doubt about that; they launched this cruel offensive. We must use all the levers available to us to demand a ceasefire from the Sri Lankan Government. In the interim, there must be more safe zones and humanitarian corridors. The ICRC and the UNHCR must have full access, as must journalists. We must demand respect for the Geneva convention by both sides, particularly in relation to captured prisoners of war and civilians.

We need to look at our humanitarian aid effort. We have given £2.5 million, on top of the £2.5 million given last year. That is less than one tenth of the amount that we have committed to Gaza, and the situation in Sri Lanka is as bad, if not worse.

We must take action to put pressure on the Sri Lankan Government. Sri Lanka should be suspended from the Commonwealth for its repeated breaches of human rights week after week, month after month, and year after year. We should end the EU generalised system of preferences-plus scheme, which gives beneficial trade arrangements to Sri Lanka. The preferences are dependent on Sri Lanka's compliance with human rights, but Sri Lanka has broken every rule in the book.

Stephen Hammond: Does the hon. Gentleman not agree that we need to be very careful that any sanctions imposed do not hurt more the communities that we are seeking to help? There is evidence that taking action in respect of GSP-plus will potentially harm the Tamil community as much as anyone else. That would be unfortunate.

Mr. Dismore: I find it very hard to see how the Tamil community could be hurt any more than by having 300,000 people trapped in a declining pocket, exposed to artillery fire, indiscriminate bombing and attacks from the Sri Lankan Government.

The Sri Lankan Government say that they will get a military victory over the LTTE, but the Tamil issue will not be resolved by bombs, shells, grenades and bullets. The underlying grievances of the Tamil people will remain. We have to foster a political solution through reconciliation. That will be difficult, given the hatred that has been engendered by this vicious assault and by a war that has gone on for 25 years. There must be recognition of the Tamil's demand for the right of self-determination. If the LTTE is defeated in this military offensive, it will not go away; the fighting will continue in a different form, as we have seen so many times around the world. That fighting will continue until the Tamils are properly and effectively politically empowered, and have a voice in their own country, and are able to run and have a say in their own affairs.

We must bring about a proper arrangement to achieve a political solution to a war that has gone on for far too long, claimed far too many lives, and destroyed far too many homes. I hope that the Minister will do all he can to bring about what all Members on both sides of the House want, by putting pressure on the Sri Lankan Government to stop this offensive, to stop killing people and to start talking.

2.8 pm

Mr. Lee Scott (Ilford, North) (Con): I join the thanks to the right hon. Member for Enfield, North (Joan Ryan) and other members of the all-party group who facilitated the meetings with both the Foreign Secretary and the Prime Minister last week. I believe that the meetings have produced dividends and that things are pointing in the right direction, so it is to be hoped that we can bring about what everyone in this House has called for with a united voice.

I fear that the Sri Lankan Government used events elsewhere in the world to camouflage their own attack. They knew that the eyes of the world—including of the media—would not be on Sri Lanka, and they took that as an opportunity to conduct this offensive. My constituents, like those of other Members, are frightened to the core about what is happening to their relatives. They do not know whether they are dead or alive or injured; they cannot get any contact, and that is of great concern to them. It is therefore vital that all of us are their voices today; we must say to the Sri Lankan Government that this is not acceptable.

There must be a ceasefire now. It must be immediate because if it is not, how many more thousands of innocent women, children and men will be killed every day in the coming weeks until the Sri Lankan Government, who wrongly think that a military option is the way forward, stop what they are doing? There must be a ceasefire and it is vital that it happens now. Whatever the means that need to be brought to bear, be it the United Nations, the Commonwealth or the meetings that the Foreign Secretary had with Secretary Clinton earlier this week, they must start to bear dividends, because if they do not, lives will continue to be lost in

the Tamil community in Sri Lanka on a daily basis. If that happens, all of us in the western world should hang our heads in shame.

We face a number of different problems. We have heard about the 75,000 people who have been killed—the figure I had was 70,000, so I am distressed to hear of the reassessment to 75,000—and the 250,000 people who have been displaced. Non-governmental organisations must be allowed into Sri Lanka now. I welcome the suggestion made by Labour Members that a new special envoy should be appointed to replace the right hon. Member for Torfaen (Mr. Murphy), because that is vital and I hope that that comes to fruition quickly.

We have a duty to prevent the loss of any innocent life. As I have said in debates on other issues and other conflicts around the world, any loss of innocent life, on any side, is a tragedy. We are duty-bound to do something about this. What really holds fear for me is the fact that hospitals are being bombed and innocent people are being caught in the middle of a conflict. They want to live their lives in peace and harmony, as the rest of us do elsewhere in the world.

The only solution to this situation is a political one that gives the Tamil community the right to have a say in and govern their own lives, and to live in freedom. If that does not happen, I fear that other Members of Parliament in decades to come will be in this Chamber having exactly the same debate as we are having—we must do everything we can to prevent that from occurring. It is vital that this debate of such importance has taken place. I, too, feel that the Leader of the House should be complimented on providing time for it. It is vital that when we go away from here, we leave more than just our words.

I am aware that other hon. Members wish to speak, so I conclude by saying, as I said in an intervention, that the Sri Lankan Government should be ashamed of themselves for seeing everyone in this Chamber today as a terrorist because of our wish to stand up for people's rights. What we are not is what they accuse us of being. We wish to see human life being saved and people living in safe harmony and in a democracy.

2.12 pm

Mr. Virendra Sharma (Ealing, Southall) (Lab): Thank you, Madam Deputy Speaker, for calling me to speak in this much-needed debate. It gives me the opportunity to tell the House of the terrible circumstances in which the Tamil people of Sri Lanka are living. The story of those sad and terrible circumstances is one that I have been hearing for years from hundreds of my Tamil constituents, who have family members under military bombardment from the Sri Lankan Government even as we speak.

As chair of the all-party group on Tamils, I have had the opportunity to meet many Tamil MPs and leaders to hear about the tragedy of the Tamil people's plight, and to discuss the ongoing crisis in Sri Lanka with Members from all sides of this House. It has been difficult to get the message to a wider audience, but through this debate, the continued demonstrations and campaigning by UK Tamils and the increased awareness of the world's media, the appalling situation that innocent Tamil civilians find themselves in is becoming clear and the pressure for an immediate ceasefire and a long-term, just and peaceful settlement of this conflict is growing.

Keith Vaz: Is it not important that we should also examine the laws governing proscription, because some campaigning organisations that wish to campaign on behalf of those who are suffering in Sri Lanka are prevented from doing so because of proscription?

Mr. Sharma: I thank my right hon. Friend for that intervention and I agree with him.

The Sri Lankan Government are seriously mistaken if they think they can resolve this problem through military means. After 25 years of conflict, it is clear that there is no military solution. A peaceful negotiated long-term settlement that enshrines the rights of the Tamil people in a federal constitution that devolves real power to the Tamils is desperately needed. All parties need to agree to an immediate ceasefire and get back to the negotiating table. Norway, the broker of the 2002 to 2005 ceasefire, and India, Sri Lanka's neighbour, need to be brought back into the picture to help bring about a lasting peace. I have used my own contacts with the Indian Government and Parliament to help in this regard and will continue to do so. It is in the interests of India and all the other neighbouring countries for there to be a resolution of this long-running conflict and for there to be regional stability.

I pay tribute to the efforts made by the Prime Minister, the Foreign Secretary and the Secretary of State for International Development to get an immediate ceasefire and to help tackle the ongoing humanitarian crisis in the conflict zone in the north-east of the island. I welcome yesterday's joint statement issued following the meeting between the US Secretary of State, Hillary Clinton and the Foreign Secretary, which emphasised that

"both sides need to allow civilians and wounded to leave the conflict area and to grant access for humanitarian agencies".

I also welcome the pledge of an extra £2.5 million from the UK Government to help with the humanitarian crisis, but I urge them to do all they can to ensure that the aid actually gets to the people. Reports from my constituents' families in Sri Lanka suggest that this humanitarian aid is not getting through to the people. It has been of great concern to me that the Sri Lankan Government have not allowed international aid agencies, apart from the Red Cross, into the conflict zone since late summer last year.

More than 250,000 Tamil civilians are trapped in the war zone having fled their homes after shelling, and today we hear further reports that the one hospital in the war zone is being subject to sustained shelling and the dropping of cluster bombs on it. The UN, overnight, reported that 52 civilians had been killed and 80 wounded, some inside a "safe zone". A UN spokesperson said that the Puthukkudiyiruppu—PTK—hospital in the war zone was evacuated after 16 hours of shelling. A dozen patients were killed in the shelling. Both sides deny that they are responsible, but reports suggest that air strikes were used and only the Sri Lankan army has such a capability. The attacking of hospitals and the killing of patients with cluster bombs is an obscene outrage, and those responsible need to be brought to account and punished.

The international community and the whole world need to put pressure on the Sri Lankan Government to end these attacks on civilians and to enter into a new

[Mr. Sharma]

dialogue, so that a new round of peace talks can begin and a just settlement can be reached that recognises the legitimate rights of the oppressed Tamil people of Sri Lanka.

2.18 pm

Mr. Andrew Pelling (Croydon, Central) (Ind): What I recognise in this debate compared with the Adjournment debate that took place at the end of the Session before Christmas is a very changed atmosphere; unfortunately, our tolerance towards what has being going on with the Sri Lankan Government has come to an end.

Many hon. Members representing London constituencies—south London constituencies in particular—attended two separate meetings, one with the Foreign Secretary and the other with the Prime Minister. I was genuinely impressed by the Government's very real concern to secure, by any appropriate means, a ceasefire in Sri Lanka; there was realism as to the leverage that the Government have and the need to work, and importance of working, with European partners and other powers around the world. It was prescient of the Prime Minister and the Foreign Secretary to have those meetings with us before the large crowd of 100,000 British people marched past this place last Saturday. It is no wonder that there should have been such a strong showing of concern. The attendance was much greater than the Metropolitan police had anticipated, but 100,000 is their estimate of the number who attended.

No wonder so many turned up when we hear stories of the Government of Sri Lanka suggesting that civilians move to so-called safe zones where they are then killed by actions by the Sri Lankan army. No wonder people are concerned when hospital compounds that include paediatric wards and intensive care units are shelled. In those circumstances, it is no wonder that so many Members of Parliament are in their places today and are keen for the appropriate leverage to be applied. Appropriate work has been done with our European partners on suspending European Union grants, but other sanctions may be required to ensure that further action is taken.

The Sri Lankan Government still appear to be of the view that they can secure an unconditional surrender. The use of that term makes me very concerned about what the next steps will be in the treatment of the Tamil population in Sri Lanka. There is a real danger that some dreadful retribution will be meted out by the Government on the Tamil people—Tamils who are not terrorists, but simply the fellow countrymen of the Sri Lankan Government, who have pursued the foolish policy of waging war on their own people.

2.22 pm

Mr. Neil Gerrard (Walthamstow) (Lab): I shall try to be brief, because it has become obvious that we are more or less unanimous on this issue, which is unusual even on a subject as serious as this. I welcome the Minister's opening remarks. His message will be welcomed by all my constituents who have contacted me about this issue. A significant number of Tamils live in north and east London and, like many other Members who represent that area, I have received many representations about the situation in Sri Lanka.

As far as the immediate crisis is concerned, it is obvious, unfortunately, that the Government of Sri Lanka see this as a fight to the end and a way to eliminate the LTTE. The Government do not seem to care what else happens as they try to do that. That is why we see the indiscriminate shelling and bombing of areas that the Government know contain huge numbers of civilians. Even though a safe area was declared, there was no way for people to reach it, so it was an utterly pointless declaration. The Government are not interested in a ceasefire, because they see this as an opportunity, and that is why pressure from outside is so important.

Above all, we need a ceasefire and we need international observers and non-governmental organisations to be allowed into the north and east of the country. The message about the ceasefire has to be conveyed again and again to the Government of Sri Lanka. As other hon. Members have suggested, we should think seriously about sanctions. For years, the Government there have not been interested in listening to any criticism. I remember some years ago speaking at a rally in Trafalgar square and the day after there was someone outside Downing street holding a placard saying that I was a terrorist and asking the Prime Minister to do something about me—

Tom Brake (Carshalton and Wallington) (LD): Will the hon. Gentleman give way?

Mr. Gerrard: I would rather not do so, because I want to be brief and allow other hon. Members to speak.

In the longer term, the issue is how we reach a political solution. I fear that the Government, if they are able to occupy militarily all the areas that have been controlled by the LTTE, will not be interested in looking for a political solution. They will think, "That's it, we've won." Whether that will stop a return to guerrilla warfare by the LTTE is another matter, but even if that happens, we will not have a political solution. Enormous pressure needs to be applied from outside. We know the history of arbitrary detentions and disappearances, and other human rights abuses that have gone on and on without anyone being held responsible. That is why, in the end, we need a political solution that recognises the rights of the Tamil people. Without outside pressure and influence, that will not happen. We have to keep the need for a political solution high on our agenda, and consider what we can do through an envoy or mediation. We cannot impose a solution, but we should do whatever we can to encourage it. The message to the Government of Sri Lanka should be clear: they need to make progress towards a political solution.

2.26 pm

Peter Bottomley (Worthing, West) (Con): Our task in the medium term is to try to help people come to terms with history. There is no way of writing up the Sri Lankan issue without pointing fingers one way or another.

To the Sri Lankans we can say that we recognise that the Sinhalese and the Tamils share the island and, although there can be only one military Government in the country, there must be space for autonomy in terms of economic, cultural and political development.

It is necessary for the Sri Lankan Government to start saying more openly now how they will provide the space for the Tamils to be represented and have their voices heard, to avoid the feelings of second-class citizenship that have inspired much of the past.

One of my contemporaries, Rajiv Gandhi, was a victim of this conflict because he sent a peacekeeping force to Sri Lanka from India, and that led to his assassination. I pay tribute to him and to the journalists, whether from the Sinhalese elite—such as the editor of *The Sunday Leader*—or others, who have died because they tried to make information available that some wished to keep obscured.

We know, from imprecise parallels with the violence in Gaza, what can be experienced by civilian populations in areas subject to a change in military control. Most of us accept that there will be a change of military control in that north-east corner of Sri Lanka. The Tokyo quartet is right to ask for an immediate ceasefire to allow people to get away from areas of fighting, and to point out to the Tamil Tiger leaders that there is no point in continued military resistance. They should be told not to make the people around them suffer while the transition takes place.

I understand the views of most people in this conflict. We cannot do a great deal but in the short term we can aim to save lives and, in the medium term, we can provide the space for some kind of political development so that people can go on trying, however valiantly, imprecisely or unsuccessfully to begin with, to create an island that can contain all the ethnicities that are there.

2.28 pm

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I want to speak on behalf of my constituents who are members of the Milton Keynes Tamil forum. I also want to mention another Sri Lankan community in Milton Keynes, the Sri Lankan Muslim community. It is very small but has an equal interest in a Sri Lanka that recognises all its minorities.

I want to draw attention in particular to an interest of a significant section of the Tamil community, and indeed the wider community, in Milton Keynes. It is an orphanage that has been funded for a great many years by members of all communities in Milton Keynes. It is supported by the Hope Outreach UK charity, which is run by a Tamil GP in Milton Keynes, Dr. Sam Muthuveloe. After it was damaged in the tsunami, the orphanage was rebuilt thanks to contributions from many people in Milton Keynes. It is managed by the Anglican Church, but was bombed by Sri Lankan air force bombers, fortunately after the girls had been evacuated to another area. However, the Government did not know that it was empty when they bombed it.

My contacts in Milton Keynes have been in direct contact with Foreign Office staff about the girls in the orphanage, because nobody knows where they are. They moved from the original orphanage to Visvamudu and then moved eastwards towards the safe area. For the last week, nobody from outside has known where those girls are. There are about 80 of them and my constituents are extremely concerned about their safety. Anything further that the Government can do to try to locate these Sri Lankan orphans and to get them to safety would be greatly appreciated.

I want to make two more points. One is about the so-called safe areas that the Government have created and the way in which the Sri Lankan Government keep saying that the civilians can come out and separate themselves from the LTTE and they will be safe. Regrettably, because of the things that have been happening to Sri Lankan Tamils elsewhere in Sri Lanka, at least with the Sri Lankan Government's collusion if not their active participation, the civilians in the north do not feel that they can trust the Government with their safety. That is part of the reason they are not coming out. Of course they are not safe under bombardment, but they are not confident that they would be safe in the hands of the Sri Lankan Government either, particularly since my understanding is that almost all the men who come out are suspected by the Sri Lankan Government of being actively involved with the Tamil Tigers and are therefore under particular threat of harm.

It is incredibly important that the Sri Lankan Government understand that they have to be seen as a protector of all their citizens and should not just assume that every Tamil is in league with the Tamil Tigers, because they are not, even though all Tamils would, of course, want their individual rights to be respected.

My second point, which has not yet been made, is about the way the Sri Lankan Government had clearly been planning this onslaught for some time and had, for several years, been indulging in what might be called a massive shopping spree to upgrade their arms so that they were ready to take on the Tamil Tigers. Members of this House have been asking our Government for some time why the Sri Lankan Government were spending so much money on accumulating arms. We have asked them to look at the arms export process and to take into account what one might call disproportionate military expenditure, which might lead one to suspect that a Government were intending to use those arms for external aggression or internal repression. I know that such an approach is more difficult than dealing with it when it is going on, as it is now, but I would be grateful if the Government could take this point away and think about using their military intelligence, if I can put it that way, to try to perceive when a Government might be trying to build up their capacity to be used in a way that we would not support—the Sri Lankan Government have done so.

I have no illusions about China's putting any pressure on Sri Lanka. China has its own way with its minorities and it probably thinks that the Sri Lankan Government are doing rather a good job, but I wonder whether we could be doing more with the Indian Government. They are, at least, adjacent to Sri Lanka and have an interest in stability in the region. We could enlist their support in trying to get the Sri Lankan Government to see sense and to start pursuing a political solution, not a military one.

2.33 pm

Simon Hughes (North Southwark and Bermondsey) (LD): Yesterday was Sri Lanka's national day. It is a human tragedy almost beyond words that 61 years after that country gained its independence from the UK, independence day was unable to be a cause of celebration for all the peoples—the Sinhala majority, the large Tamil minority, the significant Muslim population mentioned by the hon. Member for Milton Keynes, South-West (Dr. Starkey), the Burgher population and people of all the great world faiths on that beautiful island.

I have taken an interest in Tamil issues in this place and outside it for more than 20 years, but not because I have a huge Tamil constituency—I do not. One Tamil

[Simon Hughes]

organisation has been based by my constituency, although it is not now, but I have some Tamil friends as well as Sinhala friends, and I have known all along that without a generous recognition by the Government of Sri Lanka that they had to govern with all the people and to work out a new constitutional settlement, there would not be peace in that island. We are talking today about a quarter of a million civilians—perhaps more—who are in a terrible state and may be trapped, and about a Tamil population of millions, both at home and abroad. The voices that are heard here are for them.

Last weekend, 100,000 or more people took part in a demonstration here, which shows the strength of the link that Sri Lanka has with this country. We have a particular responsibility, as we were the colonial power in Sri Lanka for 150 years. It was from us that Sri Lanka gained independence, and it is now a key member of the Commonwealth led by our own Head of State. Hundreds of thousands of people in the Sri Lankan diaspora around the world are looking to those other countries in which Tamils and other Sri Lankan people live to influence the outcome in that country.

Tom Brake: Does my hon. Friend agree that hon. Members who speak out in this House on this issue do so to condemn equally the atrocities committed by both sides, to further humanitarian aid ambitions and to ensure that there is a peaceful solution? We do not condone terrorism: we are implacably opposed to it.

Simon Hughes: Absolutely. Many of us have been accused of being supporters of the Tamil Tigers, but I have never supported terrorism as a way forward in Sri Lanka. My appeal is to the Sri Lankan Government and the LTTE to renounce arms, but the Tamils will do so only if they have confidence that they will be protected. Just as the Sri Lanka Government may not have confidence in many Tamils, for reasons good or bad, so many Tamils will not have confidence in the Government. I am afraid that that is the position on the ground, and that is why the international agencies and organisations such as the UN's Commission on Human Rights, UNICEF, the International Committee of the Red Cross and others need to be present. Only with them there can there be any confidence in the north of Sri Lanka that there can be fair treatment.

We are thousands of miles away, and we are not the only ones concerned about these matters. I received an e-mail on 3 February, which stated:

"I have just come back from Colombo myself and I have met persons who are carrying out voluntary service in a small scale in Jaffna secretly, and other affected parts. They want to remain anonymous due to obvious reasons. I couldn't believe what they told me. The very people who are coming out of the troubled areas are kept in open camp with barbed wires around with no proper shelter. They are not allowed outside, nor are any relatives able to contact them or take them away to be looked after. The injured children are taken to the hospital but the mums are not allowed with them. They are crying out for help. This reminds me of the Hitler days and the pictures I have seen on films. What is shown in Colombo is the army handing out food parcels and water bottles and this is all propaganda by the Army and government.

The person who told me was in tears when he told me that the young are being abused and they now have 55 cases of aids in Jaffna alone. My friend, together with other friends, donated their savings to create more beds in the intensive care unit in Jaffna hospital. Patients are sleeping on the verandahs on mats due to lack of medical help. Considering that Sri Lanka has the largest cabinet in the world with every one of them being provided with bullet proof BMWs, it appears that they can't afford hospital beds."

The *Sunday Leader* newspaper is regarded as the best independent paper in Sri Lanka, and its last editor has been referred to several times. He was assassinated in January, just the other day. An editorial that he had written—published posthumously—made it clear that he suspected that he might well be assassinated. In it, he owned up to being a friend of the President, so it was not a personal attack. He wrote:

"A military occupation of the country's north and east will require the Tamil people of those regions to live eternally as second-class citizens, deprived of all self respect. Do not imagine that you can placate them by showering 'development' and 'reconstruction' on them in the post-war era.

The wounds of war will scar them forever, and you will also have an even more bitter and hateful diaspora to contend with."

People who have lived all their lives in Sri Lanka are calling out to us, and the journalist I have just quoted gave his life in the cause of independence and freedom.

I wish to join colleagues in unanimously making the strongest possible statements about the situation in Sri Lanka. First, a ceasefire should be accepted immediately, as should the presence of the UN and the relief agencies. In addition, there needs to be a free press: Sri Lanka has the second worst record on press freedom in the world, behind only Eritrea.

Secondly, there has to be a reference to the UN, the Commonwealth and other bodies, so that the international community can make their voices clearer. There may be a case for reference to the International Criminal Court. At least one Sri Lankan Minister is an American citizen, and there may be a war crimes issue to be dealt with.

The hon. Member for Milton Keynes, South-West, rightly made the point that the Indian Government could be hugely influential. Many people in Tamil Nadu who are Tamil by definition are about to vote in the Indian general election. They are an important part of the make-up of democracy in India. We should have a try with China and Iran, too, however difficult and unproductive that may be.

Above all, we have to keep focused on the fact that a political solution will be needed. The current position is what Northern Ireland would be like if only Protestants were ever to play a part in the constitutional future of the Province. We know how foolish that idea was, and the situation there is different now. Unless Tamil people have a proper part in the future, and can determine their own part and their level of autonomy, there will not be peace. My call, and that of colleagues, is for the people of Sri Lanka at home and abroad to make it clear that the current politics of the Sri Lankan Government will never succeed. The Sri Lankan Government should realise that they need to be as magnanimous as other failing dictatorships have been; and that until they are, they will not have peace on their island. This is probably the most important issue facing the Commonwealth, and one of the most important facing the United Nations.

2.41 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): If fine words and knowledge could bring an end to the conflict, it would end after this debate. There are Members

on both sides of the Chamber who speak far better and far more knowledgeably than I, but with every word uttered, I become more frustrated on behalf of all the UK Tamils who live in my constituency and the constituencies of other hon. Members. I become more concerned about what young Tamil British people will think about our ability to spread our ideas of democracy and free speech if we cannot take action against the Sri Lankan Government.

I urge my right hon. Friend the Foreign Secretary and his team of Ministers to go and see, in the next few minutes, how we could bring about the suspension of Sri Lanka from the Commonwealth. We need to do something that hurts. The Sri Lankan Government clearly believe that within the next few days, they will have sorted out the Tamil Tigers and that the Tamil problem will, for them, be over. However, as so many Members have said, it is only just beginning; we know that from our own history. We need to do something large and bold. We need to take a step.

I thank the members of my Government who have worked so hard in the past few weeks, following pressure from us Back Benchers. There are so many problems in the world, and how many friends do the Tamils have? Sri Lanka is not a large country, and there is not a great deal of publicity, which frustrates Tamils very much, whereas the Sri Lankan Government have so many big and important friends. On behalf of the Tamil community and all the Tamils who live in my constituency, I ask my Government to do what they can to get the Sri Lankan Government suspended from the Commonwealth.

2.43 pm

Stephen Hammond (Wimbledon) (Con): I am grateful for this opportunity to say a few words. I will try to be brief so that the hon. Member for Edmonton (Mr. Love), who is the chairman of the all-party group on Sri Lanka, can say a few words. It is clear and important that today in the House we heard strong words of criticism from the Minister of State, Foreign and Commonwealth Office, the hon. Member for Harlow (Bill Rammell), and from my hon. Friend the Member for Mid-Norfolk (Mr. Simpson), on the unfolding humanitarian crisis. That must be important to the Sri Lankan Government, and to our Tamil constituents, who feel the oppression.

As early as last April, it was quite clear that the Sri Lankan Government's next push would be to do what they have since done. I had the privilege of visiting Sri Lanka as a member of the all-party group last year. The reason why I intervened on my hon. Friend the Member for Mid-Norfolk was that we saw some progress in the east, even before the provincial council elections. We went to Jaffna, although our high commission tried to persuade us not to. Walking down the high street, we had the chance to meet some people who lived there. It is absolutely clear that Jaffna is, to all intents and purposes, a prison camp. There is a continuing problem there. Although the Sri Lankan Government think that they will have a military victory, there will be no victory unless there is a political solution.

The Tokyo quartet is absolutely right to say to the Liberation Tigers of Tamil Eelam, "Lay down your arms to make sure that there is no loss of life." The Minister may well take on board the points made about pressure at the UN and the need for an envoy, but the Sri Lankan Government must commit to an immediate ceasefire, too. They must ensure safe passage not only for the poor innocent people currently affected by the conflict, but for those who come to the ceasefire table and for the UN human rights mission. Will the Minister consider speaking to the Sri Lankan Government about a process that we learned in Northern Ireland—the de Chastelain de-armament process, which is binding on both sides—to accompany the ceasefire?

Looking ahead, the eastern model may not be perfect, but it could be the basis for a solution. The Government must be made to realise that there cannot be a military victory in any credible international sense. A victory without a political solution for all Sri Lankans will be worthless. Without a negotiated solution and universal suffrage, the economic, cultural and political resentments of the Tamil community which have fuelled the conflict will remain unresolved and nothing will have been gained.

I urge the Minister in his representations to consider not just the call for an immediate ceasefire, but for the measures that must accompany it. I listened to the hon. Member for Hendon (Mr. Dismore), who dismissed my point about sanctions. In other parts of the world we have seen sanctions hurt the very people we want to help. We must ensure that any sanctions that we impose hurt the people we intend to hurt.

2.46 pm

Mr. Andrew Love (Edmonton) (Lab/Co-op): May I add my voice to those heard from all parts of the House, including from the Minister, calling in the strongest possible terms for the Sri Lankan Government to do everything they can to minimise the humanitarian disaster that we are beginning to see unfolding in the north of the island? Yesterday, according to the UN, 52 innocent civilians died. Many hon. Members have spoken about the 250,000 Tamils trapped between opposing forces. We have heard about the so-called safe area, yet all the evidence suggests that that is currently being bombed, with excuses for that being made on both sides. Even the one hospital available for those innocently wounded in the conflict has been bombed and has had to close.

The Sri Lankan army seems determined, as many hon. Members have said, to eradicate the LTTE. That is perhaps not surprising, given the history of the conflict. However, that appears to have blinded the army and, more important, the Government to the plight of innocent civilians in that part of the country. On the other side, Amnesty is reporting today that a convoy of 300 innocent wounded civilians, including 50 children, was prevented from leaving the area by the LTTE. The first thing we all need to agree on is the urgent need for humanitarian relief. That should combine a corridor to allow innocent civilians to get out of the trap in which they are caught with a UN assistance mission to provide food and medicines to people in the north of the island.

Let me deal briefly with three issues. Many hon. Members have commented on the growing climate of intolerance of any form of criticism, characterised by the comments from the Sri Lankan Defence Minister in recent days about the irresponsible behaviour of the BBC and CNN. If his intervention were not bad enough, we have seen the recent attacks on journalists, the media and even human rights activists in Sri Lanka. Many

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people have died in mysterious circumstances or have left the country because of the climate of intolerance, and we hear daily of the abduction, detention and disappearance of people on the island. I urge the Minister to raise the issue at the highest level. There must be independent investigation to root out why such human rights abuses are happening.

Everybody has asked whether there will be a military victory. One is undoubtedly possible, but the important point is that that would not be the end of the violence; all independent opinion tells us that. The Sri Lankan Government have not dealt with the underlying causes of the conflict: the real grievances felt by the Tamil community and the aspirations that are rarely discussed in Government circles. I have been saddened that the call for a ceasefire has not been met with any support from either side, but I am particularly sad that the Government have rejected the opportunity to negotiate with the other side so that the situation could move forward from being a military conflict to being a peace settlement. That needs to happen, otherwise there will be guerrilla warfare again and terrorist activity might even intensify. The reality is that the conflict will not occur only in the north of the island; it will be taken to all quarters of it, and that cannot be right.

There is a need for a political solution, which is more urgent now because of recent events. There is a climate of bitterness and enmity, even greater than before, because of what has happened in the north of the island. Inevitably, that has polarised opinion. That is not the fertile soil on which we can build a peace process. The Sri Lankan Government tell us that there will be elections, but those are almost certain to be boycotted. They will have—

2.52 pm

One and a half hours having elapsed since the commencement of proceedings, the motion lapsed (Standing Order No. 24A).

Afghanistan and Pakistan

2.52 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I beg to move,

That this House has considered the matter of Afghanistan and Pakistan.

Few subjects are more important in foreign policy today than security and stability in Afghanistan and Pakistan. Few subjects are more pressing, and few are more complicated. That is why the Government have initiated this debate and why I look forward to contributions from both sides of the House—not just today, but throughout the year ahead.

This is an important moment for this debate. Pakistan is struggling to deal with its turbulent tribal areas, and Afghanistan faces presidential and provincial elections this year. As NATO approaches its 60th-anniversary summit in April, it faces important questions about its performance and rationale. Furthermore, the new United States Administration are reviewing their approach to both Pakistan and Afghanistan—and, critically, looking at their approaches to those two countries together.

Today I met special envoy Ambassador Richard Holbrooke, a man of enormous diplomatic distinction. I warmly welcome his appointment and his strong commitment to working closely with the United Kingdom. I hope that the House will understand if I am not in my place at the end of this debate; I shall be meeting General David Petraeus, commander of the United States Central Command, or Centcom, and a key decision maker on American policy in Afghanistan and Pakistan.

The subject of this debate is the challenge posed by Afghanistan and Pakistan together; the two countries need to be seen together. A mix of violent extremist groups poison the tribal belt on both sides of the Durand line. There are intimate connections between the insurgency in Helmand and that in Waziristan, and between the criminals, spoilers and terrorists who operate in Kandahar and Quetta, Peshawar and Nangahar. A combined and comprehensive approach is needed. However, the responses in each country have to be different. In Afghanistan, a UN-mandated, NATO and EU-supported international effort—military and civilian—helps the Government. In Pakistan, the international community must play a different role in supporting the new, democratic Government in their response to violent extremism.

Mr. Philip Hollobone (Kettering) (Con): Is not part of the problem the fact that Pakistan does not see the world as we do? To a large extent, Pakistan is fixated on its conflict with India and does not consider the insurgency in Afghanistan and its northern territories to be as important as we do.

David Miliband: There is merit in that argument. When I have met the leaders of Pakistan during my four visits over the past 18 months, I have made the point that the modern, mortal threat to Pakistan comes from the terrorism within its own borders. The Government's and the military's attention to those problems is imperative.

Our overriding objective in Afghanistan and Pakistan is to deny al-Qaeda a base from which to launch attacks of the kind that we saw on 11 September 2001. That means, first, reducing the insurgency on both sides of

the Durand line to the level where it is unable to overwhelm Afghan or Pakistani forces; secondly, preventing core al-Qaeda from returning to Afghanistan—it must be defeated in Pakistan's tribal areas as well—and thirdly, ensuring that Afghanistan remains a legitimate state and becomes more effective and able to handle its own security.

Mr. Michael Ancram (Devizes) (Con) *rose—*

Sir Malcolm Rifkind (Kensington and Chelsea) (Con) *rose—*

David Miliband: I am spoilt for choice between two such distinguished right hon. and learned Gentlemen. If the right hon. and learned Member for Devizes (Mr. Ancram) will allow me, I will take an intervention from my predecessor.

Sir Malcolm Rifkind: I am grateful to the right hon. Gentleman for the difficult conclusion that he reached on that immediate question.

While I very much agree with what the Foreign Secretary said about the main objective in Afghanistan being to deny al-Qaeda the opportunity ever to use the country as a base again, will he specifically endorse the welcome recent comments by the Secretary of Defence Robert Gates in the United States, who said, probably for the first time, that we must lower expectations about nation building, not because those objectives are not desirable but because they cannot be realised in the short to medium term?

David Miliband: I would say two things about that. First, I rather think that Secretary Gates was endorsing an approach to this issue that has been outlined by the Prime Minister and me over the past year and a half. I think that he talked about not trying to build Valhalla in Kandahar; last year, I spoke about trying not to think that genteel British suburbia would be built in Kabul. There is unanimity on that point.

Secondly, it is important to say that in both Pakistan and Afghanistan the sustenance of a democratic state is one of the primary steps towards nation building, so I would not want to get into too strong a distinction. However, I completely agree with the right hon. and learned Gentleman that we should set our objectives at the right level. If people have any sense of inflated expectations, which has not come from this country, I would invite them to visit Afghanistan and Pakistan and realise what the real agenda is.

Mr. Ancram: I am grateful to the Foreign Secretary for giving way. I always take my lead from my erstwhile neighbour in Edinburgh, my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind).

As someone who strongly supported our involvement in Afghanistan in 2001, may I ask the Foreign Secretary whether we have now reached the time when we must recognise the elephant on the doorstep? We are fighting a war in the south-east part of Afghanistan which, in the end, we cannot win. Our objective of setting up a transparent democracy is sinking into the mire of corruption in Kabul. Is it not time that we fundamentally reassessed our involvement in Afghanistan?

David Miliband: If the right hon. and learned Gentleman means that we should withdraw from our commitments to Afghanistan, I do not agree with that fundamental reassessment. It is clear from my experience, and that of everyone I have talked to, that the withdrawal of British and other international forces would lead to the collapse of Afghanistan's first democratic Government and to the overwhelming of the Afghan state, with very serious consequences. After all, Afghanistan is the incubator of choice for al-Qaeda. For that reason, we have a central national interest in sustaining the ability of the democratic Government in Afghanistan to defend themselves. The critical point, as I shall try to explain, is that we are not in Afghanistan to create a new colony; we are there to enable the Afghan people, the Afghan Government and the Afghan state to defend themselves.

Mike Gapes (Ilford, South) (Lab/Co-op): My right hon. Friend will know that the Foreign Affairs Committee is about to begin an inquiry into Pakistan and Afghanistan; no doubt he and Ministers will give evidence to us in coming months. He mentioned the Durand line. Does he agree that one of the fundamental problems in the relationship between Pakistan and Afghanistan is that the Afghan Government do not accept that border and there is almost open movement between the two countries, which makes it almost impossible to deal with the problem of terrorism and insurgency on both sides?

David Miliband: I would certainly say that disputes over the Durand line get in the way of the sort of co-operation that is necessary. However, as I shall say later, the fact that President Karzai and President Zadari have broken the taboo of the past eight years and are now working together, rather than pointing fingers at each other, is one of the important steps forward that has happened in the past six or seven months.

Having outlined what I see as the objectives, it is important to pay tribute—with the support of the whole House, I am sure—to the soldiers, sailors, marines, airmen and women who risked their lives for the mission in Afghanistan. It is also important to recognise the efforts of British diplomats and aid workers who have risked their lives, although under the protection of the armed forces. The armed forces in Afghanistan serve with unflinching courage and professionalism, which I have seen for myself, and they are a credit to the nation. It is right to salute not just their courage but their sacrifice. Some 143 members of the armed services tragically lost their lives in Afghanistan. Their friends and family need to know that the country will never forget them or their loved ones. It is also important to recognise the sacrifices of the Afghan army and police, and of the Pakistani army and frontier corps, as well as the thousands of ordinary Afghans and Pakistanis who have lost their lives in the conflict.

Today, I want to address the Government's view of the current situation and of the future. The insurgency is changing its shape, but not receding. In parts of each country, the sense of security for ordinary people, as well as for coalition forces, is deteriorating. In Afghanistan, the insurgents are increasingly relying on asymmetric tactics. There has been a fourfold increase in the use of improvised explosive devices in Helmand province over the past year. The Pakistan Institute for Peace Studies reported more than 2,000 terrorist, insurgent and sectarian

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attacks there last year. It was the most violent year in the FATA—the federally administered tribal areas—in Pakistan's history.

In Afghanistan, corruption is widespread and is not receiving the treatment it needs. Elections have been set for August, but political uncertainty remains over that debate. Our commitment is to support credible elections in Afghanistan. In that context, I am pleased to commit a further £10.6 million to support the elections, predominantly funded by the Department for International Development, in addition to the £6 million that we have already provided. Our contribution will support election operations run by the independent election commission in Afghanistan.

On the economic front, Afghanistan remains an extremely poor country. Despite growth in recent years, more than half the population still live on less than $1 a day, and last year Pakistan saw its currency tumble and inflation soar. There is, however, another side of the ledger. As I indicated, the lead of Presidents Karzai and Zardari has led to improved cross-border co-operation between Afghanistan and Pakistan. I heard for myself from General Kayani about the new co-operation between coalition forces and the Pakistani forces in the northern part of the FATA.

Over the past year in Helmand, we have seen the Afghan authorities, with our support and encouragement, retake three districts: Musa Qala in the north, Garmsir in the south, and Nad-e 'Ali in the centre. The number of districts under Government control has doubled, and more than half the population of the province are now under the jurisdiction of the legitimate Afghan Government for the first time. A dynamic new Interior Minister, Hanif Atmar, has been appointed and is at last starting to deal with the state of his ministry and critically, the police service that it supervises.

Meanwhile, opium cultivation is down 19 per cent. on last year. The number of poppy-free provinces has risen to 18, covering more than half the country's provinces, and the legal Afghan economy continues to grow, helped by the record $21 billion of assistance pledged in Paris last June. The benefits of that growth are still very patchy, but today 6 million children are in school, compared with only 2 million in 2002. Many more people have access to basic health care and child mortality rates are falling.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): On overseas development aid, when the International Development Committee was there in 2007-08 to produce our report, one of the facts put to us was that the US was spending six times as much on aid as the UK, but achieving only twice the impact on the ground. With the new wish to engage in Afghanistan on the part of the United States, it is the time to work. We are seeing some straws in the wind, with the US beginning to see the UK approach as more effective in the delivery of aid in the more stable parts of Afghanistan.

David Miliband: The hon. Gentleman makes an important point. However, one of the worst things we can do is to be smug and self-satisfied about our performance and recommend that other countries "copy" us. However, his point that our experience of promoting development of the legal economy, especially agriculture, in Afghanistan will be of widespread interest is absolutely right.

As it happens, I talked to Ambassador Holbrooke this morning about the wheat distribution programme that has been developed by Governor Mangal in Helmand, which I saw for myself when I visited Garmsir last year. That programme is helping farmers to choose legal production rather than opium production, which is significant. I also spoke to Secretary Clinton, who has bold ideas about how she wants to reconfigure the US aid effort. I think that I am right in saying that there are a large number of funding streams to Afghanistan from the US development effort, and we certainly want to work closely with the US as it reviews that matter.

Mr. Adam Holloway (Gravesham) (Con): Did Secretary Clinton mention anything about reconciliation and bringing the Taliban and organisations such as Hizb-e-Islami into the political process? Is it true that President Karzai called for a jihad against us in a Cabinet meeting recently?

David Miliband: I have seen no report to that effect, and whenever I meet President Karzai he tells me that he is very committed to the partnership between Britain and Afghanistan. However, one must acknowledge that although he rightly has a fair degree of anger about civilian deaths, that sometimes spills over into rather more generalised attacks on the role of coalition forces that could give a different impression. The hon. Gentleman asks about reconciliation. I shall certainly address it, as it is an important part of the agenda. I assure him that I will come to that, and if he does not feel that I have covered it, he should intervene again.

Paul Flynn (Newport, West) (Lab): The civilian deaths have been a formidable obstacle to our attempts to win hearts and minds. We have heard of a British officer being brought home for allegedly giving information to Human Rights Watch about the extent of civilian deaths. Human Rights Watch claims that there were about 1,600 such deaths last year, and the United Nations Association puts the figure at more than 2,000. What is the Foreign Secretary's estimate of the number of civilian deaths that were caused last year?

David Miliband: I am not going to make an estimate today, but I am happy to write to my hon. Friend with the best estimate that we have. He is right to say that civilian deaths are a major cause of disaffection among the local population. I hope that he will be reassured that one thing that we are working actively on with NATO command and our American and other coalition partners is how to minimise coalition deaths and promote openness and transparency with the Afghan Government when such tragedies occur.

Mr. Bernard Jenkin (North Essex) (Con): I am a little startled that the Foreign Secretary has not used this opportunity to put on record how much we regret causing civilian deaths in Afghanistan. Will he do that?

David Miliband: Of course. In response to the hon. Gentleman and my hon. Friend the Member for Newport, West (Paul Flynn), it is obvious that when one describes

civilian deaths as a tragedy, one is saying that one does not just regret them but regrets them deeply, both for the sake of the individuals concerned and for the message that they send more widely. One of the first principles of British action anywhere in the world is the need to minimise civilian deaths, not just because it is a legal obligation but because there is a moral obligation. It is also a material factor in whether the coalition effort succeeds.

Mr. Chris Mullin (Sunderland, South) (Lab): Does not much of the problem with civilian deaths arise from the fact that part of the American force is not part of the NATO operation? Those forces do not appear to co-operate. That part of the American force is careless about what it gets up to. Three times, it has bombed wedding parties.

David Miliband: It is for that reason that General McKiernan is now in charge of both the NATO operation and Operation Enduring Freedom. That is an important step forward and speaks to the need for co-operation between the two forces.

As for Pakistan, the £7.6 billion International Monetary Fund loan that it secured last November has helped to plug the hole in its balance of payments, and it is making progress in implementing the accompanying economic reform programme. My right hon. Friend the Prime Minister and I, along with many others, have urged faster and further action against those associated with the Mumbai attacks, and prosecution and then punishment for those found guilty. Clearly, however, the fight cannot be won by military means alone. Military action needs to be backed by a comprehensive political and economic plan, and that is the prospect that is now held out in the Holbrooke review.

As my right hon. Friend the Prime Minister made clear in his statement to the House on Afghanistan in December 2007, and again a year later, the key to our policy is helping the Afghans stabilise and govern their country. Let me highlight today three important issues for the future, including reconciliation, which the hon. Member for Gravesham (Mr. Holloway) mentioned.

The first principle of our policy is to build the capacity of the Afghan state to root out the insurgency and provide basic security and justice for its citizens. By building up the Afghan national army—now around 60,000 or 65,000 strong—and creating an Afghan national police force worthy of its name, we are working to strengthen indigenous Afghan capacity for the long term. In creating systems of governance and of justice, at district, provincial and national level, we are trying to ensure sustainability by working with the grain of Afghan tradition.

The Department for International Development's work to reform the civil service and ensure transparent allocation of Government funds will help make the state more credible and more effective at delivering basic services. By supporting 18,000 community development councils, and providing small business loans to more than 280,000 Afghan women, the Department is empowering some of the poorest communities to take more responsibility for their security and development.

The second element that I want to highlight is political reconciliation. Al-Qaeda draws its support from being part of a wider insurgency that seeks to usurp the authority of the state. However, the insurgents are neither strong nor united. They have different motivations and come from different backgrounds: ideological Taliban, $10-a-day Taliban, fighters from beyond the region, criminals and narco-traffickers, warlords and wannabe local power brokers.

The insurgents are not popular. In poll after poll, the people say that they have tried Taliban rule and detested the experience. However, they dread their return, and doubt the local authorities' ability to resist them, so they hedge their bets. They support them out of fear rather than free will.

Our strategy is to help the Afghan Government divide the insurgency, and co-opt those who are prepared to renounce al-Qaeda, obey the laws and accept the principles of the Afghan constitution. Equipping the Afghan authorities with the means and the authority to conduct such reconciliation activity both nationally and—critically, in my view, locally—is key to the future.

Thirdly, there is military force. By pressurising those who refuse to co-operate with the Afghan state, and protecting those who do, it can directly support political reconciliation. By enabling the Afghans to secure and stabilise their territory, then delivering aid and promoting development, the military show not only that the insurgents can be defeated, but what is possible once they have gone.

There is no purely military solution to the problems of insurgency and disorder in Helmand or across Afghanistan generally. However, equally, there is no non-military solution. That is why our approach—creating a combined civil-military mission in Helmand, staffed by some 65 civilians and some 55 military officers, and led by a civilian—has been so important, and, I believe, right. It is also why, when I say that Britain is in Afghanistan as part of an international effort, I refer not only to the NATO-led military force of some 41 nations, but the civil alliance, which encompasses some 60 nations and international organisations.

Paul Flynn: My right hon. Friend is being generous in giving way. Does he recall that we had a military surge in Helmand province, as a result of which the number of British deaths increased from seven in 2006 to 143 now? Will not any military surge by NATO be met by an even bigger surge by the Taliban?

David Miliband: It depends. If my hon. Friend is saying that a military surge must be accompanied by a political and an economic surge if it is to succeed, he is right. That is the essence of what we are trying to do. Before we went there, Helmand was ungoverned space—certainly, it was not governed by the Kabul authorities. Although my hon. Friend is right to point to the high number of deaths on the British side, it is also right to say that, for the first time, more than half the province is being properly governed—not by us, but by Governor Mangal. That must be a step forward.

The Government are determined to improve donor co-ordination, and to strengthen the role of the excellent UN special representative of the Secretary-General and his mission. We talk a lot about improving Afghan governance, and it is important to put on record our commitment to improving international governance, too. The Afghan authorities are right when they say that too much of the international effort is confused or confusing, and too much of it fails to get maximum, optimum benefit—

Mr. Jenkin: At last!

David Miliband: I know that the hon. Gentleman believes that a sinner that repenteth is worth double, but I do not believe that the Government have sinned in the matter, because of our arguments for reforming the international system, not least since before the appointment of the new special representative and all that went with that about a year ago, and our placing the need to improve the international effort at the centre of our activities. That is also why we have been active in promoting better burden sharing, not only among the military allies, but in the civilian coalition, through the UK-French helicopter initiative, for example.

Mr. Jenkin *rose—*

David Miliband: I want to turn to the Pakistani side of the border, but I will let the hon. Gentleman have his last go.

Mr. Jenkin: I am most grateful to the Foreign Secretary—I will make best use of it. As we are putting the international house in order, may I suggest that the Government put their house in order and open up the discussion that is needed between the military and DFID about how our military forces can use cash instead of military force to achieve the effects that they want? At the moment, our forces do not have access to nearly enough cash. The result is that they resort to military force instead, which is not only much more destructive, but much more expensive.

David Miliband: I understand the hon. Gentleman's point, which is an important one. It is not fair to say that our military "resort to force" because they have no alternative. They resort to force when they need to. They are the first to say that their success depends on close work with DFID and Foreign Office diplomats. The civilian-military mission, and in particular the way that it brings together the British Government's different resources in the south, points the way forward.

I think that the hon. Gentleman is referring to the experience of how the American forces work, in contrast with ours. We will go into our discussions with the Americans not just keen for them to learn from our experience, but keen to learn from theirs, too. I understand the hon. Gentleman's point, but I would say that the caricature of the right hand of the military not knowing what the left hand of DFID is doing is indeed a caricature, and is not accurate.

Mr. Holloway: Will the Foreign Secretary give way?

David Miliband: I have already given way to the hon. Gentleman and we have only three hours for this debate, so in the interests of time, I should probably press on. However, let us see how I get on. If I can get to the end of my speech, I shall try to bring him in.

Let me say a word about Pakistan, a nation of 170 million people faced with growing disorder, which is spreading slowly from the tribal areas. When I visited Islamabad last month, it was clear that both the civilian and the military leadership now recognised the severity of the threat from violent extremism. It is vital that we and other members of the international community support the democratic Government at this time, because a sustained focus on the terrorist threat requires Pakistan to take ownership of the struggle against violent extremism. It also requires determined action to root out existing terrorist networks across the country and prevent new ones from emerging. That means a comprehensive plan to increase security, improve governance and promote economic development in the federally administered tribal areas, FATA—60 years after the creation of the state of Pakistan, the female literacy rate there is below 3 per cent.—in order to complement the military actions being taken there. A sustained focus on the terrorist threat also means working with the Government of Afghanistan on a joint plan to address the insurgency on both sides of the border.

To support that work, the UK is providing extensive bilateral counter-terrorism assistance. As well as providing training to build the Pakistani Government's counter-terrorism capacity, we have an active campaign to counter the ideology of extremism that feeds support for terrorism. International moderate Islamic scholars and ordinary British Muslims have taken part in the efforts to tackle al-Qaeda's distorted and divisive message, through public meetings and multi-media campaigns.

We are also providing long-term development assistance, with bilateral aid of some £480 million to help poor and vulnerable people in Pakistan. Over the next three years, Pakistan will become one of the UK's largest aid recipients, because we believe that tackling poverty and exclusion are key to addressing the underlying causes of the conflict and insecurity in that country. DFID is expanding its assistance in education, for example. We will be increasing our development work in the areas bordering Afghanistan and we recently began work to strengthen the police in Pakistan's most troubled North West Frontier province. We are also supporting the Pakistani Government's attempt to stabilise and reform their economy. It is also vital that we mobilise practical and political support for Pakistan from across the international community, for example through the international Friends of Democratic Pakistan group.

I mentioned international co-operation and want to say a word about the regional context of our work in Afghanistan and Pakistan. Stability and development in both countries requires the active co-operation and engagement of neighbours and the broader region. A strong relationship is being built between Presidents Karzai and Zardari; there is Iranian investment in western Afghanistan and infrastructure development linking central and southern Asia. The countries of the region have a clear stake. The narcotics trade has hit Iran and Russia particularly hard, and conflict and instability are undermining the trade relationships that could strengthen regional economies and help lift people out of poverty.

The challenge is to build on existing links and turn political will into real change for ordinary people. Afghanistan and Pakistan should use the new excellent relations between their Presidents to build a broader working structure that can deliver concrete progress. Iran must decide that it will focus on positive engagement, rather than using Afghanistan as another opportunity for confrontation with the west. Pakistan needs to show its neighbours that it is determined to address the terrorist threat, and Afghanistan must secure the engagement of the broader region, involving Chinese investment, Indian development assistance and increased Russian engagement.

The people of Afghanistan and Pakistan face immense challenges. Our choice, at great cost, has been to help them to meet them. We do so out of a clear view of our national interest in working with other countries to address terrorism at root. This is the rationale of our mission and, with the majority of terrorist plots against the UK linked back to Pakistan alone, no one believes that the threat is not real.

Mr. Holloway: Does the Foreign Secretary not feel, particularly after his conversations with the Americans, that we can now either go left or go right? We can go the way that we have gone so far, which is leading us to disaster, or we can be a bit more intelligent and work very hard for a political settlement, backed up by force if necessary.

David Miliband: The hon. Gentleman would expect me to say that it is always better to be more intelligent than less intelligent in the way we approach these problems. The burden of my speech today has been to say that there is an opportunity to review what is going right and what is not, and to change what is going wrong and reinforce what is going right. A regional focus is now emerging, which includes Pakistan and not just Afghanistan. That is something that Britain has urged for a long time. There is also a stress on Afghanisation, which was a feature of the Prime Minister's statement here in December 2007, and an emphasis on civilianisation and localisation. These form a package that can unite not only the coalition but, critically, Afghans and Pakistanis on this difficult and long-term issue.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Will the Foreign Secretary give way?

David Miliband: No, sorry.

Our tactics are not static. In the coming months, the organisation of the international effort, its focus and its balance will be renewed. The military and civil approach will be addressed, and international co-operation with the Afghan and Pakistani Governments and people will also be reviewed. However, the strategic commitment to build the capacity of the Afghan state will remain, and strengthening counter-terrorism in Pakistan will be essential. That is the only way to tackle the insurgency. The UK will enter the discussions in the months ahead with clarity about our insights from the past and determination to see a coherent and focused international effort for the future. On that basis, I look forward to taking into these discussions the ideas and views expressed today.

3.22 pm

Mr. William Hague (Richmond, Yorks) (Con): May I begin by welcoming the Government's decision to hold this all too short debate on one of the most pressing and intractable foreign policy challenges of our time? The Foreign Secretary has spoken of the decisions and reviews that will take place over the coming months. When we come to look back in future years, we are likely to find that the decisions that are made in the coming weeks will have been of decisive importance to the war raging in parts of Afghanistan and in Pakistan's tribal areas. The strategy now being worked on by General Petraeus and the Obama Administration is likely to be the one that leads either to eventual success—however we define that—or to the failure of our hopes for this deeply troubled part of the world.

As matters unfold over the coming months, I hope that the Government will be prepared to give more time on the Floor of the House to these important issues. The Foreign Secretary will know that, for some time, we have argued for regular, detailed, quarterly reports to the House when British troops are engaged in prolonged action, with an explanation and assessment of objectives set and attained, and of the policy intentions and resources allocated for the future. In the absence of such reports, the Government have sometimes elided one stated objective into another less ambitious one, without much formal acknowledgment to Parliament. I will give the Foreign Secretary some examples, because he is looking a bit doubtful about that. For instance, the lead role for the United Kingdom in combating the Afghan narcotics trade was clearly trumpeted in our original objectives. However, the conversion of that lead role into a lower-key partner nation role emerged only in answers to written parliamentary questions.

As my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) has pointed out, we have recently seen a change of tone in how the objectives are spoken of by the US Defence Secretary, in a probably inevitable move away from idealism to realism that we should welcome. However, it was only through written parliamentary questions that we discovered that 17 British officials have, quite rightly, been working with, and effectively embedded within, the American strategy review.

Mr. Denis MacShane (Rotherham) (Lab): Good!

Mr. Hague: Yes, it is very good, but perhaps Parliament should be informed of these things, without the information having to be elicited all the time through written answers. We were told on 26 November last year in a written answer from the Minister of State, Foreign and Commonwealth Office, the hon. Member for Harlow (Bill Rammell):

"A formal review mechanism was initiated this year"

that is, last year; that

"the first detailed periodic assessment covering the preceding 12 month period will be completed by the end of 2008"

and that

"the House will be informed of the implications of the assessment."
[*Official Report*, 26 November 2008; Vol. 483, c. 1742-43W.]

However, it is not evident that that review has been completed or that the House has been informed of the implications of the assessment.

The Prime Minister announced a week later that he was leading a review of Afghanistan policy, bringing all the Departments together. I say to Ministers, however, that it is not clear from outside the Government what form that review will take or why the periodic assessment was not complete at the end of last year. From what one can tell from outside the Government, there are several overlapping processes going on rather than a single review. They include a process that the Prime Minister chairs in person but irregularly, trilateral meetings between the three relevant Departments chaired by the Foreign Secretary, an Afghanistan strategy group separate from that, a separate senior officials group and three separate strategy teams within the relevant Departments. I would be happy to be told that matters are better co-ordinated than that sounds, but it puzzles me why this work does

[Mr. Hague]

not take place as a single integrated review under the auspices of the National Security Committee that the Prime Minister announced in July 2007. A Downing street website lists the responsibilities of that Committee as discussing

"all issues relating to defence and counter-terrorism, including international defence and security",

but the setting up of separate reviews of Afghanistan policy suggests that the Committee is not working together as an integrated departmental forum.

I make those points because the way government functions is fundamental to the consistent pursuit of a sound strategy and because there have undoubtedly been difficulties in co-operation between the relevant Departments in previous conflicts, which is one reason why I believe there are important lessons to be learned from the circumstances of the war in Iraq and why there should be no further delay in establishing an inquiry into the origins and conduct of the Iraq war.

Turning to the situation in Afghanistan now, it is clear to all of us who have visited that country in recent times that British servicemen and women—and, indeed, the diplomats and aid workers to whom the Foreign Secretary referred—do a job that is often little short of heroic and sometimes literally heroic, fighting in conditions of extreme heat or cold, spending long periods in close proximity to the enemy and using equipment often not originally designed for such situations or terrain.

In the last year, according to international security assistance force officials, there has been an increase of a third in the number of attacks against coalition forces, and of course a huge increase, to which the Foreign Secretary referred, in the number of improvised explosive device attacks in Helmand province against our own troops. All that is in the context of a truly vast country with huge deserts and dramatic mountain ranges. Seeing such terrain with one's own eyes brings home how difficult it is for relatively small numbers of troops to control that sort of formidable terrain. As the noble Lord Ashdown pointed out last week in an article in *The Times*:

"We are trying to win in Afghanistan with one twenty-fifth of the troops and one-fiftieth of the aid per head than in Bosnia. And... Afghanistan is much more difficult."

In Helmand province the scale and difficulty of this challenge have meant that our forces have only relatively small areas under permanent and secure control—a situation that has made the delivery of aid and reconstruction projects extremely difficult and the eradication of the narcotics trade, for the moment, impossible. Our troops do a wonderful job not only in relations with local communities but, of course, in military terms, winning every tactical encounter and often inflicting sustained and serious damage on their enemy. But—as we all know, that is not the same as controlling the ground or achieving a strategic victory.

The Taliban's intended route to a strategic victory is, I think, discernible. It is to confine our forces in Helmand and other NATO forces in difficult areas near their bases, while attacking NATO's supply lines and beginning to make life more difficult in Kabul itself, so that it starts to feel being closed in on. Following the destruction of a bridge in the Khyber pass in recent days and the apparent intention of the Government of Kyrgyzstan to deny the United States the use of the Manas air base, Ministers may wish to expand at the end of the debate on the outlook for NATO's supply lines and assure the House that the operations of our troops will not be endangered by any disruptions to military and civilian supplies.

History teaches us that embarking on an attempt to conquer Afghanistan would be a foolish exercise, and military experts would tell us that any such attempt would require many times the level of forces that the United States and the rest of NATO have committed. But that, of course, has never been the objective. Our purpose has been to permit the people of Afghanistan to decide their own future in a way that enhances their own security and livelihoods without presenting a danger to the rest of the world. Success has therefore been predicated on popular support rather than military force on its own, for none of us has ever believed that there was a purely military solution to this conflict.

The great problem now appears to be that support among the Afghan people on a sufficiently widespread basis that the Taliban and its allies would find it impossible to prosecute the war depends on at least four factors being in place. The first is visibly effective reconstruction of the Afghan economy and infrastructure across the country; the second is effective government that is respected and not seen as arbitrary or corrupt; the third is relative security for Afghan families and communities; and the fourth is a perception of inevitable success rather than uncertainty about the outcome.

I think it fair to say that the reason our troops are having such a difficult time in realising the vision of a peaceful and democratic Afghanistan is that at present none of those four essential requirements for their success is in place. The result is, at best, a strategic stalemate, and that is what the current review of strategy, particularly that taking place in Washington, must obviously set out to break.

It is hugely welcome that President Obama has said all along, and said throughout this election campaign, that he would bring an urgent and fresh focus to Afghanistan, and has also said something confirmed by the appointment of Ambassador Holbrooke: that the United States will regard the issues of Afghanistan and Pakistan as an integrated whole. That General Petraeus, whom the Foreign Secretary will talk to later, is at the centre of Washington's strategic review is enormously encouraging, because he has shown in Iraq a keen sense of the need for political and military progress to run alongside each other. We now await details of the action proposed when the review has been completed. We hope that Ministers here will make a fresh statement in parallel with any announcements made in Washington, rather than the British Parliament's hearing about what is to happen on CNN one afternoon when we are not expecting it.

Mr. MacShane: The right hon. Gentleman quoted President Obama, who said just before his election "Afghanistan is a priority for me. The solution to Afghanistan is not achievable without the help and involvement of Pakistan, and to secure some stability in Pakistan we must address the Kashmir issue." I note that the Foreign Secretary did not mention India or Kashmir—probably rightly, as far as he is concerned. I wonder what the shadow Foreign Secretary, who has a freer remit, has to say about that. If he has nothing to say, I shall address the issue in my speech.

Mr. Hague: The Foreign Secretary probably feels that he has said enough about Kashmir for the moment, and that we are all familiar with his views. Of course we all look forward to the day when India and Pakistan can together find a way forward on that issue. We know that they are often quite resistant to the idea that they can be told from outside what that way forward may be. So rather than expanding on the subject today and getting into difficulties similar to those experienced on the Government Front Bench recently, I will avoid the temptation and continue with the rather interesting points that I thought I was making.

The United States is considering an increase in its military presence in Afghanistan. Indeed, it has announced some increase, which we assume to have been a subject of discussion with United Kingdom officials. In the light of that, may I ask the Minister who will wind up the debate what the Government's assessment is of the number of additional troops that will be arriving in Afghanistan in 2009? How many of those troops will be operating in Regional Command South, and more specifically in Helmand province, and—crucially for us—what will be the command relationship between US and UK forces operating in Helmand province as part of ISAF?

If the Government are to propose that the level of British forces in Afghanistan should be increased—and there is much rumour of that at the moment—we hope that Ministers will have at the forefront of their minds the serious overstretch of our military resources in recent years, in both human and material terms, as well as the huge contribution that British forces have already made. Conservative Members have long argued for a more rapid increase in the number of helicopters available to support our forces. Some changes appear to have been made, but they have largely related to an increase in flying hours rather than in actual helicopters, with the result that the number of helicopters that was servicing 3,000 soldiers at the beginning then had to service 8,000. We welcome the fact that some of the Merlin helicopters from Iraq will eventually be transferred to Afghanistan, but there remains a serious time gap before this new capability arrives.

I hope that when the Government present to Parliament the result of their review—or the Washington review, perhaps, or a joint review—they will ensure, especially if they are to propose an increase in our British troop levels, that that proposal is accompanied by a clear explanation of the military necessity and purpose of such a deployment. I also hope they will ensure that it is part of an overall strategy encompassing further improvements in the co-ordination of international aid—we have been drawing attention to that for some years, and the Foreign Secretary joined us today in that—and accompanied by a readiness by other NATO allies to increase their effort and, if necessary, to engage in actual fighting, and that it will give some indication as to how the better governance that is central to military success will eventually be achieved. It must be a civil, political and military strategy so that the people of Britain—and, indeed, normal, peace-loving people in Afghanistan—can have some confidence that it will succeed. I do not underestimate how formidably difficult it is to bring such a strategy together and execute it, but even for those of us outside the Government who do not possess all the necessary information and advice, it seems clear that a new strategy must, as a minimum, have all the attributes I have listed, and I hope Ministers will also feel able to say that it must have all those attributes.

In addition, it is obvious to all that one of the key differences between defeating the insurgency in Iraq and the insurgents in Afghanistan is that in the latter case it is possible for them to take refuge on the territory of another country—in the tribal areas of Pakistan. That is one of several reasons why the future stability and success of Pakistan as a nation are fundamental to our security and that of the wider world.

Members in all parts of the House pay close attention to the affairs of Pakistan. We have all expressed the hope that the return of democracy will be for the long term, so that the repetitive cycle of democratic experiment and military intervention that has plagued Pakistan for decades comes to an end. For Pakistan, and for the future of the entire region, this is now a time of great opportunity, but of equally great danger.

It is a time of opportunity because a new, democratically elected Government have come to power, and by all appearances that Government have made a serious effort to improve relations with Afghanistan and understand the importance of combating terrorism. The scale of the attacks on Pakistan itself—most notably and tragically in recent times the bombing of the Marriott hotel in Islamabad—has underlined the fact the Pakistan has no choice as a state but to try to root out terror from its territory.

The danger lies in the sheer scale of the challenge. The federally administered tribal area alone covers more than 27,000 sq km, is not covered by national legislation, and has an impoverished and isolated population. Worryingly, power in recent times seems to be shifting from the traditional assemblies of tribal elders—the jirgas—to militant or neo-Taliban groups. Danger also lies in the economic condition of Pakistan, which is currently facing depleted foreign exchange reserves and an International Monetary Fund loan package but with every prospect of a continuing financial crisis. There have also been serious concerns about the role of elements of Pakistan's own internal security services.

Our response to this must be serious, large scale and determined. We must do everything we can to help to entrench democracy for the long-term future in Pakistan, to encourage its leaders in their struggle against terrorism and to give financial assistance.

Mike Gapes: Does the right hon. Gentleman agree that co-operation between India and Pakistan in combating terrorism is also extremely important, and that it is a tragedy that the people who carried out the Mumbai attacks—who were also responsible for the bombings in Pakistan to which he referred—have been successful in that they have managed to create a situation in which the Indian and Pakistani Governments do not have good relations and are not co-operating?

Mr. Hague: It would undoubtedly have been one of the objectives of those who carried out those terrorist attacks to make relations between India and Pakistan worse and to reduce the effectiveness of their security co-operation. That is why all of us in the House look to the leaders of India and Pakistan to work together on a range of issues and to co-operate closely on the security challenge that they face.

Mr. Ellwood: My right hon. Friend began by saying that we have to tease answers from this Government to understand what is going on. There is no clearer illustration of that than the answers that came back highlighting the fact that there are no Pakistani army representatives in Helmand province and no British Army representatives on the other side of the border, in Pakistan. Pakistan's army is now making an effort to deal with the insurgency, but because it cannot communicate on the other side of the border, things are going via Kabul. Is that not one example of the fact that there is not a lot of communication? So much more could be done if that situation were improved.

Mr. Hague: I believe that Pakistan's armed forces have been making a considerably improved effort to deal with these matters in recent months. I have not looked at the particular point to which my hon. Friend refers but, undoubtedly, if that effort is to be effective, good communication across that border will be required. I shall certainly look at that point, and I hope that Ministers will do so too.

I was discussing the scale of financial aid required for Pakistan. President Obama has spoken of tripling American aid to Pakistan, but he has also said, on the campaign trail:

"As President I would make the hundreds of millions of US aid conditional, and I would make our conditions clear – Pakistan should make substantial progress in closing down the training camps, evicting foreign fighters, and preventing the Taliban from using Pakistan as a staging area for attacks in Afghanistan."

That must be right.

The Foreign Secretary has pointed out, as Ministers have often done, that the Department for International Development is doubling our assistance to Pakistan over the next three years—it is becoming DFID's second largest programme in the world. The Opposition support that emphasis on assistance to Pakistan. We are very concerned about what has been happening in the border areas. We receive a lot of letters and e-mails from visitors and those with family in these tribal areas, who are appalled by the increasing radicalisation of young people and by last year's destruction of 150 government schools, most of them for girls, in the North West Frontier province. We therefore hope that a great deal of that money will go to help in those areas, if that can be done in a secure way; otherwise we will find that a whole new generation of children have been raised under Taliban-style control.

Given our domestic security situation, the presence of British troops in Helmand province and our long-term links with Pakistan, we hope that there will be close British input into the deliberations and mission of Ambassador Richard Holbrooke in his work as the special representative of the United States for Afghanistan and Pakistan. US Secretary of State Clinton has stressed that Ambassador Holbrooke

"will co-ordinate across the entire government an effort to achieve United States' strategic goals in the region".

A similarly joined-up approach must be pursued in this country.

The problems that we are debating today are among the most intractable in the world. Some people would argue that they are nothing to do with us, although we know that in such an interdependent world, particularly with regard to our own security, we cannot walk away from them. Others would say that they are hopeless and unresolvable. In my view that is too pessimistic, but it is beyond doubt that we need an improvement in the situation in this region in the coming year. If all the factors of which I have spoken are addressed at the same time and with great energy by the leaders of Pakistan and Afghanistan, by our Government and that of the United States, the opportunity to get these things right will more or less be upon us in the coming months, and the importance of that is underlined by the likelihood that it will not easily recur.

Several hon. Members *rose*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next speaker, may I remind the House that there is an eight-minute limit on Back-Bench speeches and that applies from now on?

3.43 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): I join the Foreign Secretary in apologising for not being able to be present for the winding-up speeches; I long ago accepted an invitation from the Pakistani high commissioner to an event this evening relating to Kashmir.

I also apologise to the House for the fact that I will not be speaking principally about Afghanistan. I recognise the huge achievements of our troops in Afghanistan, which are not mentioned enough. Women no longer come to my constituency fleeing from Afghanistan because of the persecution of women by the Taliban. The emancipation of women since British troops went to that country is one of the huge achievements of our intervention there and the sacrifices of our troops. Women are no longer stoned when they go on to the streets: they can now work and girls can go to school.

I have a long association with Pakistan and have studied and followed its vicissitudes with great concern. I was most recently there to deliver the graduation address at the Institute of Science and Technology in Karachi, which is named after Zulfikar Ali Bhutto, the Prime Minister of Pakistan who was murdered by the military regime, just as his daughter was murdered only just over a year ago. Those of us who care deeply about Pakistan have been heartbroken by the way in which the attempted entrenchment of democracy has been undermined by spells of military rule.

There have been tragic vicissitudes in Pakistan over the 61 years of independence, but now it is once again a functioning democracy. That democracy was initiated when the founder of Pakistan, Muhammad Ali Jinnah, sat in the Gallery of the House of Commons listening to debates and learning that democracy was the best way for the country that he wanted to found. It is essential that our Government and the US Government in particular work to sustain the parliamentary democracy that has returned to Pakistan and is the legacy of my good friend, Benazir Bhutto.

Mr. John Hayes (Orpington) (Con): Does the right hon. Gentleman agree that democracy is not only about voting, but about liberal values, such as human rights?

Sir Gerald Kaufman: Of course I agree. Democracy is not just about voting for a Parliament, although that is very important. It is about the values to which the hon.

Gentleman refers, and it is essential that they are sustained in Pakistan, which has among other things a very free press, as I have found when I have been interviewed by the press and television there.

It is important that democracy in Pakistan be sustained for inherent reasons, but also because of Pakistan's key role in this troubled world. We must do all we can to make it a top priority to solve the world's oldest unresolved dispute—the 61-year-old dispute over Jammu and Kashmir. I have visited Jammu and Kashmir on many occasions—both the Pakistani side and Srinagar on the Indian side—and everywhere I have seen unnecessary suffering that could be eliminated if only rationality prevailed. Both Hindus and Muslims have suffered, and the situation is a tragedy for all the people who live in that beautiful but troubled province.

We are all, I hope, friends of both India and Pakistan. In looking at the issue of Jammu and Kashmir, we do so from the point of view of the burdens and tragedies that it has imposed on both India and Pakistan. As I say, I have been on both sides of the line of control. I have visited a school destroyed by an Indian bombardment and I have visited the Indian military post that bombarded the school. Both sides believe that they are right, and that is the great tragedy in any such dispute. We have to do all we can—much more than we have been doing—to assist in the solution to the problem of Jammu and Kashmir. We have to put it high on the international agenda. After 61 years, it is essential that the voices of the people of Jammu and Kashmir are heard.

Mr. MacShane: I am very grateful to my right hon. Friend for giving way, especially as time is short. He will recall that Robin Cook, when he was Foreign Secretary, raised the issue of Kashmir and was trashed to death as a result. He will have seen the way in which some of the British press attacked our right hon. Friend the Foreign Secretary because he raised the issue of Kashmir, and how the shadow Foreign Secretary carefully skirted around it. How on earth can we get the matter on the international agenda if our Front Benchers are too timid to raise it?

Sir Gerald Kaufman: It is a huge error to believe that the issue is marginal or peripheral in some way. Indeed, not paying serious attention to it is a prime strategic error in the context of what my right hon. Friend the Foreign Secretary and the shadow Foreign Secretary have been talking about. First, as I say, it is essential that we act because the voice of the people of Jammu and Kashmir has not been heard for 61 years. If one goes to Muzaffarabad or Srinagar, one meets a disfranchised people. When I went to Srinagar, the Indian Government made a Government house available to me and invited people who had matters that they wanted to raise with me to come and see me. I sat there for seven hours while people told me of their woes and troubles. On a human level, the issue is extraordinarily important.

I would have thought that it was folly not to take that all into account, because we have a confrontation between two nuclear-armed nations. We go on about the worries about nuclear weapons coming to Iran, and I do not disagree with that. We do not say so much about the fact that Israel is a country with nuclear weapons. However, in India and Pakistan we have two countries in perpetual military confrontation that both have nuclear weapons. In the United States Senate, that has been regarded as an extraordinarily serious matter. I hope that we will take into account the fact that war could break out between India and Pakistan at any time.

This matter is also essential because of the disgusting waste of resources in both India and Pakistan spending so much money on armaments. India is said to have 500,000 troops in Jammu and its part of Kashmir. My right hon. Friend the Foreign Secretary referred to the admirable fact that our Department for International Development has provided £480 million of aid for Pakistan. How much more money is Pakistan spending on its military confrontation? How much money is India spending on its military confrontation? We are told that there is a very good chance—

Mr. Mohammad Sarwar (Glasgow, Central) (Lab): Will my right hon. Friend give way?

Sir Gerald Kaufman: I have high a regard for my hon. Friend, but I have only one minute and 23 seconds left.

We have seen the poverty shown in the film "Slumdog Millionaire". That poverty exists whether a movie is made about it or not, yet India is wasting unspeakably large resources on its confrontation with Pakistan. Some 100 million people in India are living below the Indian poverty line. A quarter of a million babies in Pakistan die every year because of filthy water supplies. It is essential that we do what we can to bring an end to this unnecessary and tragic confrontation. We have to make that a top priority not only for the sake of the people of Pakistan, India and the beautiful vale of Kashmir but for the sake of all the strategic reasons why we are in Afghanistan.

3.54 pm

Jo Swinson (East Dunbartonshire) (LD): First, may I pass on the apologies of my hon. Friend the Member for Kingston and Surbiton (Mr. Davey)? Unfortunately, he has a prior engagement and is unable to be here for the debate.

I am very pleased that we are having this debate in Government time on the Floor of the House and not as an Adjournment debate in Westminster Hall. Afghanistan and Pakistan are vital, both in the international context and for the UK. The Government are right to say that they need to be seen together and as part of the wider region.

History has shown that Afghanistan in particular is fraught with difficulty, especially for any military endeavour. It is fair to say that the whole region has a huge potential for conflict if left unchecked and if we do not succeed in achieving the objectives that we have set out. It is therefore absolutely right that it is a priority for the UK's diplomatic efforts.

The topic of Afghanistan and Pakistan is a very wide one, and this debate has provoked a lot of interest despite the short time available. I hope that the House will understand that it will be impossible for me to cover every aspect, but I hope to be able to speak about what I see as the key priorities for Afghanistan—support for our troops, tackling the drugs trade and development aid—and the situation in Pakistan.

I agree very much with the right hon. Member for Richmond, Yorks (Mr. Hague) that, although the debate is very welcome, three hours is not really sufficient. I

[Jo Swinson]

understand that our time is restricted because of the other business before the House today, but we will need to return to these matters regularly as the situation develops. I hope that, as they have today, the Government will be generous in making time available for us to do so.

The problem of Afghanistan requires a regional diplomatic solution that includes Pakistan and, importantly, Iran. The developments over the past couple of days with the British Council have been especially worrying, but we should try to see them as an opportunity to engage with Iran. It is not in that nation's interest to have a lawless void of a country on its doorstep, and the problems of the drugs trade and the impact that it is having on Iran have been mentioned already. It is essential that we bring Iran as well as Pakistan and the other neighbouring countries into the discussions. In the Balkans, peace was secured on a regional basis through the Dayton agreement, and we should look at adopting a similar approach in this case.

I very much welcome the willingness that President Obama has shown since his election to engage diplomatically with the countries that are Afghanistan's neighbours. He has rejected the rhetoric of the war on terror, which undermined some of our diplomatic efforts by lumping everyone into being either with us or against us. It is easy to think of the Taliban as one entity, but that catch-all name covers a wide variety of people. Some of them are al-Qaeda sympathisers and very hard core, but others are more moderate, seeing the Taliban as a way to provide a degree of stability and security. We need to be able to engage and have discussions with them to see whether we can forge a way forward. That is something that our Government should definitely be doing.

I echo the Foreign Secretary's welcome of Richard Holbrooke to his new role in Afghanistan. I very much enjoyed the letter that my noble Friend Lord Ashdown sent to him through the pages of *The Times* earlier this week. In the paragraph that stood out for me, my noble Friend talked about the priorities for Afghanistan. He said:

> "We need a clear plan and some ruthless priorities. When I was going to Afghanistan in 2008 they told me we had 15 priorities. But if you have 15 priorities, you have none."

He is quite right: we need to focus on a few priorities and fulfil them properly, rather than do 15 things badly. In his letter, Lord Ashdown outlines three priorities—human security, the rule of law, and governance—that I think have merit.

In relation to human security, if the people of Afghanistan are continually threatened by violence as they go about their daily lives, and if they have no jobs or access to basic essentials such as electricity, water and health care, the ingredients for conflict are present and easily stoked up. However, if we can provide those basic necessities of human security, citizens will have a stake in peace and—crucially—a reason to support the Government.

Perhaps it goes without saying that the rule of law is essential but, if we do not create faith in the Government and the rule of law, the prospects for peace look very dim. However, securing peace will involve tackling the corruption that has been rife in the Karzai Government. To put it mildly, the international community is losing some faith in that Government. New elections may be the solution to that problem.

There is the issue of how the rule of law can be enforced, particularly in the short to medium term. Obviously, we want to move to a situation in which the police force is "Afghanised"—a term that has been used. More troops may be necessary, and Obama has talked about a surge and sending in new troops. It is certainly possible that the UK ought to be prepared to add to the troops there, although given the overstretch that we already face in the military services, the number of additional troops committed would have to be small. Perhaps we should redouble our efforts to encourage our EU partners, and other countries that recognise the vital importance of Afghanistan, to play their part more seriously, and provide the military support that is required if we are to meet our objectives. As I am sure the Foreign Secretary will appreciate, the issue is not just the number of troops; it is also the strategy. Continuing in the same vein as before is unlikely to yield results. Although I support additional troops, I very much hope that the Foreign Secretary will look, with our international partners, at a change of strategy in Afghanistan.

The third priority is strengthening governance. It is easy for us, sitting in our traditional Parliament, to think that the style of democracy that evolved here is the only one that can work, and that we must impose it on other countries. The western style of governance may not be the right answer for Afghanistan. Indeed, there has been more than a century of foreign invasions in that country and attempts to overrule the tribal structures on which Afghanistan is based. History tells its own story; those adventures have not been successful. Trying to go against the grain of the country has not led to success. We really need to consider whether working with existing tribal structures and strengthening them democratically is a better way to approach the situation.

Of course, the Foreign Secretary and shadow Foreign Secretary were right to pay tribute to all the members of the British armed services, and the civilians and aid workers, who are risking their lives in Afghanistan, as well as those from other countries around the world. When the House of Commons takes the difficult decision to engage in a conflict such as that in Afghanistan, we have a real responsibility to give the young men and women whom we send to that country the support that they need. The military covenant, which has worked well for many decades, is coming under increased stress because of the lack of support that many serving members of our armed forces have felt in recent years due to overstretch.

As has been mentioned, 143 British personnel have been killed in Afghanistan in the past eight years, and nearly 100 more have been seriously injured or wounded. In our constituency surgeries, people who served in Afghanistan tell us stories about the lack of equipment. It has certainly touched my heart to hear of the fears surrounding the use of armoured vehicles, particularly Snatch Land Rovers, which have caused the death of seven of our personnel. It is welcome that the Government have finally announced that there will be 600 new armoured vehicles going to Afghanistan. However, they took too long to come to that decision. It was evident a

very long time ago that the Snatch Land Rovers were not adequate and sufficient equipment for our troops serving there.

I hope that the announcement will be properly backed up, and that the 600 vehicles will arrive on time. Back in 2007, 96 new armoured vehicles were promised, but according to *The Daily Telegraph*, only 16 were delivered on time. I hope that we have learned lessons from that experience, and that we can make sure that the new armoured vehicles get to the brave soldiers who need them. The shadow Foreign Secretary mentioned helicopters, which, in a country such as Afghanistan, are vital, as it is very difficult for any foreign army to deal with the terrain. Of course, the enemies there know the terrain and their homeland much better than we do, so helicopters, allowing the swift movement of troops, are absolutely vital.

The other point to make about honouring the military covenant is that we should ensure that the troops we send to war zones have adequate time in between tours to recover, to spend with their families, and to have the semblance of a normal life. That has not been happening to the extent that it should, because of the overstretch. That should be borne in mind when the troops come home from Iraq later this year. They cannot immediately be sent to Afghanistan. We need to take into account their health and psychiatric care needs. That is why a large increase in troop numbers from this country will not be possible.

With regard to opium and poppy cultivation in Afghanistan, clearly the building of a legal economy with secure incomes for citizens is essential. The economy that has developed over the past couple of hundred years has thrived on the trade in weapons and narcotics. As a result, the incomes of many people have relied on the instability in the region, which totally undermines what we are trying to achieve. I read recently that the opiate industry in Afghanistan produces exports equal in value to half of the rest of the Afghan economy, so there is obviously a huge challenge.

Various responses to that challenge have been suggested. The US has often favoured spraying the poppy fields, but that could undermine our efforts to build relationships with individuals and would not be helpful in diplomatic terms. Others, including some hon. Members, have suggested that we should buy up the entire poppy crop and use it for the legal trade in morphine, but again, that would not necessarily do us any favours in building relationships.

The strategy that seems to have had some success is supporting initiatives to move from the poppy crop to, for example, wheat and other agricultural products. As was mentioned, the resulting number of poppy-free provinces increased from 13 in 2007 to 18 in 2008, and particularly in the north-east of the country the scheme has had some success. It is vital that that continues, because the narcotics trade is fuelling corruption, which undermines the rule of law and governance.

On the international development support that we give, there has been some positive progress on some indicators since the fall of the Taliban. Figures for infant mortality show that 40,000 fewer babies die each year. The number of functioning health clinics is up by 60 per cent. So there is some good news, but there are huge problems from an international development perspective, with up to 5 million people facing food shortages and 1.8 million at high risk of malnutrition. Those circumstances continue to undermine the security situation.

The issue that I particularly want to raise with the Government is the distribution of aid, because there is still a tendency in Afghanistan for development aid to reflect donor priorities, rather than Afghan priorities—a tendency to look at Afghanistan from a country perspective, rather than at the totality. Often, when we talk about Afghanistan, we naturally think about Helmand and about our troops who are there, but a more strategic overview is needed. I hope DFID can contribute to that. Oxfam has suggested that the uneven spread of aid is contributing to insecurity, so I hope the Government will take up the issue and ensure that the aid programmes to which all the various international partners contribute are properly co-ordinated to reflect the national priorities, not just the regional priorities, in Afghanistan.

Returning to the security situation, the effort to provide aid in Afghanistan has been hampered by the increase in deliberate attacks on aid workers. There were 30 such deaths last year which, as I am sure the House would agree, is a very worrying development. It takes us back to the initial priorities of securing people's ability to go about their daily lives and ensuring that the rule of law is respected.

I turn now to Pakistan. It is just over a year since we were having debates in the House following the assassination of Benazir Bhutto so shockingly on 27 December 2007. There was a cautious optimism in the House at the time that the elections would go ahead and proceed peacefully. At the same time there was an acceptance that the situation was fragile and could go horribly wrong. As we look back one year on, it is welcome that elections took place fairly peacefully and that there is a coalition Government and a return to democracy between the Pakistan People's party and the Pakistan Muslim League. Obviously, that is welcome progress, although we are not quite there yet as there are still major challenges, particularly in the Pakistani Government's relationships with the Directorate for Inter-Services Intelligence and the military, and in respect of where the true power and control within the country lie.

It is vital that we involve the Pakistani Government in any of our diplomatic efforts to secure peace in Afghanistan, particularly when it comes to the border regions and the federally administered tribal areas. I had read about the problems in that region, but I was still momentarily stunned by the statistic read out by the Foreign Secretary: female literacy in the region is just 3 per cent. When we discuss international affairs, intense poverty and great problems, we sometimes get away from the human and the individual. However, such a statistic makes us start to appreciate how dire the situation is and how much progress needs to be made. There is a whole range of different indicators. We can see the link between the education of women and the economic development and progress of countries; that literacy situation means that the economic future of the region is also under great threat.

The intention of the Obama Administration to address the threat of the FATA welcome. Securing a border agreement and bringing the region under the legitimate rule of central Government is of utmost importance to international security. It is right that we should work with the Pakistani Government to achieve those goals.

[Jo Swinson]

None of that will be easy; the challenge for us and our international partners is incredibly difficult.

India has been mentioned. There is little time to go into the issue in great detail, but the relationship between Pakistan and India has clearly been hugely shaken by the Mumbai bombing; that, of course, was the very objective of those attacks. Understandably, there have been very strong words from the Indian Government, but so far there has been no form of retaliation. I think that that is a positive sign that the two Governments recognise the importance of getting their relationship back on track.

Mr. Sarwar: Does the hon. Lady accept that the Mumbai attacks against innocent people have damaged the relationship between India and Pakistan? Both countries are victims of terrorism and we must urge them to work together with the international community to defeat terrorism. Pakistan must do its best, using evidence, to bring to justice the perpetrators who are taking refuge in the country. On the other hand, India must accept Pakistan's offer of a joint investigation to bring the perpetrators to justice.

Jo Swinson: I thank the hon. Gentleman for that intervention. He is right, and the international community should do anything that it can to support the efforts of India and Pakistan to work through the difficulties caused by the attacks. Proper investigation is certainly part of that, and bringing to justice the people responsible would be incredibly helpful.

There was a statement today on the case of Binyam Mohamed, and there is no point in my going over that debate. However, I should say that our action in Afghanistan is to uphold human rights and the universal values that the terrorists seek to undermine. Stooping to practices such as torture would fatally undermine our own case. I welcome the Government's statement that we never condone torture or allow the practice of it; clearly, there can be no justification for torture under any circumstances. If there is evidence that Binyam Mohamed was not tortured, we need to see it. If there is evidence to the contrary, we equally need to see that, so that those who knew about it and were responsible can be held to account under international law.

In conclusion, I welcome the regional context that the Foreign Secretary set out. Afghanistan and Pakistan must be seen together in a regional frame. Although we have made some limited progress in Afghanistan, there is clearly still a massive task ahead of us. Business as usual will not provide us with the right way forward. We need new and clearly articulated priorities. We have to hope that there is a cause for optimism with the current international good will towards new US President Obama. Perhaps that gives us a little window of opportunity in many foreign affairs issues which should be exploited to the maximum.

As the House will know, my party has not been universally supportive of UK intervention abroad, but in the case of Afghanistan there was consensus not only in the UK but, amazingly, in the international community. The success that we seek to achieve in Afghanistan and in the wider region, including Pakistan, is absolutely vital, not only for the international community but for UK interests, whether in terms of safety and security, counter-terrorism or counter-narcotics. That is why the region must remain a top priority on the Government's agenda.

4.15 pm

Mr. Mohammad Sarwar (Glasgow, Central) (Lab): I am grateful for the opportunity to speak in a debate on a matter that is so close to my heart and to which, owing to my origins, I am so deeply connected. I should like to begin by highlighting the strong mutual relations that exist between the United Kingdom and Pakistan arising from their long-standing historical association with one another. I was fortunate that in my youth, when I was growing up and studying at university, Pakistan was a modern, liberal state run according to modern democratic and Islamic ideals in which traditional Islamic values were reconciled with modern, liberal ideas.

However, there was a dramatic change shortly after the Soviet invasion of Afghanistan. The United States Government viewed the conflict as an integral part of their cold war struggle against the Soviets and so saw it as being in their interests to provide assistance to any Afghan-led resistance movement regardless of its fundamentalist and extremist elements. Such support, although successful in achieving the immediate goal of a Soviet defeat, afterwards served only to strengthen the extremists' hold over Afghanistan and Pakistan. As soon as the Soviets were defeated in Afghanistan, the Americans abandoned the people of Afghanistan, leaving the different factions to fight among themselves. No assistance was given with the rebuilding of homes, schools and infrastructure that could have helped the people of Afghanistan to recover and to create a stable and secure democratic nation, capable of countering extremism.

Similarly, after the tragic events that took place on 9/11, which triggered the US-led invasion of Afghanistan, no prior plan was ever conceived to deal with the aftermath. The US-led force devastated what was left of a very poor country that had already been ravaged by war, and yet made no real efforts to invest in it and help it to recover. The people of Afghanistan never saw any visible benefits of change after the defeat of the Taliban. Instead, they have been let down once again by the west, which, halfway through the invasion, shifted its attention towards the invasion of Iraq. That is a mistake which the United States has made before, and we must not allow it to happen again. I therefore thank my right hon. Friend the Prime Minister for having made Afghanistan one of the UK's top foreign policy priorities. I also commend the Government for the substantial development and stabilisation aid that is to be delivered to Afghanistan over the next few years.

Earlier this year, I led a delegation of hon. Members from the United Kingdom, including my hon. Friends the Members for Livingston (Mr. Devine), for Stoke-on-Trent, Central (Mark Fisher) and for Dundee, West (Mr. McGovern), on a visit to Pakistan, at a time when there were rising tensions between it and India because of the deplorable and vicious attacks, which we must all condemn, on the innocent people of Mumbai. We were all very grateful to His Excellency Mr. Javed Malik, Pakistan's ambassador at large, who made all the necessary arrangements for our visit. We were very privileged to meet the President of Pakistan, Mr. Asif Ali Zardari,

the Prime Minister, Mr. Syed Yousaf Raza Gilani, and Mian Muhammad Nawaz Sharif, former Prime Minister and current chairman of the Pakistan Muslim League (N), who during his time as Prime Minister helped to foster better relations between India and Pakistan. He was particularly grateful for the hospitality extended to him by the British Government during his time spent in exile.

We were all honoured to have had the opportunity to meet her excellency, Dr. Fahmida Mirza, Speaker of the National Assembly of Pakistan, and the first Muslim woman Speaker in the entire Muslim world. My colleagues and I were tremendously impressed by her passion and commitment to the fragile democracy of Pakistan. Those we met were eager to see Pakistan flourish as a democratic Muslim nation, and emphasised their commitment to ridding the country of the scourge of terror. They also expressed their gratitude for the substantial aid and investment package the United Kingdom Government have offered them to help to redevelop the education system and health care, and to counter the influence of militancy.

We also had the privilege of meeting the Leader of the Opposition, Chaudhry Nisar Ali Khan. He was extremely grateful to the British Government, particularly the British high commission in Islamabad, for their support when he and others were subjected to political victimisation. That made me and all the members of the delegation feel immensely proud. However, all the people that we met were extremely concerned and angry at the continued use of drone attacks by the United States, which they felt were not only counter-productive to their attempts to tackle terrorism, but were actually harnessing extra support for extremist groups. Such attacks are a violation of the sovereignty of Pakistan and we must urge the United States to bring an immediate halt to their use.

We need to understand and appreciate that Pakistan is also the victim of terror, and that it is going through difficult and challenging times, especially bearing in mind the recent assassination of the former Pakistani Prime Minister, Mohtarma Benazir Bhutto—the terrible loss of a great leader. It is estimated that Pakistan has so far lost more than 1,000 soldiers in fighting militants on the border with Afghanistan. At the same time, both countries have been subject to numerous suicide bombings—in the last year alone, more than 2,000 civilians in Pakistan have lost their lives to such bombings.

In conclusion, I must emphasise the importance of a resolution of the Kashmiri conflict in favour of the people of Kashmir. It is perhaps one of the most important issues in this debate, and an area on which both Pakistan and India need our help. It is also an essential part of the road map to a stabilised Afghanistan. My right hon. Friend the Foreign Secretary was absolutely right when he said that

> "Resolution of the dispute over Kashmir would help deny extremists in the region one of their main calls to arms".

Mr. Virendra Sharma (Ealing, Southall) (Lab): On the dispute between India and Pakistan, is it not important that the British Government should play a major part in bringing those countries to the table to negotiate on all their disputes, including the recent bombing in Mumbai and in other parts of the country?

Mr. Sarwar: My hon. Friend makes an important point. When tensions were high between India and Pakistan in 2002, I remember the British Government and the international community played a major role in easing those tensions and, indeed, brought those countries to the negotiating table to discuss the issues between them.

A political settlement on Kashmir is vital to the future peace and security of the region. Therefore, we must help the Governments of Pakistan and India to work together to reach a resolution as soon as possible. I hope that through the newly elected Administration of President Obama in the United States, combined with the leadership of our Foreign Secretary and Prime Minister, we will learn from our mistakes, continue to build stronger diplomatic relations and work together with the Governments of the region to build a stable and prosperous south Asia that can help to bring peace and stability to the world.

4.24 pm

Sir Peter Tapsell (Louth and Horncastle) (Con): Any student of Afghanistan—the word "Taliban" translates into Pashto as "student of Islam"—will know that there are two permanently dominating factors. One is size, and the other is psychology. When the British Raj was seeking what in those days was called a "forward policy" on the North West Frontier, now called the tribal districts, the great Lord Salisbury, when he was Foreign Secretary to Disraeli, used to send messages to the viceroy urging him to study a larger-scale map. Of course, the viceroy's failure to do that led to the second Afghan war, which contributed to the fall of the Disraeli Government.

The size of Afghanistan is critical. It is an enormous country of breathtaking beauty—not really a country at all but a huge geographical area occupied by about 40 tribes, many of them of different ethnic backgrounds. They have only two characteristics in common. One is that they hate each other, and the other is that they hate foreigners even more. When they cannot kill each other, they turn to killing foreigners—or vice versa, actually.

The idea that is now spreading that we are going to win people's hearts and minds is realistically unattainable. The Russians and the British tried to win their hearts and minds by every conceivable method for 200 years. We had an immense number of devoted Old Rugbeians who spoke all the local languages and could pass unnoticed in any bazaar as devoutly Islamic. They knew all about Afghanistan being the home of the cloak of the Prophet. But nobody has ever won the hearts of people in Afghanistan, and nobody is ever going to, because they hate foreigners. It is precisely the intervention of foreigners that is making the problem so bad. The more troops we send there, the worse the situation will get.

As I said right from the beginning, our action does not just destabilise Afghanistan, it equally destabilises Pakistan. People are beginning to see that in reality. It is not just about hotels being blown up in Islamabad. Only a fortnight ago there was tremendous trouble with the Taliban in Swat, which is an enormously long way away from the frontiers and has a totally different ethnic background. The fact is that the situation in Pakistan is getting ever more serious.

I have some knowledge of Pakistan, having travelled about it. I am sorry that my colleague from Oxford days, the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman), is no longer in his place. He and

[Sir Peter Tapsell]

I were both friends of Benazir Bhutto. My wife and I took Benazir and her fiancé out to the theatre and to dinner three days after her mother had chosen her husband-to-be, whom she had never met before. They were very happy together. The next time that I met him was after he had come out from many years in prison under General Musharraf, and I took them both out to lunch. Benazir Bhutto's mother was the widow of Zulfikar Ali Bhutto, who was murdered by General Zia, and Benazir's widower is now President of Pakistan. That indicates the extreme fluidity of Pakistani politics.

One must bear in mind the absolute lack of stability in these countries. What makes it much more serious is that Pakistan is a nuclear power with rockets that, with nuclear warheads, could destroy New Delhi and the area around it. Nobody actually knows who controls that nuclear power—maybe our Ministers do, but I very much doubt it. Even in Pakistan, none of the Ministers to whom I spoke, including Benazir, whom I knew well from her schoolgirl days onwards, knew who controlled the weapons.

We are playing a terribly dangerous game—the word "game" always seems to crop up in connection with the area. We should get out of Afghanistan altogether. It no longer has strategic value. It is not the Russian gateway to India or the crossroads for trade between east and west and north and south. No Afghan was involved in the 9/11 attacks. The Taliban have no international ambitions. Taliban leaders do not like the al-Qaeda Saudi leaders.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): Does the hon. Gentleman accept that many Afghan politicians who visit this country and meet hon. Members, including those in the all-party group, stress the opposite to what he suggests? They want us to be in Afghanistan and they want us to stay there for the long term to help them develop and establish a prosperous and democratic country.

Sir Peter Tapsell: The warlords, who run the place, are quite undemocratic. In the eight minutes available, I cannot make a proper speech on the matter—or any other subject.

However, I will read out four answers that the new Secretary of State, Hillary Clinton, gave when she appeared before the Senate Foreign Relations Committee the other day for her confirmation hearings, with Senator John Kerry putting pointed, detailed questions. Here are only four of her answers, which are not in consecutive order. First, she said:

"The security situation in Afghanistan in deteriorating and the Taliban is gaining ground."

Secondly, she said:

"Afghanistan needs a government more able to take care of its people's needs".

Thirdly, she said:

"Afghanistan has turned into a narcostate."

Fourthly, she said:

"The Afghan government is plagued by limited capacity and widespread corruption."

Now even the planned election has had to be postponed. President Karzai has no popular support. His relations are leading members of the narcotics corruption gangs.

Dr. Blackman-Woods *rose*—

Sir Peter Tapsell: I cannot give way again. I have only one minute—I am sorry.

We should support Mr. Holbrooke, whom I know because we served on the Trilateral Commission for many years together. He is the ideal man for the job. He is as tough as any Afghan and very clever. We now have a new President of the United States, in whom I have tremendous confidence and for whom I have the greatest admiration, and I hope that he will apply his brilliant mind to the problem and get us out of Afghanistan altogether, before Pakistan becomes an enormous threat to the stability and safety of the world.

4.33 pm

Paul Flynn (Newport, West) (Lab): It is a great pleasure to follow the hon. Member for Louth and Horncastle (Sir Peter Tapsell), who has been the voice of history and the voice of sanity on the subject of our debate for many years.

There were many omissions from the Foreign Secretary's speech. He inadvertently gave a wholly misleading impression when he suggested, in answer to an intervention, that we have only two choices: to carry on what we are doing or to cut and run. Those are not the only choices—there are many others. As has been suggested, it is possible to do deals. Subtle and complex deals, which are not straight deals with those who are pro-Karzai or pro-west, have been done successfully. That is the way forward. If we do not do deals, we might end up with something like the retreat from Vietnam by the Americans or the retreat from Kabul by the Russians. There is a way we can defend and consolidate some of the gains. Those gains are greatly exaggerated, but there have been some in education and in the position of women in Afghanistan. Unless we do a deal, we might lose them all.

The Foreign Secretary did not mention the surge, which is very much on our minds. Let us go back to what happened in this country. There was universal support, including from me, when we went into Afghanistan, although I did not think that the aims were attainable, particularly the ones to do with drugs. There is no consolation there, in spite of what the Foreign Secretary said. In the past three years we have seen the three largest drug crops ever and the price of heroin on the streets of Britain and France is lower than it ever was. There has been no success there.

We are talking about a country that is hugely divided, as the hon. Member for Louth and Horncastle said. I have a constituent who describes himself as the King of Baluchistan. Baluchistan is never talked about, but when Karzai sent in 12 emissaries to bring the Baluchs under control, their reaction was to behead them. Afghanistan is a huge, complex country that has been divided for millennia by tribal jealousies, as the hon. Gentleman described.

Let us look at the idea of putting in the military. Nobody says there is a military solution on its own, but there is nothing else to go with it. We can talk about construction, but although there was great celebration when a turbine was taken to a power station site, it took 3,000 soldiers to guard its passage there over many weeks. We know that the Taliban's first roadblock is 15 miles outside Kabul, and Kandahar is under their control, apart from a few square miles of compounds controlled by NATO.

I believe that we are mistaking the view of the Afghan people. They were fed up with the Taliban and certainly welcomed us when we went in in 2001. However, the mood now is very different. What we are offering is eternal war—an American in the Pentagon told me that we would be there for generations. If that is the prospect for the Afghan people—either they bring the Taliban back or the Taliban take control, or there is a war in which Afghanistan loses 2,000 civilians a year as a result of bombing—they could move to the view that life might be more tolerable under the Taliban, so we are in a very weak position.

The great worry that we all have is about the extension of the war to Pakistan. Indeed, America is bombing sites in Pakistan now. The battle to win hearts and minds has gone terribly wrong. We should think back to the debate that we had in Westminster Hall in March 2006 and what all the parties to it said. There were interesting contributions from Opposition Members in that debate. As I said in an earlier intervention, at that time only seven British soldiers had died, mostly as a result of accidents.

The Government were warned that going in to Helmand province was like stirring up a hornets' nest, because we were the Ferengi—the foreigners—against whom there would be jihad again. The view of many Afghans is that their sublime motive in life is to die in jihad, as their fathers, grandfathers and great-grandfathers did. We are sending troops in as targets for people who are looking for their pathway to paradise. When we began our intervention, the hope was—this was said at the time and it cannot be unsaid—that we could go into Helmand province and stay there for three years without a shot being fired. We know now that 4 million shots have been fired, and we will be there possibly for 30-plus years if we continue with this foolishness.

I urge the Government to look again at what is happening. I urge them to take the intelligence of the new US President and General Petraeus, who are clearly subtle thinkers—we are not dealing with George Bush now—so that we can follow in the slipstream of Obama and his policies and look to a solution that is based on negotiation and doing deals. We cannot get rid of corruption. Corruption has been the lubricant of business and politics in Afghanistan for centuries and it will remain so. At the moment the corruption runs all the way up to the family of the President. There are a significant number of new millionaires in Afghanistan as a result of our presence and our spending there.

We have already spent far too much in Afghanistan, in blood and in treasure. We must look to the future. We cannot send our young men and women over there to die in vain in a war with impossible aims that cannot be achieved.

The message that should come from the Chamber today is that there should certainly be no surge. There should be no increase in the number of British troops there; it is madness to believe that that would make any difference. Russia had 100,000 troops there, and there were 150,000 Afghans under arms. The Russians lost 6,500 of their own troops. They were there for 10 years and spent billions of roubles, but they ran away when 300,000 mujaheddin surrounded Kabul. We must ensure that we do not get ourselves into that position.

Dr. Blackman-Woods: Does my hon. Friend accept that the best way of ensuring that the lives of British and other soldiers will not be lost in Afghanistan is to work with the people who want to build a properly functioning state with a properly functioning police force and army, rather than simply to give up, walk out and leave the people of Afghanistan to deal with their enormous difficulties on their own?

Paul Flynn: The Foreign Secretary mentioned the police force, although I do not know whether it was in his original speech. He talked about a police force that was worth the name. The police force in Afghanistan is corrupt. Its officers are unpaid, and their only source of income is to put up roadblocks and collect tolls from the people going through. The situation is far worse now. I have been to some of the presentations given by my hon. Friend the Member for City of Durham (Dr. Blackman-Woods) when groups come over here. Of course, there are certain groups and individuals in Afghanistan who have done very well. They look forward to our staying there for a long time, because it is good for them. They have power that they never had before, and they are far more prosperous than they ever were. It is ironic to think that, for every British life lost in Afghanistan, there is almost certainly one additional millionaire in Kabul. That is not the way forward, and we must recognise the seriousness of the position and the hopelessness of the case. We are constantly in denial if we believe that there is a way forward and a solution waiting round the bend.

The right hon. Member for Richmond, Yorks (Mr. Hague) fairly set out four aims, and said that none of them was attainable. He said that we were not going forward on any of them. Sadly, however, at the end of his speech, he bottled out and came up with an optimistic ending. I urge Opposition Members—many of whom have spent time in Afghanistan, including serving in the Army, and are very well informed—to make their voices heard to ensure that we do not go ahead with a disastrous military surge that would be answered with a vast surge by the Taliban. The bloodshed among our soldiers and among the civilians would only multiply.

4.42 pm

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Listening to the thoughtful speech by the hon. Member for Newport, West (Paul Flynn) and the splendid speech by my hon. Friend the Member for Louth and Horncastle (Sir Peter Tapsell), I could not help but reflect on my own first ministerial visit to the region in 1982, when I was an Under-Secretary at the Foreign and Commonwealth Office. At that time, the Soviets were in occupation in Afghanistan. While in Peshawar, I visited an Afghan refugee camp. When the Afghan refugees heard that a British Minister was present, I was required to make a speech. I spoke to 10,000 Afghan refugees, with their rifles and bandoliers, and I said the kind of things that one would expect me to say. I said that we looked forward to their achieving their freedom, and to the day when the Soviet Union would return to its own country.

The speech was translated into Pashto, but what I did not realise was that it was then translated back into English for the English-language *Peshawar Times* that appeared the following day. When I read it, I saw remarks attributed to me that I did not exactly recall

[Sir Malcolm Rifkind]

having said. It said that the visiting British Foreign Office Minister had called upon the Afghans to continue the jihad against the Soviet infidel. I was not so worried about what the *Peshawar Times* had said; my concern was that Mrs. Thatcher, back home, might get a report of it. On further reflection, however, I thought that if she did, she might think that the Foreign Office was not quite so wet as she had previously assumed.

Mr. MacShane: Surely that standard of reporting is far higher than politicians in this country get when we are reported in the *Daily Mail*, *The Guardian*, *The Daily Telegraph*, and so on.

Sir Malcolm Rifkind: I am sure the right hon. Gentleman will be reported in the *Peshawar Times* tomorrow morning; I only hope his remarks will be reported more accurately than mine were.

Mr. Sarwar: Will the right hon. and learned Gentleman give way?

Sir Malcolm Rifkind: Perhaps I could continue my remarks for the moment.

Of course, the British and western presence in Afghanistan is of a quite different order to the Soviet occupation, and it is important to remind ourselves why we went there. We did not go there to eradicate the poppy trade, to introduce democracy or to give women greater rights—entirely desirable though they be. They were no more the reasons why we went into Afghanistan than why we ever sent our troops into many other countries around the world. We went there because the Taliban Government had given sanctuary to al-Qaeda and had every intention at that time of continuing to do so.

This is crucial. Despite what the Foreign Secretary tried to suggest, the reality is that in the earlier years of the western presence in Afghanistan, as seen in all the speeches made by Ministers, both American and British, we appeared to be giving equal weight to nation building along with the eradication of the Taliban and the political control of the territory of Afghanistan. That was always a very foolish set of assumptions because nation building, although highly desirable, is a matter that will take at the very least a generation to achieve and it will certainly depend on cultural and social factors as it simply cannot be implemented by military means.

The risk that we followed by taking that approach was, until relatively recently, twofold. First, of course, it could not be achieved, so the consequence was failure. Secondly, we risked—as we still do—losing public support in this country and other NATO countries because we did not seem to be delivering the democracy, the freedom from corruption and the end of the poppy trade, which we claimed were our objectives. I noted that Robert Gates, the American Defence Secretary, said three weeks ago that

"the goals we did have for Afghanistan are too broad and too far into the future."

He acknowledged that America had changed its position, and I just wish that the Foreign Secretary and the than their Government would make a similar acknowledgement rather implying that they had said this all along, when that was not and has not been their position until relatively recently.

If we are to see the continuing elimination of Afghanistan as a base for terrorist activity, we should first realise that we have already achieved that objective. For the year since NATO arrived in Afghanistan, al-Qaeda has not been able to use that territory as a base for its vicious terrorist activities; and our objective should be entirely concentrated on how we ensure that that continues to be the case in the future.

Mr. Sarwar: Since the time when the right hon. and learned Gentleman was in power and the mujaheddin were fighting against the Russians, who was it who found, funded and armed Osama bin Laden?

Sir Malcolm Rifkind: I understand the hon. Gentleman's point, but it is not as good as he thinks it is. The fact remains that while the Soviet Union was in effective occupation of Afghanistan, the international community of course used whatever means were available to eliminate the Soviet presence from the country—and it succeeded. The fact that some of the individuals in the mujaheddin—some, not all—went on to become international terrorists is not a matter for which either the United States or anyone other than the individuals concerned can be blamed. I think that the hon. Gentleman would recognise that fact.

The objective is, as I have indicated, to maintain, not to achieve, a position whereby al-Qaeda is no longer able to operate from within Afghanistan. We know that the single greatest problem at the moment is that both al-Qaeda and the Taliban can take sanctuary in the frontier area—in the hills and caves on the border between Afghanistan and Pakistan. The question is therefore how we can improve that situation and assess why it is proving so difficult. It is not a new problem.

I mentioned being in the country in 1982 and I remember going to the Pakistan part of the Khyber pass at that time. As I entered the area, there was a sign on the road which effectively said that the Pakistani Government would not accept responsibility for anything that happened more than 100 m off either side of the main road. There has been a long period of uncertainty and lack of effective control, but what has made it worse is that deep Pakistani neurosis that both India and Afghanistan are seeking the ultimate dismemberment of their country. That may be a grossly unfair accusation—it probably is a grossly unfair accusation—but Pakistan is, of course, an artificial state. I hope I will not be misunderstood in saying it, but it was a state created for a specific purpose at a specific time.

We know that, as has already been mentioned, Afghanistan has never, since 1948, recognised the Durand line as the legitimate international frontier between Afghanistan and Pakistan. Of course that gives rise to elements within the Inter-Services Intelligence, within the armed forces in Pakistan and possibly within the Government who say, "Actually, we would rather have the Taliban than anyone else, because however evil the Taliban may be, they are not particularly nationalist in their ideology." Nationalism is not what interests the Taliban; what interests them is Islam, of a particular mediaeval kind. From the Pakistani point of view, while all Afghan Governments have not been particularly useful to them, the Taliban were more acceptable—in the past, when they were in charge—because they did not seem terribly interested in frontier issues.

Against that background, we—as NATO, and as the international community—are entitled to say to President Karzai, "Look, if you want us to continue helping you, you must do what is in your power to help the situation." What is within the power of the Afghan Government is the resolution of the frontier problem between the two countries. If Karzai is not willing to do that, he must recognise that he cannot expect the kind of support that he would be entitled to expect otherwise.

Those are important issues, but let me comment on two other matters. Of course it is the case that, in many respects, President Karzai has proved to be a serious disappointment. He is thought to be corrupt, inadequate and unable to govern in an effective fashion. We constantly hear the question, "Should the international community dump Karzai because of his inadequacies?" We need only question give that a moment's thought, however, to realise what a grossly improper suggestion it is. One of the arguments employed by the west—the international community—is that Karzai is the first elected President in Afghanistan's history. How can we possibly be seen to be involved in seeking to remove him? That must remain a matter entirely for the Afghan people. They will decide in their own way—and let us hope that they have the means to express it in a proper way—that they will have either Karzai or some alternative President, if that is their wish.

Finally, I want to say something about the role of the Taliban. I said earlier that our objective in Afghanistan was not primarily to bring about democracy, the end of corruption or human rights, desirable though that is. Again, I do not wish to be misunderstood, but at the end of the day we do not mind who runs Afghanistan, including the Taliban, as long as they do not give support to al-Qaeda—as long as they do not provide a sanctuary for that or any similar terrorist organisation. I detest the Taliban as much as anyone because of what they believe in. I detest many organisations and peoples around the world with unacceptable views, but that is not a matter that need result in a military intervention in the country concerned.

Whether we deal with the Taliban depends on whether the Taliban as a whole, which is unlikely, or substantial elements within the Taliban, which is much more probable, either are prepared or may become prepared to negotiate with the Afghan Government either on a coalition or on something of that kind. Let me respond to what was said by my hon. Friend the Member for Louth and Horncastle by saying that the relevance of our military presence is that if we want to ensure, as I am sure my hon. Friend does, that al-Qaeda or other terrorists cannot use Afghanistan, it is highly desirable for us to involve at least a proportion of the Taliban in the political process if they are willing to co-operate in that objective. I do not consider it to be an unrealistic objective.

The reason why I shall be perfectly happy if we have more NATO troops in Afghanistan is that it will help to convince the Taliban that while we may not be able to achieve a complete military victory, nor can they. A political solution will therefore become increasingly attractive to a substantial proportion of the Taliban, and may then enable a political solution to be achieved which will help us to deliver our fundamental requirement: no terrorism ever again emanating from Afghanistan.

4.54 pm

Mr. Denis MacShane (Rotherham) (Lab): It is a great pleasure to follow the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind), described in Lord Howe's memoirs as a brilliant speaker without notes. We saw again today just how right that description was. It is also a pleasure to follow my fellow Mertonian, the hon. Member for Louth and Horncastle (Sir Peter Tapsell). I do not quite know why Merton college produces so many people with an interest in geopolitics, but there it is.

I will start by mentioning a date: on 25 June 2003, the then Prime Minister, Tony Blair, for the first time came to the Dispatch Box to pay tribute to a soldier who had fallen in the campaign in Afghanistan. Now, the Prime Minister and the Leader of the Opposition have to go through that ritual every Wednesday. We understand that, but I wonder whether our fellow citizens and we as Members of Parliament will at some point say, "That's enough." I hope that the good people of Rotherham will continue to send me here to spend more years in Parliament, and I would like many a Wednesday to go by without such condolences having to be paid.

I make that point as a supporter of the decision of the Euro-Atlantic community and NATO to be present in Afghanistan. I do not get any sense that there is a strategy, however. There are tactical interventions and comments here and there. I heard Secretary Gates refer to the impossibility of making Afghanistan a Valhalla. I hope he was accurate in that because, of course, Valhalla is where dead heroes go to their final eternal rest—I am unsure to what extent some senior American politicians are educated in the classics nowadays.

I propose a non-aggression pact to the Front-Bench teams of all three main parties. Is it possible to have a fabulous discussion of "Hamlet" without mentioning the prince, or of "The Jungle Book" without referring to the elephants or tigers? If India is not mentioned in the context of how to solve this broad regional problem, we will never have a strategy, but merely tactical interventions.

It is easy to send our troops into foreign fields, but it is much more difficult to get them out. I remember hearing a Defence Secretary say, "Oh, the soldiers are only going to Afghanistan. They won't do any shooting. They'll only be there for a short time." Then, not so long ago, I think it was one of the senior generals who said, "They could be there for 30 years." I want to know this: what is our strategy? Does NATO have a strategy? Does the United States have a strategy? I do not seriously expect a full answer to this question tonight, but it must be posed.

With the arrival of a new President in America, we have an opportunity to set Afghanistan in a wider context. Afghanistan was the base where the planning and organisation was done for the killing of people in America, and it is part of the broader base—linked with Pakistan, I accept—whence the people came who killed the Londoners on 7 July 2005. That planning, recruitment, training and killing continues: even today, five people have been blown up at a hospital in Pakistan. I do not have the details, but I do not think that can be divorced from the fact that we face an ideological onslaught on our values.

[Mr. Denis MacShane]

There is a clearly expressed ideology of militant Islamist fundamentalism that not only wants to kill, but rejects all the values that uphold democracy—the rule of law, open economies, freedom of expression—as well as the rights of those of other religions and women and gays to live their lives as they wish. It is not just western countries who suffer from this ideological assault. Al-Qaeda's number two, Mr. al-Zawahiri, has stated that the Pakistani Government are "apostate" and should be overthrown. It is time that we drew a much clearer distinction between Islamism as an ideology and the faith of Islam.

We must also recognise that there are great forces around the world with a strategic interest in seeing NATO, the United States, Great Britain, the west and the Euro-Atlantic community defeated. There is an open-ended supply of arms from Iran and other parts of the region to the people who are seeking to kill our soldiers. We can send as many helicopters there as we like, but as the Russians will tell us, helicopters do not do the trick. We can bomb as much as much as we like, too—in 2007, the US air force had almost 3,000 strike hits—but that has not decreased the violence.

Kyrgyzstan is shutting down its supply base for America, so if the Khyber pass is choked off—as seems to be the case—land supplies can come in only through Russia. I do not wish to make comments about Russia in this debate, but putting NATO and America at the mercy of Mr. Putin does not seem strategically wise, so we need to think in a different way. The player that we have to bring in is India.

So far this century, we have sent more than £1 billion to India in development aid, yet India is rich enough to plant its flag on the moon and, as has been described, to be a nuclear-armed power. It is spending up to a reported $1 billion in its own development programme in Afghanistan. Thus, Pakistan feels encircled. There are 500,000 Indian troops in Kashmir and 70,000 Kashmiris have died since the Indian army moved in nearly 20 years ago—far more than all those killed in the middle east. The bulk of the Pakistani military has to focus on that. A country cannot have 500,000 troops actively engaged in training and manoeuvres on its frontier and not take appropriate precautions—there is no example in history of that happening. So we have to say to India that it should de-escalate a bitterly emotional dispute.

Former President Musharraf said that the line of control should be treated as a de facto frontier, and I invite the two Front-Bench teams not to snipe over the question of who raises the issue of Kashmir. My right hon. Friend the Foreign Secretary was right to repeat the then Senator Obama's absolute hyphenation between Afghanistan, Pakistan and India. To get things going, we have to discuss the Kashmiri issue. When my right hon. Friend came back, he was trashed in *The Daily Telegraph* and the *Daily Mail*—all those papers that just seek to score cheap political points. Let the right hon. Member for Richmond, Yorks (Mr. Hague) have the guts to say that Kashmir, India and Pakistan need to be discussed, and let us stop sniping about that issue.

While on holiday in India at the new year, I was appalled to read the militaristic language being used against Pakistan, to see maps in Indian papers of Pakistan re-partitioned, to read about serious people discussing a military invasion of Pakistan and to be able to watch a TV show called "Dial Pak for Terror". We have to get the hyphens back in place; India must bear a responsibility and we must make that clear.

5.2 pm

Ann Winterton (Congleton) (Con): This debate rightly focuses on both Afghanistan and Pakistan because, although there is an established international border between the two countries, in many remote places it is virtually ignored by local tribes, who move freely back and forth. I propose to concentrate my remarks on Afghanistan and to focus primarily and perhaps rather narrowly on what is needed to promote the creation of wealth. We all applaud efforts to build schools and hospitals and to provide for other social needs, but if wealth is created the country will not have to depend for ever on international aid.

The security situation in Afghanistan has to be sorted out before the creation of wealth can begin. The military are expected to provide the security, with civilian contractors following up with reconstruction projects, but until the population are convinced that life is better than it was under the old regime, there will continue to be flare-ups—many Afghan men will still have a rifle concealed under their dishdash ready to exploit any situation, and the re-infiltration of Taliban forces will continue to bring about failures in the security situation.

I would like briefly to pursue two themes: power supply and the road capacity. The Taliban want neither to succeed; they do not want capacity to be enlarged or such facilities to be made more efficient. They would prefer to continue to rely on the heroin trade and the restrictions on society that we in the west find so abhorrent. The Afghan Energy Information Centre tells us that Afghanistan has 18 hydroelectric power plants, with a generating capacity of 263 MW, and 15 thermal plants, which run on imported diesel and generate 88 MW. It says that a further 296 MW is imported from 13 sources in neighbouring countries. Afghanistan has a total capacity of more than 600 MW, although output is estimated to be around 400 MW, and about 20 MW per 1 million people is provided. That is insignificant when compared with UK provision, which is 1,000 MW per 1 million people.

There is no national grid in Afghanistan because of the security situation, and distribution is limited to businesses and individuals located in the major cities or those close to the sources of power generation. That severely limits Afghanistan's ability to establish wealth-creation projects, although it has tremendous assets such as coal reserves of 400 million tonnes—no doubt destined to fuel China's coal-fired power stations—and gas, oil, copper, iron ore and many other minerals. In addition, it has the ability to grow crops in its rural areas which, if storage areas and transport facilities were developed, could be exported to the west or elsewhere.

The construction and maintenance of much-needed roads appears to be a hotch-potch international affair with very mixed results. India, for example, has just completed a 135 mile road linking the province of Nimroz to the Iranian port of Chabahar, thereby opening up a new trade route. That has attracted some sniping

from Pakistan, which will lose its trade monopoly and is probably worried about its rival's growing influence in Afghanistan.

In late 2001, approximately 16 per cent. of Afghanistan's roads were paved, compared with more than 80 per cent. in neighbouring Tajikistan, Turkmenistan and Uzbekistan. The percentage of paved roads has now increased to 29 per cent. and they have the advantage of being faster for communication, security and the movement of goods. It is also more difficult for insurgents to plant mines and IEDs in roads than in dirt tracks, but maintenance is a continual problem, especially in the mountain areas where damage is caused by the melting of the winter snows.

The Afghan Government and the USA and other donors consider road construction to be a top development priority and almost 20 per cent. of the US Agency for International Development's $5.9 billion assistance to Afghanistan has been for roads. However, detailed information on this subject has been difficult to obtain, particularly on provincial and rural roads.

Mr. MacShane: Can the hon. Lady confirm that 80 per cent. of US aid is actually spent in the US, paying American salaries and buying American goods, not in Afghanistan itself? The money would be best spent sur place in Afghanistan.

Ann Winterton: That is a good point and I am sure that the right hon. Gentleman is right.

One way to secure a dramatic improvement in road building and power distribution could be achieved by putting the military in charge. It would need to be given the tools and finance to get on with the job, with the transfer of money from other Department's budgets if necessary. If that is not done, it is the Army that will suffer in the long run as it is placed in an impossible "no win" situation. Reconstruction of the infrastructure is very slow—over the past two years the Royal Engineers have repaired, reconstructed or built just 25 miles of road.

There is also a military advantage to such a strategy. At present, members of the Taliban choose their ground and can evaporate and re-emerge at will. They are present everywhere, but are indistinguishable from the local population. Afghanistan is far too large and complex a country for the Taliban to be destroyed by the military alone, but the one thing that the Taliban could not tolerate is for infrastructure improvements to win support from the people.

A good road network would bring in its wake prosperity, thereby generating income for social projects. With the military in charge of the road-building programme the Taliban would be identified, tied down and drawn into an area where ISAF and Afghan forces could take them on, knowing full well when to expect them. The co-operation of local people is essential if we are to succeed in Afghanistan, and there is no better way to ensure that that is achieved than by improving prospects, in both security and potential prosperity.

Although progress is undoubtedly being made, it is far too slow and sporadic. The British Army in Helmand province, by changing its tactics and strategy, could make a lasting and dramatic improvement in the lives of the people of Afghanistan that would augur well for eventual peace.

5.9 pm

Mr. Bernard Jenkin (North Essex) (Con): Let me start by protesting at the absurd shortness of the debate, which is totally inadequate even for the sprinkling of Members present. Why are so few people here? It is because so few people will get the opportunity to speak. I blue-pencilled my speech to fit it into the time available, and my hon. Friend the Member for Gravesham (Mr. Holloway) who has spent days working on his speech, drawing on his enormous experience, will be reduced to a few scraps. It is intolerable and I hope that the Government will take that to heart and give the House more time to discuss these vital issues.

I agree with much of what has been said and, most worrying, I find myself agreeing with those who are most doom-laden. Our soldiers continue to win battles against the Taliban in Helmand but the politicians in Afghanistan and the west seem incapable of taking advantage of the time and space won by the blood of our brave troops.

The story is the same across Afghanistan. We went to Afghanistan, as my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) pointed out, solely with the objective of toppling the regime that sheltered al-Qaeda. However, we have finished up nation building.

Our problems in Helmand are a microcosm of the wider difficulties that the international security assistance force is experiencing: lack of military and civil capacity, a vacuum of governance, overstretch and a complete lack of strategic direction. I met a senior non-commissioned officer who was back from Afghanistan just before Christmas, and he told me, "We are there to help them but they just don't want to be helped." That reinforces the central message of James Fergusson's excellent book, "A Million Bullets", which is that much of what we have found ourselves doing in Afghanistan seems to have been counter-productive.

Our armed forces are brilliant and brave, but their tactical successes seem to contribute little towards strategic success. They merely stir up a hornets' nest. Lord Ashdown went even further in a remarkable interview on the "Today" programme on 24 January. It pains me to repeat him, but he said:

> "I fear...we are now wasting the lives of our young men and women".

That is a serious charge to bear for us as politicians responsible for the situation.

We would do well to recall the greatest Chinese military thinker, Sun Tzu, who said

> "strategy without tactics is the slowest way to victory"

but

> "tactics without strategy is the noise before defeat".

I agree entirely with the right hon. Member for Rotherham (Mr. MacShane), who has unfortunately absented himself from the Chamber, that the lack of strategy is our biggest problem. The hesitancy of the Foreign Secretary, perhaps in an attempt to seem reasonable and open-minded, conveys a lack of confidence that I have also picked up on in private meetings in the Foreign Office and the Ministry of Defence and from our military commanders.

We have a campaign plan but we have no overall plan to win the war, as pointed out by Professor Hew Strachan recently at the Royal United Services Institute. NATO is

[Mr. Bernard Jenkin]

operating the 21st-century equivalent of the Schlieffen plan at the start of the first world war, when railway timetables behind the German front lines became the driving factor of German military policy. With a new US President, it is time to say these hard things in the hope that a coherent strategy will emerge.

Lord Ashdown suggests that three essentials are required alongside additional military and aid capacity: an international plan, signed up to by everybody; proper international co-ordination expressed with a single voice; and a regional construct—a treaty—to involve Afghanistan's neighbours, including Iran, that is underpinned by the world powers, including China. Let us hope that Richard Holbrooke's appointment heralds that new single voice, but reinforces another lesson. The UN does not and cannot successfully prosecute wars. Wars need leadership of the kind that, in this case, only the United States can provide. If some nations are not prepared to accept that, it would be almost more helpful if they left the field altogether instead of insisting on overcomplicated command chains and caveats that preoccupy commanders with process instead of outcomes.

If we Europeans want a say in US strategy, we must commit the European forces that can make a real difference. Sadly for the British, our armed forces are so overstretched and run-down that we have limited additional military capacity to offer just as the new President is looking to America's allies to prove themselves. We are losing influence in Washington and at US central command in Tampa, Florida, and we have only ourselves to blame. That is more than just bad for the UK; it threatens our ultimate success. With our history and blood ties in the region, particularly in Pakistan, we are uniquely placed to be effective and proactive.

It is true that Pakistan is vital to success in Afghanistan, but that misses the real point. In the long term, Pakistan is far more significant strategically than Afghanistan. We should be devoting far more to our excellent mission in Pakistan and committing far more military resources to helping the Pakistani army.

Military diplomacy was meant to be a big thing in the 1998 strategic defence review, but the Government keep cutting the numbers of defence and military attaches in our embassies. We have a good but tiny military-to-military relationship with the Pakistan. Given the scale of the potential strategic threat of terrorism, and the disastrous possibility that a Government armed with nuclear weapons might fall into the hands of extremists, why on earth is military diplomacy not being addressed with far more urgency?

We have spent billions of pounds in Afghanistan, perhaps not very effectively. A few hundred million more spent in Pakistan would be of far greater strategic benefit. We should be helping to reform and modernise the Pakistani military to give the army the self-confidence to conduct modern and sophisticated counter-insurgency campaigns, to divert it from its hopeless preoccupation with India, and to help it integrate into a stable Pakistani democratic settlement. We would also be tackling the roots of the insurgency in Afghanistan; at present we are treating the symptoms and not the cause.

5.16 pm

Mr. John Horam (Orpington) (Con): I profoundly agree with what my hon. Friend the Member for North Essex (Mr. Jenkin) said about the importance of Pakistan. We should not forget that it is the sixth most populous country in the world, with 170 million people, or that it is a nuclear power.

One warning that I would make about putting Afghanistan together with Pakistan in this debate is that we must not prejudice improvement in Pakistan by our actions in Afghanistan. It is that important.

Even so, there are some grounds for optimism about the present situation. First, we have a new President in America. I voted against the Iraq war because I felt that America took its eye off the ball in Afghanistan between 2000 and 2003, and we are paying a very heavy price for that neglect.

Secondly, we have better people in charge now. General Petraeus has more confidence than some of his predecessors and did a good job in Iraq. I think that he is the right person to manage these matters, given his experience in an equally difficult part of the world.

Thirdly, it is clear that there is a new emphasis in Pakistan on the importance of relations with Afghanistan. President Zardari, for example, had President Karzai with him during his inaugural procedures, and that was a good sign. Moreover, the Pakistani Parliament had a long and very sensible discussion last October about negotiations in Afghanistan, and that is a very good sign indeed.

As has been said, however, the situation on the ground is dire. The Joint Defence and Foreign Affairs Committee recently heard evidence from Lieutenant-General Wall. Several Opposition Members were present, and the hon. Member for Barnsley, Central (Mr. Illsley) said that we had been told in New York that only one of the 13 provinces in Helmand was now under control. Lieutenant-General Wall agreed and said that that was a fair assessment. In his speech today, the Foreign Secretary insisted that far more provinces were under control, but it is clear that the situation is fluctuating and I do not believe that the present assessment is correct. It is worrying that Lieutenant-General Wall should have made those comments.

The situation on the ground in Afghanistan is dire and, as various contributors to this short debate have said, we need a radical adjustment of our strategy. In particular, greater emphasis needs to be placed on political dialogue with the Taliban and the Pashtun. I hope that my hon. Friend the Member for Gravesham (Mr. Holloway), if he gets called to speak, will elaborate on those matters, which I have discussed with him over the past few years. I agree with his basic proposition that we must negotiate sensibly with those elements of the Taliban and the Pashtun who will respond. I appreciate that it is very difficult to decide who to negotiate with and what they want, but none the less I think that that is inevitable.

Fourthly, as Adam Roberts—an Oxford professor and noted authority on the issue—pointed out in evidence to the Foreign Affairs Committee, which will visit Afghanistan in April:

"One informed and persuasive critique of the approach to counter-insurgency used in Afghanistan since 2003 suggests that its emphasis on extending the reach of central government is

precisely the wrong strategy: its authors, specialists in the region, argue instead for a rural security presence that has been largely lacking."

In other words, there is some doubt about whether for ever strengthening the central Government's military force is the right thing to do.

Clearly, Pakistan has to make a much bigger effort to deal with the problems. As has been said, the border more or less does not exist as far as the Pashtuns are concerned. As was pointed out by the shadow Foreign Secretary, my right hon. Friend the Member for Richmond, Yorks (Mr. Hague), in the FATA—the federally administered tribal areas of Pakistan—female literacy is at 3 per cent., which is appalling. Unemployment is at 80 per cent. Are we surprised that those people are ready to be radicalised by the Taliban? There, too, a major effort has to be made to get the show on the road, so I hope that in future we can have longer debates on the subject. I agree with my hon. Friend the Member for North Essex that the allocation of three hours for a debate on Pakistan and Afghanistan is lamentable.

I hope that we can have debates of a decent length on the issue, particularly, as the shadow Foreign Secretary says, when there are major, or even significant, changes to the UK Government's strategy, as there have been from time to time. I hope that there will be a radical change in strategy, but I believe that we should be there in Afghanistan, for the reasons that my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) so admirably set out.

5.21 pm

Mr. Adam Holloway (Gravesham) (Con): Yesterday, I saw a friend who had been tracking the Afghan Taliban in Pakistan—he was listening to somebody with a Yorkshire accent trying to speak Arabic into a hand-held radio. What can we do? We cannot do very much on our own, but I suggest that Britain and our allies declare a new war: a war on radicalisation. We should seek to protect our people by cutting out this cancer, rather than by suppressing the symptoms—that is, by dropping bombs on it from 20,000 ft, thereby distributing the cells all over the world.

The new American President has a choice. He can either be a pragmatist or reinforce failure. Failure might look something like this: the Americans send another 30,000 troops, hot-foot from Iraq, in the absence of a political settlement. They then think that the answer is to continue to "clear, hold and build" among a civilian population to whom foreign troops are, in large part, the problem. In that scenario, President Karzai stays in office until his term runs out in May, but limps on with his corrupt narco-clique until elections at some unspecified time in the future. As we know, Karzai remains a major barrier to meaningful reconciliation. Of course it was he who chucked out the utterly irreplaceable Michael Semple.

Meanwhile, we would muddle on. We would shrug and continue to utter expressions such as "We are where we are," "It's just about fine-tuning the comprehensive approach," and "Just a few more troops." Pakistan would continue to bomb and disperse its population, and continue to lose large chunks of its territory. Sometime thereafter, we could guarantee a more or less irretrievable situation.

On the other hand, the US President might be a bit more pragmatic. In fairness, some people in our Government may at last have understood the gravity of the matter. What might be the ingredients of a success that would allow us to avoid a second strategic failure? First, we have to understand that Bonn was a conference of the victors. Large parts of the Afghan political landscape were left out of it. Whether we like it or not, Hizb-e-Islami and as many elements as possible of the Taliban have to be brought back into the political process. The Taliban are not a single, coherent movement. In large part, they are the ordinary people of the Pashtun belt. Al-Qaeda is not the same as the Taliban. Frankly, I do not think that AQ needs Afghanistan anymore. It is now in plenty of other places, including our cities.

Like it or not, the great majority of Afghan and Pakistani tribal inhabitants are deeply traditional people. They want a very light touch from central Government; that system has worked for centuries.

In other words, what we need now is an Afghan solution—obviously, though, one that protects the strategic interests of the western countries. Of course, it is a hell of a lot easier to say that than to do it, but a couple of weeks ago in Dubai in the Art Boutique Apartment hotel a remarkable meeting took place—you are hearing it here first—between elements of the Taliban and representatives of all the major political parties, including that represented by Gulbuddin Hikmetyar. They were there to discuss the elements of a grand conference, which would do three things. It would correct the imbalance of the Bonn agreement, helping to bring the Taliban back into politics, it would agree to an interim Government to replace Karzai at the end of his term in May, and it would agree a programme for the withdrawal of foreign troops over many years.

Elements of the Taliban have signed up to those three things as the basis for a further meeting in a few weeks. The driving force behind the initiative, Mr. Jarir, is right now getting on a plane at Heathrow to go back to Dubai. He cannot go back to Kabul because Karzai has threatened to arrest him. The initiative, like many others before it, is imperfect, but it is huge in the sense that Afghan political parties are getting together, talking about bringing the enemy back in, and also talking about an agreed withdrawal of NATO troops.

Secondly, such a political settlement would allow resources to be concentrated in the Pashtun belt and Pakistan's tribal areas. It will never be perfect, but light government would be working there with the international community to bring security, justice and the rule of law and to develop government institutions that serve the people meaningfully. This would be an enormous rescue plan, and we would have to be prepared to spend gigantic sums of money. We would have to reduce dramatically the tension between India and Pakistan. Remember that the Pakistanis see everything through the prism of Kashmir. We would then be in a position to allow the Pakistani military, which is now in tanks facing India, to focus on counter-insurgency and tribal engagement. It would be extremely helpful if the US Administration were engaged with Iran.

The plan would have the effect of freeing up our military resources, which are at present fixed in locations holding geography, rather than doing what they should be doing—defeating networks. None of that can happen

[Mr. Adam Holloway]

without this Afghan solution at last, which would have to be supported by a clear international plan, a strategy and a single voice, which the military call unity of command, unity of purpose. It is there in the manual for winning a counter-insurgency operation. Without that, or some sort of significant rebalancing of our efforts, the problem will only get worse. At some point, that will directly affect our population. I want to win this.

In 1898 Major Fitzgerald Winsor, the grandfather of a distinguished managing director of my local borough council, asked:

"Is the frontier of British India strengthened by these outposts? There are many who deny it. Is it wise to lock up these numerous detachments in these isolated positions, cut off from one another in wild and mountainous districts, surrounded by lawless tribes? I think they all acknowledge that our policy should be to make friends with the tribes."

The allies need to wake up and try to rediscover the pragmatism that we have lost in the past eight years in the wreckage of the ideologues.

5.28 pm

Dr. Julian Lewis (New Forest, East) (Con): I am particularly grateful to my hon. Friend the Member for Gravesham (Mr. Holloway) not only for the breadth and depth of the speech that he has just made, but for lining up exactly what I wish to begin with, which is a word or two about counter-insurgency in general.

I have a mantra, which is that there are four elements to a counter-insurgency campaign. Some of them are more familiar than others. The first three are very familiar—to identify, to isolate and to neutralise—but the fourth element is to negotiate. That is what my hon. Friend was referring to.

However, negotiation cannot be carried out at every stage of a counter-insurgency process. During an insurgency's early stages, when the insurgents think that they are on course for victory, negotiation is not an option. The time for that comes either when the insurgents are in retreat, or when a stalemate exists—that is, when the insurgents cannot achieve their aims and the counter-insurgents cannot totally eliminate the insurgents.

At this point, I must pay tribute to my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind), who focused the House's attention on the central point of our war aim in Afghanistan. It is not a great, positive aim, but a negative one: to prevent Afghanistan from being used in future to host what has shown itself to be not some sort of patriotic, anti-colonial, nationalist organisation, but one engaged in an ideological crusade worldwide.

Dr. Blackman-Woods: Does the hon. Gentleman accept that, over time and as part of the aim of deterring the Taliban from harbouring terrorists, we need to build the Afghan state and capacity to provide services, job opportunities and infrastructure?

Dr. Lewis: I partly accept the hon. Lady's point. What we need to do is help the Afghan state to build up a workable life for itself. However, we must not fool ourselves into thinking that that will involve a carbon copy or mirror image of the sort of lifestyle that it has taken us in our modern societies hundreds of years to develop.

Mr. Sarwar *indicated assent.*

Dr. Lewis: I am glad to see some assent to that point on the Labour Benches.

Paul Flynn: Part of the aim was to destroy al-Qaeda's safe place from which to organise terrorism. We have not been successful: that safe base continues, either on the borders or in Pakistan itself. Where is the threat of Taliban action in Britain? Is there any evidence that the organisation is planning terrorism here?

Dr. Lewis: The hon. Gentleman is confusing my argument, which he has perhaps not fully grasped. I am talking not about the Taliban in this connection, but about al-Qaeda. The whole point about how insurgencies end with a negotiated settlement is that our war aim should be to demonstrate to everyone with influence in Afghanistan—including the Taliban—that they are on to a loser when they give house room to an organisation such as al-Qaeda, which certainly has aims of causing mayhem in our own societies. The concept of negotiation should come into play precisely when we have shown the Taliban that they are at best in a military stalemate.

I will lay a large wager that the people, groups, sects and tribes who make up Taliban forces will be as fissiparous as any other insurgency movement. There will be those among them who will be willing to do deals, compromise and realise that they made a terrible strategic mistake when they accommodated al-Qaeda; others among them will be diehards who say that they will never do a deal. Our job must be to show the more pragmatic among the insurgents that they made a strategic error, which they can rectify by isolating militants and giving no house room to al-Qaeda.

Although the hon. Gentleman rightly says that al-Qaeda is now to be found in other parts of the world, the NATO mission in Afghanistan, if it is to succeed, should have as one of its aims showing other countries that they should think long and hard before emulating the mistake of the Taliban and giving house room to al-Qaeda so that it can launch its attacks against the west.

Mr. Sarwar: There is an unfortunate perception among the people of Pakistan about the fight against the Taliban and al-Qaeda. It is important that the leadership of Pakistan tells the people of Pakistan that the Taliban are killing Muslims and non-Muslims and bombing girls' schools in Pakistan. This is a war that it is essential to win for the sake of the integrity and prosperity of the people of Pakistan.

Dr. Lewis: I entirely agree with the hon. Gentleman. He leads me to the next stage of my argument, which is to do with the ideological war that needs to be articulated.

Paul Flynn: The logic of what the hon. Gentleman is saying is that if we now discovered that al-Qaeda and Osama bin Laden had a base in Pakistan, we should invade Pakistan. I am sure that that is not what he means to say, but that is the logic behind it. Is it not a terrible mistake to put all these groups—al-Qaeda, the Taliban, the insurgency in Iraq, North Korea and other countries—together as one group, as terrorists, and talk about a war on terrorists? Surely we have got past that nonsense.

Dr. Lewis: The hon. Gentleman is absolutely right to say that not all the groups with which we have been militarily engaged are part of a single organisation, but the ones that belong to al-Qaeda are part of a single organisation, and our job should be to show the other groups that they should have nothing to do with AQ.

Let me quote from a report in *The Daily Telegraph* of 10 January about one of the drone attacks that the hon. Member for Glasgow, Central (Mr. Sarwar) condemned. However, this was one of the more productive drone attacks. The report reads:

"The head of al-Qa'ida in Pakistan and one of his senior henchmen have been killed in an American air strike, according to intelligence sources. Usama al-Kini and his aide, Sheikh Ahmed Salim Swedan, both Kenyan nationals, are believed to have been killed by a missile fired by a 'predator drone' in south Waziristan, a Taliban stronghold close to the Afghan border.

The men are believed to have been involved in the bombing of the Marriott in Islamabad last year, in which 55 people were killed when suicide attackers drove a truck bomb into the security gates. They were also suspected of planning a failed assassination attempt on the late Benazir Bhutto, the former prime minister of Pakistan, shortly after she returned from exile in 2007.

They were indicted in the US for their role in the 1998 bombings of American embassies in Kenya and Tanzania and were believed to have played a key role in training recruits to carry out terrorist attacks in Britain and Europe."

I want to impress on the House the fact that we are dealing with two very different types of enemy. One group is a declared enemy of everything that we stand for. It comprises people such as those in that report, who were from Kenya and yet, strangely enough, ended up in Waziristan. They do these things not because NATO responded to the attacks in America by invading Afghanistan, from which the organisers of the attacks had been operating, but because they have declared holy war on our way of life. The other, wider group—the enemies about whom we have to be concerned—are people who we have a lot of potential for working with if we can show them that dealing with al-Qaeda is ingesting a form of poison into their own lives and societies.

I say frankly to the hon. Member for Newport, West (Paul Flynn) that if al-Qaeda is expelled from one country after another, then takes root in a third, and then shows every sign, as it almost certainly would, of continuing to launch attacks against the west, then yes, we would have to work with that third country to cut them out, and if the third country were not prepared to work with us to do that, we would have to cut them out anyway—unless he is proposing that western countries simply sit back as terrorist outrages are committed in the centres of their cities.

I have spent enough time on the theory, so I would like to say a few words about the debate. When the Foreign Secretary said that he would not be here at the end, he gave the excellent excuse that he is going to have talks with General Petraeus. If those talks are going to be about a possible increase in the British troop commitment to Afghanistan, I would like the Minister to answer a specific question. If he answers nothing else that I say from this Dispatch Box today, I would like him to answer this question: how will any extra troops that are sent to Afghanistan, if that is agreed, be funded? Will they be funded in-year from the Treasury reserve budget, or will they be funded in such a way that the money can be clawed back from the central Ministry of Defence budget? I am sorry to inject a rather banal, cost-and-effect, penny-pinching approach to this debate, but the Minister will be as aware as anyone else that, at the moment, however well our armed forces are doing in theatre, the chiefs of the armed forces are at each others' throats in a civil war of their own over inadequate defence resources. We know that one service is attacking another service's prime projects and reciprocation is not likely to be delayed for long.

We have been fighting two medium-sized conflicts on a peacetime defence budget—now it is going down to one. I have said before from this Dispatch Box, and I make no apology for saying it again, that Prime Minister Tony Blair gave the game away when he said that throughout the decade that new Labour had been in power, defence spending had remained roughly constant at 2.5 per cent. of GDP, and added the fateful words: "if we add in the extra funding for Iraq and Afghanistan."

Whenever we talk about Treasury reserves and so on, when we lump everything together, we find that we have been fighting two conflicts on a peacetime defence budget, and now the services are seriously talking about having to abandon one of the strategic roles of the armed forces in peacetime—which is to insure against conflict with another state—if we are to go on fighting these counter-insurgency campaigns, even at the present level. That is totally unacceptable, so we must have an assurance from the Government that any extra cost arising from further deployment to Afghanistan will be paid for by extra money. Otherwise, it cannot be contemplated.

Mr. MacShane: Will the hon. Gentleman give way?

Dr. Lewis: I am sorry, but my time is nearly up.

Mr. MacShane *rose*—

Dr. Lewis: Very well.

Mr. MacShane: Is this now official Conservative policy? We need to know. The hon. Gentleman is talking about a huge amount of money.

Dr. Lewis: I have no problem with that at all; I have talked about it before as well. I have been challenged about the matter before. I am asked the same question every time and I always give the same answer: the official Conservative policy on defence is that we will fully fund our defence commitments. That means increasing the money for defence, reducing the commitments, or doing something in between the two. If the Government are proposing to increase their commitment, they have got to find the extra funding for it. They cannot do it at the expense of the core MOD budget.

I feel that I have neglected all the people who have contributed to the debate, so I shall try to make amends very briefly. I enjoyed the speech of the hon. Member for East Dunbartonshire (Jo Swinson), and I am only sorry that no other Liberal Democrat MP was present to hear her make it. My hon. Friend the Member for Louth and Horncastle (Sir Peter Tapsell) has made a consistent case about the follies of getting involved in Afghanistan, but his point was anticipated neatly by my right hon. Friend the shadow Foreign Secretary when he pointed out that unlike the Russians—and for that

[Dr. Julian Lewis]

matter, unlike the British in the past—we are not out to conquer Afghanistan. We are out to work with people and groups in Afghanistan to enable them to deal with terrorist elements there. The reason why our casualties, grievous as they are, have come nowhere near the sort of levels incurred by the Russians, is precisely that difference. They were out to conquer and we are not.

My right hon. and learned Friend the Member for Kensington and Chelsea made a masterly speech, and I would sum it up as follows, "We don't mind who runs Afghanistan, as long as they do not give a base to al-Qaeda." There is a certain amount of credibility on the line here, both for NATO generally and for its individual component nations. For NATO generally, that is because it responded when one of its countries came under attack, and because it has invested a lot in the campaign. However, not all NATO countries have invested anything like the same amount, and that needs to be considered. I welcome moves in NATO to start examining how interventions are funded, and I believe it is moving in the right direction with the suggestion that if some countries are not so willing to undertake the fighting, they should be more willing to put money into a central pot to help finance those of us that are.

We have heard a number of dissenting voices, but at the end of it all there are only two ways of leaving Afghanistan. One is to capitulate, and basically to say, "It's okay. You can house international terrorist organisations. They can launch attacks on our major cities and we will not respond." The other is to identify the main elements in the country—not just the ones that we regard as the most democratic but the real power brokers—and say, "Look here, we don't want to run your country, but we cannot tolerate a situation in which you allow splinter groups of foreigners to attack us, so we want to negotiate a deal."

As most insurgencies do end in a negotiated deal, I close by reminding the House of one fact: when one negotiates a deal, one must negotiate from a position of at least equal strength to that of one's opponent. We might not be able to win militarily—we never thought we would—but we are certainly capable of ensuring that our opponents cannot defeat us. When they realise that, the basis for a deal will be available and the outcome will be the isolation and removal for good of the cancer of al-Qaeda.

5.46 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Quentin Davies): I think that everybody would agree that this has been an extremely lively debate, in which people have spoken straight from the heart and from many different perspectives. That is just what such debates should be about. The Government will take on board and reflect on all the points that have been made from all those perspectives.

I shall briefly address the various contributions. I start with the right hon. Member for Richmond, Yorks (Mr. Hague), whose attitude was generally supportive of what the Government have been trying to do in Afghanistan and Pakistan. We are grateful for that and appreciate it. Whichever Government happen to be in power, our foreign policy will always be more effective around the world if there is an element of bipartisanship. We recognise that and are grateful for it when it occurs.

The right hon. Gentleman complained that the Government had not kept Parliament well enough informed about Afghanistan or reported to Parliament at regular intervals. Frankly, I was a bit surprised to hear that complaint. The Government gave an extraordinarily full response to the report of the Foreign Affairs Committee, whose Chairman is no longer in his place, on 23 January, which is not very long ago. I do not know whether the right hon. Gentleman has had a chance to read it yet, but I am very happy to pass it across to him if he has not had the opportunity to get his own copy. When he reads it, I hope that he will find that his complaint is not quite as well founded as he first thought.

Mr. Jenkin: I cannot believe that the Minister really thinks that a sanitised response to a Select Committee report—we all know what responses to Select Committee reports are like—is a substitute for regular parliamentary statements, which mean that Ministers can be cross-examined by the House. That is the least that we ask for. It is unprecedented that a military campaign should be in progress and statements given so rarely.

Mr. Davies: I cannot accept that remark, because Select Committees are not marginal; they are a central part of the institution of this place. The Government's responses to their reports should be in the mainstream of the whole mechanism of accountability on which a successful legislature depends. The response to the Foreign Affairs Committee report is full and detailed, and I believe that if the hon. Gentleman reads it, he will see that his criticisms are not well founded.

Mr. Holloway: Will the Minister give way?

Mr. Davies: I will, but I want to answer some of the questions that have been put to me, and I will not be able to do so if I take too many interventions.

Mr. Holloway: I said in my speech that I thought that some members of the Government had finally got the message. The conversation that the Foreign Secretary is having now with General Petraeus is probably much more panicked than what comes through in a Select Committee report.

Mr. Davies: Perhaps I will be briefed in due time about what is happening at the moment. However, I do not have extra-sensory perception, so I cannot tell the hon. Gentleman the details of a conversation that is currently taking place elsewhere.

The right hon. Member for Richmond, Yorks asked me several questions, including how many US troops would be deployed in Afghanistan, in Regional Command South and in Helmand, and what the command structure would be if there were an increase in the American commitment. All those questions are relevant and important, but of course we do not know the answers yet. We have not received any concrete propositions from the new American Administration.

It would be invidious and—I know the right hon. Gentleman agrees—contrary to the basic principles of diplomacy to give contingent answers to questions that have not yet been asked by an ally. He will simply have to be patient, and we will see whether any requests are made to us and, if so, how we respond. If there are major, significant changes in our policy or stance on any matter, we will make a statement before the House, first off, as a priority.

Mr. Holloway *rose—*

Mr. Davies: I will give way again to the hon. Gentleman, but it may be for the last time.

Mr. Holloway: Forgive me, but the Under-Secretary's comments do not square with the fact that groups of our officers at Permanent Joint Headquarters are holding meetings with the Americans to discuss force numbers in Helmand.

Mr. Davies: They square entirely. Conversations are going on about all sorts of things at all times with our allies—and so they should. I repeat that we have had no formal, concrete or specific requests or recommendations, and I speak advisedly because I know that I am speaking on the record.

The right hon. Member for Richmond, Yorks asked about helicopters in Afghanistan. Strangely, he said that was not so interested in helicopter hours or availability, he simply wanted more machines. Helicopter hours and helicopters with the right sort of capability, whether lift or ground support, at the right time—available as rapidly as possible to commanders on the spot—are important. We have made a considerable increase—60 per cent.—from the beginning of 2007 to the end of last year in the availability of helicopter time to our forces in Afghanistan. This year, there will also be a substantial increase—25 or 30 per cent.—including some Merlins, which he mentioned. We are also re-engining several Lynxes to enable them to operate on a 24-hour-day, seven-day-week, 365-day-year basis. I may have contributed modestly to that, and I set much store by it. That would constitute a considerable increase in our capacity. I hope that the right hon. Gentleman recognises that we have addressed the issue.

My right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) spoke a little about Afghanistan and rather more about Pakistan. He acknowledged that the emancipation of women in all areas that ISAF controls or that are under our influence has been one of the great, positive changes in Afghanistan since ISAF intervention. The main thrust of his speech was about Pakistan, a country with which he is obviously familiar. He made the point that many other hon. Members made: that Afghanistan cannot easily be disentangled from Pakistan, which cannot easily be disentangled from relations with India, which cannot easily be disentangled from the problem of Kashmir. We all accept that.

We feel some sympathy for the hon. Member for East Dunbartonshire (Jo Swinson), who has been abandoned, not only by the defence and foreign affairs spokesmen of her party, but by all her colleagues in her parliamentary party. None the less, she delivered a well-informed and lucid speech to which we enjoyed listening. She made some significant points on behalf of her party, including saying that more troops may be necessary in Afghanistan. She put it in the subjunctive, but it was an important point. She also said that United Kingdom should be prepared to make an additional small contribution. I note the word "small". In that respect, the Liberal Democrats seem rather more decisive than Conservative Members, who do not express themselves so clearly on the matter. One sometimes suspects that—to use the term that was used yesterday rather memorably—there is a little bit of opportunism in the air. *[Laughter.]* That will probably be my last party political swipe of the evening.

My hon. Friend the Member for Glasgow, Central (Mr. Sarwar) spoke with great knowledge about the history of United States-Pakistan relations. Obviously he knows a lot about the background and a lot about Pakistan's history. I was glad to hear that he had led a delegation of colleagues to Pakistan, because it is extremely important that we maintain such contacts. As he said, we do not have just a long-standing historical relationship with Pakistan, which goes back to what the hon. Member for Louth and Horncastle (Sir Peter Tapsell) calls the Raj, or a large number of citizens here whose family origins are in that country. We do not want our links to be just historical; we want them to continue—to be burnished and kept alive. Such initiatives are extremely welcome and valuable.

Now I come to the hon. Member for Louth and Horncastle. The House always enjoys his contributions. I do not think that I have ever heard one without learning some new historical fact, and today's was about Lord Salisbury telling the viceroy of India that he needed to use a larger-scale map, which is certainly a memorable phrase. The hon. Gentleman always enlightens the House, but he is always a pessimist about any British involvement anywhere. He said—I hope that I noted down his words correctly—that we want to "get out of Afghanistan altogether". I do not agree with that, for reasons that I will come to in my concluding remarks. However, the House will have greatly appreciated his excellent speech.

My hon. Friend the Member for Newport, West (Paul Flynn) was also a pessimist. In fact, his analysis and predictions were extremely close to those of the hon. Member for Louth and Horncastle, although I do not imagine that they agree on many things in the House. My hon. Friend said one thing that I have to dispute, which is that Kandahar is almost entirely in the hands of the Taliban. I was in Kandahar last month and I can testify that that is not correct.

The right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) made an extremely well-informed speech, as one would expect. He started by saying that our involvement in Afghanistan is very different from the Soviet occupation and cannot be compared to it, and that we went in basically to defend our essential interests. I totally agree and shall say a few words about that. Indeed, there was much in his speech with which I quite agreed.

The right hon. Member for Rotherham (Mr. MacShane)—

Mr. Simon Burns (West Chelmsford) (Con): He is a Friend of yours.

Mr. Davies: I beg your pardon, Mr. Deputy Speaker. My right hon. Friend the Member for Rotherham—I can fairly say that he is a friend of mine in every sense of the term—accused the Government of having no sense of a strategy. I think that we do have one, and I hope that I can persuade the House of that.

The hon. Member for Congleton (Ann Winterton) spoke interestingly about the need for wealth creation. We quite agree that ultimately the solution must lie in wealth creation. I agree with her that stability is an essential prerequisite for wealth creation and that security is an essential prerequisite for stability.

[Mr. Quentin Davies]

The hon. Member for North Essex (Mr. Jenkin) again asked for more time for such debates. The House will have listened to that request and no doubt the party managers and business managers will have noted his point. He said that we must persuade our European allies to make more of a contribution to Afghanistan. We have had a number of discussions of that sort. However, I fundamentally disagree with the hon. Gentleman on one point. It is certainly much better to have allies there with caveats than it is to have no allies there at all. It would indeed be very nice if our allies were prepared to reconsider some of the caveats from time to time, but we greatly welcome the valuable contribution that they are making.

Finally, the hon. Member for Gravesham (Mr. Holloway) put forward what I might call the Holloway plan. I do not agree with it, but we will take it on board as one of the various suggestions that have been made about how we ought to proceed.

The hon. Member for New Forest, East (Dr. Lewis) spoke a lot of sense, as he normally does, but I take his point about inadequate funding of our defence budget with a pinch of salt. Until recently, the Conservative party was not prepared to say that it went along with our defence budget. The Conservatives have made additional commitments, such as on the three battalions, which is quite absurd, but they have not said what they will cut back if they go ahead with that commitment. I can give him an assurance that we always finance our military commitments overseas out of the reserve. We have always done so, and I cannot imagine that we would ever change that policy. I can give him an assurance that we will fund—

6 pm

Motion lapsed (Standing Order No. 9(3)).

PETITION

Traffic Management (County Durham)

6 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I wish to present a petition on behalf of the residents of Brancepeth village in County Durham, and others.

The petition states:

The Petition of residents of Brancepeth Village, County Durham, and others.

Declares that the residents of Brancepeth Village have for many years requested a 30 miles per hour speed limit to be imposed on the A690 road through Brancepeth; further declares that although the speed limit has been reduced to 40 mph, lighting has been provided on the dangerous crossroads in the village centre and a 30 mph speed limit is now in place on the Wolsingham Road that crosses the A690, the traffic on the A690 itself continues to pose a threat to life and limb;

Notes that traffic problems are intensifying in the village for three main reasons: first, the ageing population has to cross the A690 to access village amenities, such as the Village Hall and Church; second, there is a growing number of very young children in the village and young mothers with push chairs report that crossing the A690 is a frightening prospect; and third, now that the recreational area has been brought back into use, there are very many more pedestrians of all ages crossing the main road to avail themselves of this amenity; further notes that without a 30 mph speed limit and accompanying illuminated signs, there is a high risk of further fatalities.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Transport to put pressure on the local authorities to impose as soon as possible a 30 mph speed limit on the A690 road through Brancepeth, in accordance with the national traffic policy for rural villages, with accompanying illuminated signs.

And the Petitioners remain, etc.

[P000315]

Prejudice and Mental Health

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Frank Roy.)*

6 pm

Mr. Charles Walker (Broxbourne) (Con): It is with great pleasure that I rise to speak in tonight's Adjournment debate on prejudice and mental health. We live in enlightened times. People no longer face persecution because of their sexuality, the colour of their skin or the nature of their physical disability. That is an extremely good thing; it is the mark of a civilised society. However, that enlightenment does not yet extend to how we relate to people with mental illness. There still seems to be a permitted culture—or, if not a permitted culture, a tolerated culture—of prejudice and discrimination towards them.

It is sad that, over the past 15 years, society's view of the mentally ill has gone backwards. Our level of empathy for people with mental illness has actually deteriorated since 1994, and it is time that society and we in this place addressed that. Like many Members of Parliament, I was extremely privileged and honoured to attend the launch of Time to Change, a group of charities that have come together to try to dispel the stigma attached to mental illness. Society is still not reaching out to the mentally ill. We are still keeping them at arm's length. People with mental illness are afraid to connect with the health services because they are afraid of losing their liberty. Perhaps they are even more afraid, however, of how their friends, neighbours and workmates will respond to them. They face an unwarranted level of prejudice, and that should not be tolerated.

One of the first things that I did when I became a Member of Parliament was to go to a local charity in my constituency. It was a charity that supports people with mental health problems. I met a number of constituents with schizophrenia and other forms of severe psychosis, and I learned a huge amount in those two hours. It was a hugely informative afternoon.

One event left me absolutely marked for the rest of my professional and adult life; it was seared into my heart. A carer told me that one of the patients—the service users—wanted to have a word with me in private, and asked whether I would object. I said that I would not at all object, and that I would very much like to have a private conversation with him.

The gentleman had suffered from schizophrenia for a number of years. He had had very severe schizophrenic events throughout his adult life, but he wanted me to know that he experienced hopes and aspirations, fears and concerns, joy and loathing—all the same emotions as people who do not suffer from mental illness. He wanted me to know that, although he suffered from schizophrenia, he still had hopes, and that there were still things in his life that he wanted to achieve. In essence, he was justifying himself and his illness to me. That was very moving, even though there was no need for it. If he had cancer or heart disease, there would be no reason or expectation for him to justify his illness. I was shocked and saddened that he felt the need to address what he perceived would be my prejudices against him. It was, as I say, a very moving experience, and I learned a lot from him.

Society reinforces the stigma of the mentally ill. We are guilty of that in this very place. If a Member of Parliament is sectioned for more than six months, they will be removed from the House of Commons and a replacement will be found for the seat; there will necessarily be a by-election. What message does that send out? It is no wonder that not a single serving MP in this place has admitted to having a mental health problem. They are fearful of what will happen to them if they do so. If someone running a company has a breakdown or a psychotic event, they can be removed from the board with no right of return. Again, what message does that send out?

One of the saddest aspects of the problem is that people who have had an episode of mental illness are banned from serving on juries. I know that the Government are looking further into that. Each year, 9,000 people are disqualified from serving in this country's justice system. The tragedy and the comedy of that, if I may make that connection, is that many of the people disqualified from serving on juries will be leaders in their respective fields. Some, yes, will be captains of industry; some will be leaders in the field of medicine, science or industry.

In fact, millions of people across our society who—day in, day out—make a huge contribution to it have mental health problems. They may well be people at the top of Government, or at the top of the Opposition parties, who manage mental health problems each and every day in a way that allows them to make a full and thorough contribution to public life. There should be no need for them to hide away or to hide their illness away. If they admitted that they had a mental illness today, they would remain exactly the same people tomorrow and would carry on doing an equally good job. People with mental illness are no more prone than others to fail or to succeed or even perhaps to be happy or sad; they are ordinary people, managing their illness and making a contribution. There is thus a huge job of work for us in this place to do in amending or getting rid of laws to send the message that mental illness is not something that people should be ashamed of and is not a crime.

I have spoken about mental illness on a number of occasions in this place over the past four years. I have sometimes been critical of coverage by the press. Indeed, I was critical of it three weeks ago. However, I have updated my thinking on this matter. Today I instructed my researcher to look at the *News of the World*, *The Sun* and the *Daily Mirror* over the past six weeks and find some examples of those newspapers taking a prejudicial approach to people with mental illness. I am pleased to say that I could not find one example.

I am aware that Shift, an organisation that the Government are involved with, has published some guidance, which has been distributed to the media, suggesting ways in which they can report mental illness without driving people who have it further underground. I am also pleased to see that some very senior people in the media—people such as Jon Snow, Alastair Campbell and others—have taken the issue to heart. Alastair Campbell himself has suffered from mental health problems and he is leading the campaign to change how the press report mental illness. Let us remember that people with mental illness are 11 times more likely to be the victim of violent crime. They are the victims.

[Mr. Charles Walker]

This big campaign, Time to Change, is running at the moment. There is a big media campaign and a big advertising campaign. One in four people, we are told, suffers from some form of mental illness in his or her lifetime: depression, anxiety, and conditions that are far worse and far longer-lasting. For many people, a period of mental illness is something that they will work through. They will obtain the necessary support, and they will come out of that bleak and dark period. But we must not let the figure of one in four diminish the fact that for one in 100 people—perhaps one in 50—mental illness is a life sentence. For those with schizophrenia, there is very little hope of a lasting recovery. Their symptoms can be managed; their equilibrium can be maintained through drug therapies; but, in the main, they will not recover from schizophrenia. There was a very good article in *The Times* today by Sathnam Sanghera, who wrote about his family's experience of schizophrenia: his father's experience and his sister's experience. As I have said, it is a long-term condition, which will be with them for the rest of their lives.

As a society, we probably have the greatest problem with schizophrenia and severe psychosis, and the way in which those conditions have been represented. I believe that in the coming years we will tackle people's concerns about depression, anxiety and obsessive-compulsive disorder, but there will be a huge job to be done in breaking down the barriers of concern surrounding schizophrenia, which have been built up for so long by, I am afraid, the media and others through irresponsible headlines.

This is how difficult I believe it will be. A month ago, I got on to a train at Finsbury Park. I am an enlightened person living in an enlightened age; I understand these things. Yet when someone near me on the train was clearly having a severe turn—psychosis—and was clearly a troubled soul, every sinew in my body demanded that I get up and move. Of course, I had to persuade myself that I was being stupid. This man posed no threat to me; he posed a greater threat to himself, and he was deserving of my compassion and sympathy. Yet I, as someone who claims to understand, still wanted to get up and move. If I find it difficult, others who are not so aware of this illness and the terrible, ravaging effect that it has on the sufferer will find it more difficult—difficult not to get up and move, difficult not to form negative opinions, and difficult not to stereotype sufferers from schizophrenia. So there is a huge job to be done, not just this year and next year but for decades to come.

Every day, we in this place must ask ourselves whether we are doing enough to address the stigma and prejudice attached to mental illness. If the answer is no, as it often will be, we must do a great deal more. We are a caring and a compassionate society, and we should set the highest expectations for ourselves. No one should be condemned to suffer in silence; no one should feel ashamed of having an illness. We must wrap our arms around those people and hold them close to us, to show them that we care and that we are with them.

Thank you, Mr. Deputy Speaker, for giving me the opportunity to raise this hugely important topic on the Adjournment.

6.13 pm

The Minister of State, Department of Health (Phil Hope): I congratulate the hon. Member for Broxbourne (Mr. Walker)—as I have done before—on securing the Adjournment debate, and thank him for again using the opportunity to raise the key issue of mental health. He spoke with enormous passion and terrific eloquence. I have heard him speak before on the issue, and our view on it is very much shared across the House.

I echo what the hon. Gentleman said about us as a society. We like to think that stigma of this kind is a sin of the past: we do not like to think that any sort of discrimination can be endemic in our modern society, or that it can still have—as he made clear—such a profound and negative impact on people's lives. On this and previous occasions, he has done a very good job of pricking that bubble of complacency. As he rightly said, when it comes to mental health, stigma is unfortunately very much alive and well—thriving, in fact—and is something that we need to confront and defeat as a matter of urgency.

Let me briefly make an observation, because I was interested in the hon. Gentleman's description of how we have made progress on various matters. This might be a crude simplification, but it seems to me that we have made a breakthrough on discrimination in every decade: in the '70s, on gender discrimination; in the '80s, on racism; in the '90s, on homophobia; and in this decade, perhaps on ageism. I am not suggesting that we have totally eradicated discrimination on any of those grounds—obviously there is a lot more that we can do—but we made big leaps forward in those years.

The stigma attached to mental health is the elephant in the room. Approaching the second decade of the 21st century, we may have mental health services that rank among the best in Europe according to the World Health Organisation, but I agree with the hon. Gentleman that popular attitudes to mental health are well behind the times. He eloquently gave an example of someone he met in his constituency. I was struck by the story of a lady who had suffered from breast cancer, and who said that her friends and colleagues found it much easier to deal with her cancer than with the depression that followed when she went into remission. As a rule, people with a physical illness get flowers, sympathy and support; with mental illness, they are often met with silence and solitude—and sometimes reproach. Moreover, this is just the tip of the iceberg, because stigma and discrimination—in businesses, in the media, in public services and across communities—mean that many people never really escape the legacy of their mental health problems not because of poor health, but because of poor attitudes. Giving people flowers or sympathy is fine, but we must address the harsh reality of disadvantage and social exclusion—problems in finding and keeping work, in securing housing and in education and training. What stigma does is deny people opportunity and hope for a better future; I am thinking of the example the hon. Gentleman gave of the individual in his constituency whom he met after he was first elected.

Certain groups are more affected than others and suffer a "double discrimination"—this came up in a debate we had in the House a few weeks ago. Some black and minority ethnic groups have high rates of severe mental illness as well as facing greater inequality in terms of their access to, and experience of, mental

health services. That must change. Our five-year action plan, "Delivering race equality in mental health care", aims to address that by showing how services must adapt to offer timely and culturally sensitive care to different cultural groups. We will also put race inequality—and age inequality, which is another key issue—at the heart of the new horizons project, which is the new vision for mental health we are currently developing.

Having agreed with much of what the hon. Gentleman said, I wish to add that it would be wrong to portray this as a "year zero" moment in tackling this matter, or any other kind of stigma in mental health. Thanks to more than £1.5 billion of further investment in mental health since 2001, the reality is that things are changing: services are improving and experiences are better for people with mental health problems.

Since the last debate, I have had the pleasure of seeing at first hand how a combination of investment and innovation is changing lives. I visited Newham, and if the hon. Gentleman wants to see some excellent practice I recommend he sees what is happening there, too. It has pioneered new ways of improving access to psychological therapies. I met a young French mother who told me how the service she receives linked her to a whole network of support, including a children's centre and a job club. Her therapist was always available to her, including by text message on her mobile phone, so she always knew somebody was there when a moment arose when she needed support. I spoke to her directly, and it was clear that that support made all the difference. She is now much better and she is receiving help to look for a job—and I am sure she will find one very soon. What was even more encouraging was how the treatment centre I visited linked her with other people who used the centre—and although she has moved on, she still goes there for a cup of tea and a chat when she needs it.

Indeed, the whole community in Newham is starting to break down barriers. Another group, who had received cognitive behavioural therapy, has volunteered to take leaflets round to local clubs and community venues, letting people know help is available. The hon. Gentleman may not know Newham, so may I tell him that it is one of the most ethnically diverse boroughs in the country? That word-of-mouth support has been key to improving the number of black and Asian people receiving treatment. They can self-refer, walk into that centre and get the benefits from it. That has not led to an avalanche of responses from the worried well, as some people feared. People were coming forward with illnesses as serious and enduring as those referred by doctors, so this approach has opened up services for the black and minority ethnic community in a way that others have not.

All in all, the visit I made was an inspiring one. The hon. Gentleman described how he was inspired by the people whom he has met and, likewise, I have been inspired by the people whom I met in Newham. The Government are investing £173 million over the next three years to deliver similar programmes around the country, so that what happens in Newham will soon happen everywhere.

Transforming mental health services is not enough—as the hon. Gentleman said, we must transform attitudes across all public services. Every touch point for people with mental health problems needs to be aware of that and must not hang on to discriminatory attitudes. Our national social inclusion programme and public service agreement No. 16 are focusing minds in public services, bringing together action across central Government and translating it into progress at the local level, particularly on issues associated with settled employment and settled accommodation for individuals.

As the Minister for the East Midlands—that is another role that I have—I have created a regional sounding board in the east midlands to develop practical action across all the agencies that operate regionally on housing, on jobs and on education and training, so that we can bring those people together to examine what more we need to do. That is particularly important now, when people who are a long way away from the employment market are likely to become further away from it if we do not take action to support them.

The Government have a raft of smaller initiatives in place that are aimed at offering individual services that confront and do not compound stigma: the Open to All training package for museums and galleries; the "Really Useful Book of Learning and Earning", which has been distributed to carers, jobcentre advisers, colleges and training providers; and the Work Matters advice for occupational therapists, which helps them to obtain the advice and guidance necessary to meet their clients' needs.

Getting local services right can be a springboard for wider changes across society. I am grateful to the hon. Gentleman for mentioning Shift, which is funded by the Department of Health and is doing great work to confront prejudice in two key areas: the workplace and the media. It was great to hear what he had to say about the analysis done by his researcher; perhaps we are beginning to have an impact and perhaps some of that work is beginning to have an influence. He is right to say that leading figures in the media who are prepared to stand up and challenge their own industry on all this are important to making progress. The work being done is also contributing to our forthcoming national mental health and employment strategy, to be led by Dame Carol Black, which will be vital to breaking down barriers to employment in all sectors. It would be great if we could work with the media so that instead of taking an unhelpful, sensationalist approach, they could suddenly become the solution to the problem of changing attitudes to mental health.

That leads me to my final point: the need to create a deeper cultural change across society. The hon. Gentleman and I very much share that aim, which requires political leadership. That is why it is so important that we are having these debates in the House. I know that there is a growing consensus between the political parties and, indeed, between Governments on the issue. I recently attended an international conference on stigma in mental health, where I shared a platform with the hon. Member for Guildford (Anne Milton), who speaks on behalf of the Conservatives, and the hon. Member for North Norfolk (Norman Lamb), who speaks on behalf of the Liberal Democrats. No one could have put a cigarette paper between us; we shared the view that we should challenge that stigma.

I was delighted that the Prime Minister and I attended a cross-party photo opportunity to mark the launch of Time to Change. It has rightly been described as pioneering work. It is a new social marketing programme, rightly led by the third sector—by Mind, Rethink and Mental

[Phil Hope]

Health Media—and it is very significant. This is the start of another long journey on which those organisations are going to take us. The fact that the impetus is coming from those organisations will help to garner support in the wider community. We have to reach far deeper into the public's mindset if we are to achieve the outcomes that the hon. Gentleman and I seek.

An exciting range of activities is planned as part of Time to Change, such as more community-based projects, challenging stigma through social contact and physical activity; training offered to new teachers and doctors on support for people with mental health problems; and even tackling discrimination through test cases in court.

Our efforts in Westminster must join up with Time to Change to create a social movement for change that involves everyone—politicians, practitioners, journalists, the general public—and, of course, people with mental health problems must be at the helm.

Stigma is the enemy of fairness and a barrier to progress. As a society, we must stand united against it. I am proud of what we have achieved in mental health services. I am proud of the significant expansion in community-based support for people with mental health problems, and of the praise that the World Health Organisation reserved for our system in its recent report. But stigma threatens those achievements. So we need the same conviction, the same strength and the same focus that helped us to break down past sources of discrimination—which I mentioned earlier—to end this one too. We all want this period to be the one that we will look back on and say, "That was the moment. It was 2009, the start of the second decade of the 21st century—that was when we made the breakthrough. That was when we opened people's eyes and changed their minds about mental health." I know that the hon. Gentleman wants to see that as much as I do. I hope that we can continue to work together to make it happen.

Question put and agreed to.

6.26 pm

House adjourned.

House of Commons

Monday 9 February 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Drugs

1. **Barry Gardiner** (Brent, North) (Lab): What steps her Department is taking to ensure young people are aware of the dangers associated with drug use. [254636]

The Secretary of State for the Home Department (Jacqui Smith): The Government provide information about drugs to young people through universal drug education in schools, and through the Frank campaign. That campaign aims to prevent drug use among young people by changing their attitudes and perceptions towards drugs and drug users.

Barry Gardiner: I am grateful to my right hon. Friend for that response. I am aware that a review is taking place to consider the status of khat. It affects many families in my constituency, particularly in the Somali community. Their young people have come to me and asked to meet the Home Secretary, so that they can explain to the Government the problems that they, as young people, face when drugs such as khat become predominant in their community. Will she agree to such a meeting?

Jacqui Smith: Yes. The Under-Secretary of State for the Home Department, my hon. Friend the Member for Tynemouth (Mr. Campbell)—the Drugs Minister—has already met representatives of the Somali community, but my hon. Friend the Member for Brent, North (Barry Gardiner) makes an important point about the strong views of young people. I am certainly willing to meet him and young representatives from his constituency and from that community.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The dangers associated with drug use are supposed to be reflected in the drug classification system. Is it the policy of the Home Secretary and the Government that that system should be based on evidence, or should it be based on something else?

Jacqui Smith: Yes, it is our view that the system should be based on evidence, but it should also be based on the considered view of those responsible for policy making, and should take into consideration the impact that changes in classification are likely to have on the use of, and harms caused by, drugs, and the impact that that has on the criminal justice system. That is why it will remain the case that our advisers will advise us, and we will decide.

Keith Vaz (Leicester, East) (Lab): I wonder whether the Home Secretary has seen the comments in the weekend press by Professor David Nutt, the chairman of the Home Office Advisory Council on the Misuse of Drugs? He says that in his view, ecstasy is less dangerous than horse riding. I will not ask the Home Secretary whether she has tried the drug, or whether she has ridden a horse, but I want to know when she plans to meet Professor Nutt to tell him whether she agrees with his comments.

Jacqui Smith: I spoke to Professor Nutt about his comments this morning. I told him that I was surprised and profoundly disappointed by the article. I am sure that most people would simply not accept the link that he makes up in his article between horse riding and illegal drug-taking. That makes light of a serious problem, trivialises the dangers of drugs, shows insensitivity to the families of victims of ecstasy, and sends the wrong message to young people about the dangers of drugs. I made it clear to Professor Nutt that I felt that his comments went beyond the scientific advice that I expect from him as chair of the ACMD. He apologised to me for his comments, and I have asked him to apologise to the families of the victims of ecstasy, too.

Mr. David Burrowes (Enfield, Southgate) (Con): Last month, the National Treatment Agency for Substance Misuse published figures that reveal that nearly 25,000 young people aged under 18 are in treatment for drug and alcohol problems. Is that not an indictment of the fact that the Government did not do more earlier on drug prevention, and the fact that just 12 per cent. of the drugs budget was spent on prevention? There is no evaluation at all of many of the activities.

Jacqui Smith: I hope that the hon. Gentleman will recognise the progress made by those working in the drugs field over the past 10 or 11 years. Overall drug use and class A drug use among young people are now at their lowest levels ever, as measured by the British crime survey. Among school pupils, overall drug use has fallen. The rate of frequent drug use among pupils has also fallen. The people involved in that work should be congratulated, unlike the hon. Gentleman's party, which proposes cuts to the Home Office budget; that would certainly impact on our ability to counter the harms caused by drugs. I hope that he will back up his words with words advising his Front-Bench team to put back that money.

Dr. Brian Iddon (Bolton, South-East) (Lab): Does my right hon. Friend agree that we have to be a little cautious when legislating on drugs misuse, because if we legislate in the wrong way, we may merely displace the problem to another area of drug misuse—for example, the problem may move from one substance to another? That is one of the difficulties.

Jacqui Smith: My hon. Friend has a strong record of working on such issues. That is why I am sure that he agrees that the fact that there is falling drug use, throughout drug use, particularly among young people, is important. All of us will be concerned to make sure that we continue with that important progress.

Mr. Laurence Robertson (Tewkesbury) (Con): I welcome the Home Secretary's remarks on the comments made by Professor Nutt, but will she go a little further and suggest to him that the sport of horse riding provides discipline, whereas drug-taking not only wrecks—and indeed ends—lives, but fuels crime? The two are completely incomparable. Will she go a little further than she did in her statement just now and perhaps suggest to Professor Nutt that although he might be appropriately named, he is in the wrong job?

Jacqui Smith: I made completely clear my view that there is absolutely no equivalence between the legal activity of horse riding and the illegal activity of drug taking, and that will always be the basis on which I make decisions about drugs policy.

James Brokenshire (Hornchurch) (Con): I am sure the Home Secretary will agree that part of the messages sent out to young people about the dangers of drugs relates to enforcement. As she knows, as part of the changes to cannabis reclassification, a new enforcement regime was brought into effect, which includes cannabis warnings, yet her colleague, the Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle), has conceded that one of the issues with cannabis warnings is that they are not recorded. There is a certain amount of intelligence locally about who has what, but it is rather hit and miss. Does the right hon. Lady agree with that view?

Jacqui Smith: I hope the hon. Gentleman welcomes the fact that, with the advice of the Association of Chief Police Officers, we will now ensure that there is a clear process of escalation as a consequence of being caught in possession of cannabis. That is a result of the change to the classification that we have made and the work that we have done with the Association of Chief Police Officers. The hon. Gentleman is right. One of the issues arising from that is how we record any instances—the one and only instance—of cannabis warning, and we are working with the National Policing Improvement Agency in order to make sure that it is possible to do that in future.

Sexual Violence

2. **Fiona Mactaggart** (Slough) (Lab): What assessment she has made of the adequacy of services for victims of sexual violence; and if she will make a statement. [254637]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): The Government are extending the network of sexual assault referral centres and independent sexual violence advisers so that all victims will be able to access those services over the next three years. We have also invested £11 million in specialist support services.

Fiona Mactaggart: I welcome the substantial progress that has been made through SARCs and independent sexual violence advisers, but has the Minister read the "Map of Gaps" report produced by the Equality and Human Rights Commission and the End Violence Against Women campaign, which shows that in one in four local authorities there is no specialist service for a survivor of sexual violence, and that that is particularly a problem in the east and south-east of England? Does he have a plan to deal with that?

Mr. Campbell: We welcome the publication of "Map of Gaps," although we believe that it does not give a complete picture of statutory provision or of the work of some voluntary organisations. We agree with the publication that more needs to be done, and more will be done. We are working to see SARCs in each of the 43 police districts by 2011, but my hon. Friend will also be aware that much good and important work is done locally, and we are working with local agencies, producing guidance to ensure that commissioning of services is where it needs to be.

Mrs. Maria Miller (Basingstoke) (Con): The Basingstoke rape and sexual abuse centre, along with many other rape crisis centres, does an excellent job to support victims. Why do the Government not do one thing that would really help those centres and adopt a three-year funding cycle, as suggested by colleagues on the Opposition Benches, to try to put an end to the financial uncertainty that so many of those crisis centres still face?

Mr. Campbell: The Government provided £1 million extra this year to rape crisis centres, and I am informed that no rape crisis centre has closed since that period. We value the work of rape crisis centres and are working with local partners to see how best they can be funded, but coming from a party that will cut investment, suggesting a commitment to a three-year period is asking a lot.

Mr. Gary Streeter (South-West Devon) (Con): Will the Minister commend the work of ChildLine, the Devon office of which recently reported a 20 per cent. increase in calls from children over the past three years? Although we know that not every call is genuine, and there can be concern about creating an atmosphere of fear, is it not right that ChildLine provides a fantastic service for children, many of whom are abused by people on whom they should be able to rely? Is it not important that they have a lifeline?

Mr. Campbell: I entirely agree with the hon. Gentleman and happy to pay tribute to the work of ChildLine.

Crime (Illegal Immigrants)

3. **Hugh Bayley** (City of York) (Lab): What procedures are in place to deport illegal immigrants convicted of a criminal offence. [254638]

The Minister for Borders and Immigration (Mr. Phil Woolas): Last year, the UK Border Agency met the target that we set it to remove more than 5,000 foreign criminals. We now consider for deportation all non-European economic area foreign nationals sentenced to 12 months or more.

Hugh Bayley: Mr. Dun Lun Hu, a Chinese national who evaded deportation for five years after his asylum application was rejected, was convicted of selling counterfeit goods in a Yorkshire court in August but was then released on bail by magistrates. I am pleased to say that he has now been deported, but I would like to see the Home Office and the Ministry of Justice working more closely together on such cases. When a court knows or learns in the course of proceedings that a person is an illegal immigrant evading deportation, should it not hold the person until the Border Agency has had the opportunity to seek detention under the immigration rules?

Mr. Woolas: I have looked into that case, about which my hon. Friend has rightly written extensively. I am pleased to confirm that the gentleman concerned was detained and subsequently removed from our country. Sometimes, of course, there are difficulties with court rulings, but my hon. Friend is right on the general principle.

Mr. Stewart Jackson (Peterborough) (Con): After several questions over a number of months, why is it still impossible to get a straight answer from the hon. Gentleman's Department about the number of residents in the Peterborough constituency who are applying for indefinite leave to remain and the number of those who have had their applications refused? Why is the Minister not in a position to tell me how many residents are in that situation? Is that any way to run an immigration system?

Mr. Woolas: The hon. Gentleman should listen to the answer. He has asked lots of parliamentary questions that I have answered forthrightly, although not always to his satisfaction. The particular point that he has made is about constituency boundaries; we have, of course, been able to provide data by administrative boundaries, but it is not always possible to provide them by constituency boundaries. The figures that I have given him are robust.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the Minister aware that a container lorry full of illegal immigrants from Afghanistan recently arrived in my constituency? It is hard not to admire the human courage of people who have risked their lives in travelling across two continents, but surely that is not a reason for granting asylum. Does he agree that at a time when a lot of British lives are being lost in Afghanistan, and when much of that country is under coalition control, one could argue that we should not be taking any asylum seekers from that country?

Mr. Woolas: I am very aware of the incident to which the hon. Gentleman has referred. I congratulate the diligence and bravery of the UKBA staff; he also did so in the local papers, and I thank him for that.

On the general point about policy towards Afghanistan, I agree that our forces there are doing a heroic job. Under the Geneva convention, of course, asylum is looked at case by case. We do, of course, now deport people to Afghanistan.

Chris Grayling (Epsom and Ewell) (Con): In November 2007, the Government admitted that thousands of people cleared by officials to work in the security industry were working in Britain illegally; one of them was even guarding the Prime Minister's car. How many of those thousands of people have now been deported?

Mr. Woolas: I am more than happy to engage in correspondence with the hon. Gentleman on the specific figures. However, I note from *The Sunday Times* that the hon. Gentleman, whom I welcome to his post, is now against our border controls that involve counting people in and counting them out. He has described that as evidence of a "Big Brother" state. I ask him whether he is still in favour *[Interruption.]* Mr. Speaker, he cannot have border controls and make statements such as those that he made on Sunday.

Chris Grayling: It is hardly surprising that the hon. Gentleman does not want to answer the question. Last week, Ministers were forced to come clean and admit that only 35 of those more than 3,000 people working illegally in the UK had been deported. That is despite the fact that, at the time, the Home Secretary said:

"There was no fiasco or blunder; there was strengthened and improved action." —[*Official Report*, 13 November 2007; Vol. 467, c. 538.]

Why should anyone have confidence in the Government when they cannot even evict illegal migrant workers when they know who they are and where they are working?

Mr. Woolas: The Government are removing illegal migrant workers—one every eight minutes. The hon. Gentleman can play politics with this issue, but does he mean that he will rewrite the Geneva convention? Does he mean that he will ignore the independent decisions of judges? Does he mean that, as he said in *The Sunday Times* yesterday, he opposes the e-border controls that allow this country to protect its borders? Which is it?

Policing Policies

4. **Nia Griffith** (Llanelli) (Lab): What steps she is taking to ensure that policing policies take into account local community priorities. [254640]

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): Addressing community priorities is key to effective local policing. That is why we are cutting red tape to free up the police to focus on local issues. We have removed all top-down targets except one—namely, to improve the confidence of the public that their priorities are being addressed and to set out minimum policing standards in the pledge, including monthly community meetings.

Nia Griffith: When people in my constituency go through the ordeal of reporting crime, they are anxious to see the culprits punished. Will my hon. Friend tell me what guidance and advice his Department issues to police forces about the use of cautions, particularly relating to serious crime such as sexual offences or violence?

Mr. Coaker: The Home Office guidance to police forces and to law enforcement agencies in general is very clear on this subject. Cautions should be used only for

low-level offending and should be used for more serious offences only in exceptional circumstances. That sends out a clear statement that in my hon. Friend's constituency, as in constituencies up and down the country, we should prosecute those who are brought before the courts for serious offences and use cautions only for low-level offences.

Mr. Philip Dunne (Ludlow) (Con): Crime reduction partnerships are making significant progress across the country in reducing the impact of retail crime—assaults on staff and against businesses themselves. What priority is the Minister's Department giving to this issue since it has withdrawn all funding for action against business crime?

Mr. Coaker: As the hon. Gentleman will know, the funding for action against business crime was reduced a number of years ago. It was only ever initiated as a way of trying to encourage local crime and disorder reduction partnerships, where appropriate, to set up partnerships with businesses, and they have been extremely successful. We want to ensure that retail crime and business crime is taken seriously. I do not know what it is like in the hon. Gentleman's constituency, but in my constituency business is part of the CDRP, works well with local policing and is a priority for the neighbourhood policing team. We want to ensure that that level of priority is available to all areas and all businesses across the country.

Ann Coffey (Stockport) (Lab): Greater Manchester police have made a commitment in their policing pledge to respond within 24 hours to non-urgent calls. That will be very good news for local people. However, can my hon. Friend ensure that CDRPs widely advertise their policing pledges so that local people can hold local police accountable for those pledges?

Mr. Coaker: My hon. Friend will know that in the national pledge there is not only the commitment that she mentioned, but the commitment to monthly meetings. We are now ensuring that every one of the 3,600 neighbourhood policing teams across the country will have a local pledge that is clearly communicated to local people so that they know what to expect. Alongside that, we have published crime maps that will allow local people to find out quickly, at the click of a button, what the crime levels and trends are in their areas. We hope that in Stockport and elsewhere in Manchester, as well as across the country, that will give people the information they need to hold the police to account and to take action where necessary.

Chris Huhne (Eastleigh) (LD): Now that the Home Office has ditched its proposals for directly elected police authorities, does the Minister accept that police governance is merely back to what it was before the Police Reform Act 2002, when his predecessors introduced national targets? If so, what will be different when the current Bill goes through? What mechanism will encourage police forces to adopt best practice and strive to improve if it is not a firmly elected and democratically accountable police authority?

Mr. Coaker: The hon. Gentleman will know the reasons why we have, for the time being, put on the back burner the issue of directly elected representatives on police authorities. If he had looked at the debate that we have had in Committee on the Policing and Crime Bill, he would have seen a well-informed debate on both sides of the Committee that wrestled with this problem. He will know that clause 1 puts a duty on police authorities to have regard to opinions within—

Chris Huhne: That is already there.

Mr. Coaker: It is not. Police authorities will have a duty to have regard to the views of the public within their area rather than just trying to find out what they are. Her Majesty's inspectorate of constabulary will inspect those police authorities to see what they have done to try to find out the opinions of local people. That is an important step forward that will make a real difference.

Rosie Cooper (West Lancashire) (Lab): Will my hon. Friend join me in congratulating the Lancashire constabulary, which has in recent months increased the detection rate of drug offences directly as a result of intelligence-led operations and targeted police activity working locally with PACT—Police and Communities Together—and using community information about drug-related criminality? That is to be welcomed.

Mr. Coaker: I join my hon. Friend in congratulating the police in Lancashire; indeed, I take the opportunity to congratulate police throughout the country. There is no doubt that we get the most effective policing in areas with effective neighbourhood policing teams where people bring community intelligence to the police to tell them what is going on and to inform them of those who are bringing misery to those areas through drugs or other illegal activity. Effective policing takes place when the police work hard with the local authority, with other partners and with the local community itself. I was happy to hear of the example of Lancashire that my hon. Friend gave. I am sure that that experience is replicated in many places across the country.

Mr. Crispin Blunt (Reigate) (Con): The Department for Communities and Local Government funds the preventing violent extremism programme in local communities. The Minister said, in a debate on the Prevent strategy on 25 June:

> "We try to ensure that the police are involved in determining where money goes". [*Official Report, Westminster Hall*, 25 June 2008; Vol. 478, c. 92WH.]

Is he satisfied that that is happening in practice, and that his Department is properly in the lead on the programme?

Mr. Coaker: We work hard with the DCLG on the Prevent strategy. We also work hard with the police to ensure that the groups we fund in local areas are the ones which can help us to tackle radical extremism. The Prevent strategy is an important part of our anti-terrorist strategy.

I say to the hon. Gentleman that this is an extremely important area. It involves taking difficult decisions about who to fund in a particular local area, but if we want to make a difference, rather than just make ourselves feel better, we do have to take such difficult decisions. We sometimes have to get involved with groups that we

might not wish to, but the Prevent strategy, as part of the broader Contest strategy, is successful and it is making a real difference in many communities throughout the country by preventing the radicalisation of vulnerable young people.

Drug-related Crime

8. **Philip Davies** (Shipley) (Con): What recent assessment she has made of the effectiveness of measures to combat drug-related crime. [254644]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): A key indicator of the effectiveness of measures to combat drug-related crime is the drug harm index. Since 2002, this has fallen by 28 per cent., representing a substantial fall in drug-related crime. Recorded acquisitive crime, often linked to drug-related crime, has fallen by a similar amount.

Philip Davies: With a 9 per cent. increase in drug offences between July and September 2008, compared with the previous year, is it not clear that the Government have completely failed to get a grip on this problem? Does the Minister accept that the drug treatment and testing orders, which result in huge reoffending rates, have been a complete shambles? Will he say what is going to be done to offer more drug addicts abstinence-based treatment orders, which are the only way forward?

Mr. Campbell: I do not accept what the hon. Gentleman says. I point him to the drug intervention programme, which has had considerable success—we are more than meeting our target of involving 1,000 people a week. The evidence is that drug intervention programmes work to cut reoffending, and they have put in place the long-term improvements needed, instead of the revolving-door syndrome that existed when tackling drugs in the past.

Mr. Humfrey Malins (Woking) (Con): Further to the question of my hon. Friend the Member for Shipley (Philip Davies), the drug treatment and testing order, which the Minister seems to think is going well, has been such a failure that the Government abolished it some time ago.

Mr. Campbell *indicated dissent.*

Mr. Malins: Oh yes they did. It has all gone because of breaches.

The link between drug-taking and crime is as strong as ever, and it is getting worse and worse. When will the Government recognise that and put more money into residential rehab, which is the best way to cure many of these youngsters, who are victims as well as criminals?

Mr. Campbell: Again, I note a request for more money from those on the Opposition Benches. The hon. Gentleman may have heard me talk about drug intervention programmes, and I argued that they were one way of putting in place a successful method of cutting reoffending rates. He is right to say that the link between crime and drugs is complex, as is the link between drugs and the economy, but through the drug intervention programme and work with persistent, prolific offenders, we are confident that we have put in place the long-term measures that will make a difference.

Bob Spink (Castle Point) (Ind): Does the Minister believe that it is now time for the Government to consider restricting the terrible date rape drug gamma-butyrolactone? It leads to terrible sexual violence against women, and we need to control its use.

Mr. Campbell: I pay tribute to the hon. Gentleman for his work on raising the profile of this matter. I can tell him that we are examining it within the Home Office and hope to bring forward proposals shortly.

Identity Cards (Manchester)

9. **Mr. John Leech** (Manchester, Withington) (LD): Whether Manchester is planned to be one of the pilot areas to take part in the next phase of the national identity card scheme. [254645]

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): As many people will know, identity cards are to be issued to airside workers at Manchester airport in the autumn. No decision has been taken on the next stage, which will be issuing cards to ordinary people or to young people in 2010, but as they will be issued at Manchester airport, Manchester is certainly a strong contender for the phase after airports.

Mr. Leech: I thank the Minister for her reply. Does she accept that there is no evidence to suggest that identity cards will have any positive impact on dealing with crime on our streets, and that a much better way of using the money would be to put extra police officers on our streets to combat burglary, for instance, which is on a massive increase in south Manchester?

Meg Hillier: There are already more police on the streets than there have been for some time, but perhaps I can give the hon. Gentleman a little lesson in how the cost of identity cards will work. There is not a big pot of money sitting and waiting to be spent on identity cards; there will be money to spend on them only if the general population choose to take them up. It is clear from my conversations with the public and other stakeholders that there is demand for identity cards.

Mr. Mark Field (Cities of London and Westminster) (Con): Given the hyperdiversity and hypermobility within the UK's biggest cities, does the Minister believe that it is sensible to consider either Manchester or the city that both of us represent, London, as testing grounds for this policy? If we are to have an identity cards system, would it not be the worst possible start to try to introduce it in one of the very big cities of the UK?

Meg Hillier: I am slightly puzzled by the hon. Gentleman's comments. We are looking to start with the airports scheme at Manchester airport and London City airport. We are still evaluating areas in which to start the general roll-out to the early adopters in the population and to young people from next year. We need to get going on identity cards. We have passed the Act, the scheme is under way and we are issuing cards to foreign nationals. I will be surprised if the

hon. Gentleman and his party do not wish to see an upgrade in passports, which is really what identity cards will build on, or greater controls and greater security in passports and identity documents in general.

Damian Green (Ashford) (Con): The Minister has just said that airport workers in Manchester will be one of the first groups to have compulsory ID cards. Labour Members may wish to know that those airport workers themselves proposed a motion that was passed overwhelmingly at the TUC conference last year, to oppose ID cards

"with all the means at their disposal".

Does that not tell the Minister that when real people are told that they must have an ID card, they recognise the scheme as expensive, intrusive, pointless and a dangerous threat to our freedom? Why does she not save time and scrap it right now?

Meg Hillier: Both my right hon. Friend the Home Secretary and I have met trade unions a number of times. Most recently, my right hon. Friend met the trade unions from the airport on 29 January, on her visit to Manchester, and they were very supportive of the scheme. We are working closely with all the partners in the airports to ensure that the scheme delivers real benefits to airport workers, including on such matters as the portability of passes, to prevent very high costs and challenging circumstances for staff who often have to wait a long time for their security clearance before they are paid. Identity cards will speed that up, and we look forward very much to working with airports to ensure that the scheme works and that we learn lessons for the further roll-outs.

Policing

10. **Ann Winterton** (Congleton) (Con): What steps she is taking to maximise the amount of time that police officers spend on front-line policing. [254648]

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): Since April 2008 there has been a neighbourhood policing team in every area. The Green Paper confirmed our commitment to reducing burreaucracy and developing technology to free up officer time. It is vital that the police are able to do their jobs efficiently, without being constrained by unnecessary burreaucracy. The policing pledge includes a commitment for neighbourhood policing teams to spend at least 80 per cent. of their time visibly working on their patch.

Ann Winterton: What reassurance can the Minister give that the Policing and Crime Bill will effectively tackle the burreaucracy and targets placed on the shoulders of police officers, which have been described by Sir Ronnie Flanagan as straitjacketing them and prevent them from doing the job that local people expect them to do?

Mr. Coaker: The hon. Lady makes an important point, but we do not need the Policing and Crime Bill to achieve several of the things that she would like to happen. We have already announced a large number of measures, about which I think she and officers in her constituency in Cheshire and others will be pleased. They include the removal of all top-down targets except one. For example, the "offences brought to justice" target has gone. The only target in which the Government are interested is the confidence target, whereby we ask local people whether they have confidence in the policing in their areas.

The hon. Lady knows that Jan Berry is working on the other points that she made about burreaucracy. She also knows that Sir David Normington is compiling a report. There will be an announcement in the next couple of weeks, which will help to tackle some of her concerns and those of the officers in her area, about the way in which we intend to reduce the burreaucratic burden on our police officers.

Rob Marris (Wolverhampton, South-West) (Lab): The police have had shedloads of money in the past 12 years, and most police officers work very hard. However, throughout the country, reports make it clear that police forces do not work especially efficiently and need to learn to work much more smartly. Will the Minister say a little more about the steps that central Government are taking so that the 43 police forces get their hard-working officers working more smartly?

Mr. Coaker: We have a number of programmes on work force modernisation—for example, to consider the best mix between warranted police officers and those who perform back-room, but none the less important, functions. Does some of the forensic work that goes on require a warranted police officer or an expert computer analyst? I think the answer is the latter. Similarly, it is clear that everyone would welcome it if we could modernise the work force so that we released fully warranted police officers from back-room functions to the front line. Indeed, to give my hon. Friend a concrete example, one of our measures is examining the balance between back room and front line to ascertain whether we can get a better mix that puts more uniformed officers out on the street, where people want them.

Mr. Anthony Steen (Totnes) (Con): Is the Minister aware that front-line policemen are despairing about what they can do with the 1,107 Roma children who have been trafficked into Great Britain by serious organised crime in eastern Europe for criminal activities? They despair because, if the children are under 10, they have no criminal responsibility and there are no Romanian or Bulgarian foster parents. If they are over 10, local authority social services have no room for them in care. If they are taken into care, they abscond, and if they are sent back to the country from which they come, they have nowhere to go because many have been sent to Britain by their families—their own parents have sold them into slavery. What is the Minister going to do about it? What can we do?

Mr. Coaker: The hon. Gentleman, who has raised issues about trafficking in general on several occasions, makes a good and valid point. He makes an important point about children. The Government are considering what to do about trafficked children. We are wrestling with the important question that he asked—not only what police officers should do, but what the state should do if it takes a young child into protective custody. What are we supposed to do—lock up a child? Yet, if the child is not locked up—in Holland, there is protective

custody—the criminal gangs come and get the young people, or the children abscond because the people who trafficked them contact them and tell them that the state is their enemy. All I can say to the hon. Gentleman is that we are trying to find a way in which to deal with the matter. I have been to Holland to see examples there. However, although many people point to Holland as a utopia for dealing with trafficked children, the Dutch are wondering whether the policy is appropriate because children are absconding from the protective custody that they have established. Clearly, even the Dutch have not got it right, but we are trying to learn from them.

Mr. Jim Cunningham (Coventry, South) (Lab): Can my hon. Friend say what the cost of the fight against terrorism is and what impact it has on police budgets up and down the country?

Mr. Coaker: We spend considerable sums of money on counter-terrorism. We have expanded the budget for counter-terrorism activity across the country. Indeed, the counter-terrorism unit in the west midlands, my hon. Friend's area, is one of the most effective in the country at co-ordinating activity, both in its own area and nationally. Let me also say that counter-terrorism policing is not done instead of neighbourhood policing; it is done with neighbourhood policing because, as I said earlier, if we want to tackle terrorism, we need effective neighbourhood policing, as well as counter-terrorism policing.

Knife Crime (Lancashire)

11. **Mr. Lindsay Hoyle** (Chorley) (Lab): How many incidents of knife crime there were in Lancashire in the last 12 months for which figures are available; and if she will make a statement. [254647]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): The Home Office publication "Crime in England and Wales 2007-08" shows that there were 361 knife and sharp instrument offences in Lancashire in 2007-08. Lancashire police are taking part in the tackling knives action programme, implementing an intensive programme of enforcement and prevention action focused on teenage knife crime.

Mr. Hoyle: I thank my hon. Friend for that answer. I am sure that he would agree that far too many knife crimes are taking place in Lancashire. My constituent Jessica Knight is one of those statistics. She almost died. Thankfully, she is making a recovery, although it is very slow. This House wishes her well. We are doing something about knife crime, but we want to do more. Will my hon. Friend look to ensure that peer pressure is put on young people not to carry knives and that we find the extra money and resources to educate people in schools? The Music Café in Chorley is an alternative to being on the streets, carrying a knife. We have to do more. Will he do more and what can he tell us today?

Mr. Campbell: I am sure that the whole House will join my hon. Friend in sending our best wishes and thoughts to Jessica Knight, his constituent. The House will also be aware that her assailant was sentenced to life imprisonment, with a minimum tariff of 12 years. That shows the importance of enforcement, which is a key part of the tackling knives action programme. As my hon. Friend said, a key part of that programme is working with young people to educate them through whatever media we have at our disposal, finding out what message works best for that group and sending out the strongest message, which is: "If you carry a knife, not only do you put others in danger, but you put yourself in danger."

Alcohol-related Crime and Disorder

12. **Sir Nicholas Winterton** (Macclesfield) (Con): What recent assessment she has made of the effectiveness of measures to reduce levels of alcohol-related crime and disorder. [254648]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): The most recently published report, "The impact of the Licensing Act 2003 on levels of crime and disorder", found that crimes involving serious violent crime may have reduced. Local residents were less likely to say that drunken and rowdy behaviour was a problem. The Government announced a new mandatory code of practice to target the most irresponsible retail practices, a £3 million cash injection for crime and disorder reduction partnerships and for partnership activities in 190 areas, and a further £1.5 million for police enforcement in priority areas.

Sir Nicholas Winterton: In a survey carried out in the north-west, almost 72 per cent. of Macclesfield residents expressed deep concern about the amount of drunkenness and anti-social behaviour fuelled by alcohol. Andy Smith, the chairman of Pubwatch in Macclesfield, blames the superstores, which hugely discount strong lagers and beers. People who go into a supermarket can buy any amount of alcohol and drink it on the street, but those who go into a pub are disciplined and subject to the survey of the staff of that pub. Would the Minister encourage drinking in pubs and would he give them more help and less regulation, rather than no regulation, which is what exists for superstores?

Mr. Campbell: The reality is that the problems to which the hon. Gentleman refers can be caused by either on or off-licence sales. We are working with both sectors to try to reduce the problem. We are working with retailers through the challenge 25 scheme, for instance, to stop under-age drinking. We are also working to ensure that those who misbehave are the ones who are penalised. We are looking at a range of measures, targeting not only supermarkets, but public houses and clubs, through a mandatory code of practice, so that by working with the industry, whether on or off-licence, we bear down on something that, as he said, is still causing a problem in a number of areas.

David Taylor (North-West Leicestershire) (Lab/Co-op): We are seeing pubs close at the unprecedented rate of four or five a day around the nation. In parallel with that, we are seeing the phenomenon of breweries being unable to find permanent licensees for some of their premises and having to deploy temporary staff. Will the Minister tell us whether, as appears to be the case, there is evidence that such staff are not as rigorous at complying with licensing regulations, and whether the police and

others are paying special attention when disorder is linked to premises that go through a temporary landlord perhaps every three or four months?

Mr. Campbell: We are aware of the rate of pub closures, but I want to point out to my hon. Friend that it is more than the restrictions and regulatory burdens that we might place on premises that is behind those closures. We take very seriously the issue of staff in pubs, which is why we need to ensure that they have not only proper training but the confidence to challenge people about their behaviour, particularly in regard to buying drink for under-age youngsters. We will go on with that work.

Mr. Julian Brazier (Canterbury) (Con): While I strongly applaud the hon. Members who have spoken out in defence of conventional pubs, may I ask the Minister whether he is happy with the arrangements for planning permission for all-night clubs? In particular, does he think it right that the council considering such an application is not allowed to take account of representations from affected residents unless they live in the immediate vicinity of the proposed premises? Even those who live on the access routes to and from the premises cannot be consulted.

Mr. Campbell: One of the important measures to which the hon. Gentleman is referring is the Licensing Act 2003, which gives an unprecedented amount of influence over such decisions to residents—and, indeed, to the police and others. They have the powers that the hon. Gentleman is talking about. It is up to the licensing and planning committees rigorously to enforce the powers that they have.

Topical Questions

T1. [254661] **Jo Swinson** (East Dunbartonshire) (LD): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Jacqui Smith): My right hon. Friend the Foreign Secretary and I are announcing today the outcome of our review of visa regimes. We are introducing new visa requirements for Bolivia, Lesotho, South Africa, Swaziland and Venezuela. Visitors from those countries will need a six-month visa and they will need to provide their fingerprints before travelling here. Those travelling via the UK will need a transit visa. Those new requirements are in addition to the existing requirements for a visa to live, work, study or marry in the UK. They form part of the biggest ever changes to strengthen Britain's border security through stronger overseas checks, tougher border checks and robust enforcement action within the UK.

Jo Swinson: I thank the Home Secretary for that reply. Will she tell the House what discussions she has had with ministerial colleagues and the police about whether the police currently have adequate powers to investigate Members of either House of Parliament who are suspected of the common law offence of bribery?

Jacqui Smith: No, I have not had any discussions with police colleagues about that.

T6. [254667] **Hugh Bayley** (City of York) (Lab): Will my right hon. Friend join me in congratulating North Yorkshire police on using online crime mapping to give people in North Yorkshire and York a monthly update on whether the police are winning the battle against crime? Will she also join me in welcoming the fact that crime in York has fallen by a further 3 per cent. this year compared with last year?

Jacqui Smith: I join my hon. Friend in congratulating the police and their partners on that reduction in crime. He makes the important point that people need to see what is happening in their local area with respect to crime, and that is what crime mapping now allows across the country. As we develop that, people will also expect to be able to see what action is being taken by the police and others to bring to justice those who cannot abide by the rules in our communities. Building on the progress that we have made with crime mapping everywhere will enable us to provide that information for the constituents of everyone in the House.

T2. [254662] **Mr. Richard Benyon** (Newbury) (Con): This weekend, we heard reports of a database to track and store the international travel records of millions of people. We have also heard about the increasing loss of supposedly secure data being reported to the Information Commissioner. Will the Home Secretary tell the House what aspects of British behaviour she does not want to be recorded on a database, and whether she would be happy for her own holiday records—her seat bookings and holiday reservations—to be put on a database, given her Department's record on data protection?

The Minister for Borders and Immigration (Mr. Phil Woolas): The hon. Gentleman says that we heard about the matter this weekend, but the programme referred to in the weekend press has been known about and debated in this House for four years. It is part of the shake-up of border controls. The introduction of e-Borders allows the Border and Immigration Agency to track movement in and out of the country, which is necessary to control our borders. It is, of course, done proportionately— *[Interruption.]* The hon. Gentleman dismisses my answer; I take it that he agrees with the hon. Gentleman for the front page, the hon. Member for Epsom and Ewell (Chris Grayling), who is clearly more interested in scoring political points than he is in controlling our borders.

Mr. David Kidney (Stafford) (Lab): Before the Department for Transport's consultation on road safety ends, will the police and the Home Office contribute the view that if we lower the alcohol limit for drink-driving, we could save more than 50 lives a year?

Jacqui Smith: Of course we will want the police and, indeed, ourselves as the Home Office, to make a contribution to that debate and that consultation. It is an issue that I know my hon. Friend takes very seriously; it is certainly very important for the confidence of the public in our ability to clamp down on those who still choose to drink and drive.

T3. [254663] **Mr. Christopher Chope** (Christchurch) (Con): The Home Secretary told us earlier about her conversation with Professor Nutt. Will she explain

whether his apology related to the views that he holds, or the fact that he expressed them? Is it not clear that the Home Secretary and almost everybody in the country has lost confidence in Professor Nutt, so why does she not sack him and his motley crew and save taxpayers some money?

Jacqui Smith: I made it very clear to Professor Nutt that I felt that the views he expressed in his article over the weekend were inappropriate, as I have already described. I sought assurances, which he gave me, that in his role as chair of the Advisory Council on the Misuse of Drugs, he would limit himself to providing scientific advice to the Government, which is the statutory role of the council.

Mrs. Ann Cryer (Keighley) (Lab): About a year or two ago, a unit was set up by the Metropolitan police to look at killings—honour killings—of young women. It was thought that many deaths of young women that may have resulted from such killings were recorded as suicides or accidental deaths. The Met decided to look further into them to find out whether there were any honour killings among them. When will we receive the report from that unit?

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): My hon. Friend has campaigned long and hard on the issue of so-called honour-based violence. I am not sure exactly when we can expect the report so I will look further into the matter, but she will be pleased to know that the Association of Chief Police Officers recently issued guidance on honour-based violence so that police forces across the country can take it into account. Forced marriage and honour-based violence are horrendous crimes. It is thanks to people such as my hon. Friend and many others across the House that we have finally started to look into, expose and deal with this issue as the serious crime it is.

T4. [254668] **Andrew Selous** (South-West Bedfordshire) (Con): There have been calls across the House this afternoon for police officers to spend more time on the beat, to police more visibly and to work more efficiently. In that regard, is the Home Secretary aware of the successful trials in Bedfordshire giving police officers hand-held personal digital assistant devices, which has led to officers spending a lot of time on the beat and policing much more visibly than before? Does she think that that scheme could be spread across the country?

Jacqui Smith: Not only am I aware of that, but I know that it was funded through Government investment. We have made £50 million or possibly even £75 million available so that police officers across the country can be provided with hand-held devices and can spend more time, as the hon. Gentleman suggests, on the front line.

I am a little disappointed that the hon. Gentleman did not take the advice of his Whips Office and ask, "What recent estimate she has made of current police force strength?"—one of the questions suggested by the Opposition Whips. If he had done so, I could have said—

Mr. Speaker: Order.

Mr. Gordon Prentice (Pendle) (Lab): What weight does my friend give to the views of the Information Commissioner who recently said that DNA samples taken from people not convicted of any crime should not be held indefinitely?

Jacqui Smith: I give very considerable weight to the views of the Information Commissioner. As I made clear before Christmas, that is the reason why—although there are strong arguments and real results relating to people who have been caught and convicted from the use of DNA, and even in relation to those who have not subsequently gone on to be convicted—I think it is nevertheless important that we have a system that is proportionate and in which people have confidence. That is why, for example, I made it clear before Christmas that the DNA profiles of those children below 10 should be removed and why I will make further proposals this year for looking at the retention periods, dependent on the particular circumstances of individuals.

T5. [254666] **Mr. Peter Lilley** (Hitchin and Harpenden) (Con): Although far too many people are allowed to come and settle in this country, the vast majority of those who do are decent, law-abiding people, so does it not sully their reputation and undermine community relations when the Government allow to stay in this country people who have been convicted of crimes in absentia in their home countries—crimes as serious as murder—just because that conviction was in absentia? I understand that legal action would be required to override a very dubious court ruling to prevent that practice. What does the Home Secretary propose to do to change the law?

Mr. Woolas: I take the right hon. Gentleman's question very seriously indeed. It is right that we deport people who have committed crimes; earlier, I gave the House some figures on successes. In cases such as those he raises, sometimes there are difficulties in data sharing with foreign countries. We are improving that situation significantly, particularly through the EURODAC proposals. On the specific point, if he has a case in mind—he has raised similar issues before—I will be more than happy to look into it. I reassure him and the House that we will do what we can to protect our country.

Greg Mulholland (Leeds, North-West) (LD): My constituent, Enid Ruhango, was tortured and raped by Ugandan forces and fled to the UK in search of asylum. Instead, she was incarcerated in the Yarl's Wood detention centre. The chief inspector of prisons described her treatment as disgraceful, yet this woman is still unable to carry on with her life and has still not been granted indefinite leave to remain. May I implore the Home Secretary finally to look at that case personally and allow this woman to carry on her life with the people of Leeds, where she now belongs?

Mr. Woolas: I have received representations on that case. I assure the hon. Gentleman and the House that people are detained in Yarl's Wood only where independent tribunals and the independent system have looked at their cases. That is not to say that in all cases the decision to maintain detention is kept, but we need that power. I reassure him that we are looking at that case.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am rather concerned by an answer that I received from a Home Office Minister last Wednesday in relation to the Forensic Science Service—a world-class organisation that is leaking staff at an alarming rate, with a net loss of more than 300 posts in the last six years. As the FSS was threatened with privatisation some time ago, will the Minister reassure me that the Government intend for the FSS to stay in the public sector, staffed and resourced at a level appropriate to its public importance to the police and the criminal justice system? It is not going to be covertly privatised, is it?

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): May I put on record our support for the FSS and the important work that it does? We are looking at a programme of investment over the next few years to allow it to meet the challenges that it faces—not only in this country, but abroad. I can tell my hon. Friend that no decision has been taken about what he describes as the privatisation of the FSS and we leave the options open.

T7. [254669] **Mr. Tobias Ellwood** (Bournemouth, East) (Con): May I invite the Home Secretary for a night out—either a Friday or a Saturday night, I am flexible—in Bournemouth? She would see not only what a good job Bournemouth police are doing, but how overstretched they are in dealing with the 20,000 or so visitors who come to the seaside resort and the vibrant town centre. If she came to Bournemouth, she would see that the police are not able to look after the policing in Bournemouth because of overstretch—the police manning formula does not take into consideration tourism or, indeed, the number of visitors. I urge her to come to Bournemouth, to see the problem and to help to remedy it.

Jacqui Smith: I had a couple of good nights out in Bournemouth over the Christmas break, although unfortunately the hon. Gentleman was not with me at the time. I agree with him that the Dorset constabulary is doing an extremely good job, which has resulted in a reduction in crime. It is working hard to ensure that Bournemouth is—as I discovered for myself—a good place to visit as a tourist, but I feel sure that the cut of 38 police officers that would be a consequence of his party's proposed Home Office spending cuts would only make that job more difficult.

David Davis (Haltemprice and Howden) (Con): Can the Home Secretary give the House an unequivocal answer to the question "Has any arm or agency of the British Government been complicit in any way in torture?" Yes or no?

Jacqui Smith: I think that my right hon. Friend the Foreign Secretary made the Government's position in respect of torture absolutely clear in his statement last Thursday. When there was a suggestion of any form of complicity, I did what I thought was the right thing to do, and referred it to the Attorney-General for investigation.

Rob Marris (Wolverhampton, South-West) (Lab): An increasing number of cars contain so-called black boxes—vehicle data recording devices. For more than three years the Government have been considering what guidance might be issued to police forces, for instance, on the use of the data from such devices in possible prosecutions. Can the Minister tell me when a decision will be made and guidance issued?

Mr. Coaker: All I can tell my hon. Friend is that these matters remain under discussion and that, as far as I am aware, no decision is imminent.

Points of Order

3.31 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): On a point of order, Mr. Speaker. During Home Office questions this afternoon, the Home Secretary criticised Professor David Nutt, a distinguished scientist and an independent adviser to the Government—as established in statute—who writes about his areas of expertise in academic journals. Is it in order for the Home Secretary to criticise him here, where he cannot answer back, for views that he has expressed in scientific publications? If so, what is the future of academic freedom or independent scientific advice if the Home Secretary can demand that scientists apologise for their published academic findings and views?

Mr. Speaker: The hon. Gentleman has asked me whether the Home Secretary is entitled to criticise an academic—or any other person, for that matter. Of course she can. It is a parliamentary privilege that we all have. The Home Secretary is a Member of Parliament, and therefore she is entitled to do that.

Mr. Bernard Jenkin (North Essex) (Con): On a point of order, Mr. Speaker. It was reported in *The Sunday Telegraph* that you had ruled, on grounds of privilege, that foreign trips funded by the British Council should not be subject to freedom of information requests. Could you confirm that that is in fact the case, and could you possibly furnish us with reasons for the ruling?

Mr. Speaker: I do not give reasons for that particular procedure, and I have nothing to say on the matter on the Floor of the House.

Guide to the Rules Relating to the Conduct of Members

Motion made, and Question proposed,

(1) That, subject to paragraphs (2) and (3) below, this House approves the Fourth Report of the Committee on Standards and Privileges (House of Commons Paper No. 208) and the revised Guide to the Rules Relating to the Conduct of Members annexed thereunto;

(2) That the revised Guide be amended, in page 27, by leaving out the words "After receiving a donation or loan over £200 in value a Member has 30 days to check and confirm it is from a permissible source before either accepting it or returning it." and by inserting in their place the words "After receiving a donation over £200 in value a Member has 30 days to check and confirm it is from a permissible source before either accepting it or returning it. Before entering into a loan a Member must check and confirm the lender is permissible.";

(3) That the threshold for registering interests under category 4 (Sponsorships) shall be the statutory threshold for the time being applying to the reporting of donations by hon. Members to the Electoral Commission;

(4) That the revised Guide shall take effect on such date as section 59 of the Electoral Administration Act 2006 shall come into force;

(5) That the Register of Members' Interests shall be renamed the Register of Members' Financial Interests and the Registrar of Members' Interests shall be known as the Registrar of Members' Financial Interests;

(6) Accordingly, in each place where they occur in any Standing Order, Order or Resolution of the House:(a) for 'Register of Members' Interests' there shall be substituted 'Register of Members' Financial Interests'; and(b) for 'Registrar of Members' Interests' there shall be substituted 'Registrar of Members' Financial Interests'.—(*Chris Bryant.*)

3.33 pm

Sir George Young (North-West Hampshire) (Con): I invite the House to approve the revised guide to the rules relating to the conduct of Members as set out in the fourth report of the Committee on Standards and Privileges, which we published last week. It paves the way for an early end to dual reporting, as well as making a number of other changes which I believe will be welcomed in all parts of the House.

Coming as it does shortly after the adoption of the new Green Book and the setting up of the new Committee on Members' Allowances, today's debate gives us a opportunity to adopt a reporting regime that is intended to provide the House and our constituents outside with transparency and reassurance on our interests.

The code of conduct and the guide to the rules are essential components of the House's regulatory machinery. It is vital that hon. Members have a clear understanding of what the code states and what the rules mean, in order that they may comply with them. The reporting regime, which is one of the most demanding in the world, needs to be overhauled from time to time to ensure that it is both effective and proportionate. The Committee on Standards in Public Life recommended that such an overhaul should be carried out once in each Parliament, and today's package of proposals represents the overhaul in the present Parliament.

In addition to making changes that relate to the end of dual reporting, the revised guide clarifies existing rules, implements earlier decisions of the House—for example, on the employment of family members—and responds to developments outside this place, such as the

[Sir George Young]

development of new forms of investment vehicles. The final section of the revised guide sets out in greater detail than before the procedure for considering and investigating complaints that a Member has breached the rules. Many of the changes, however, and most of the red print in the revised guide are there to end dual reporting.

The requirement to report donations to both the Registrar of Members' Interests and the Electoral Commission was, as my Committee's report points out, an unintended consequence of the legislation passed in 2000. Problems came to light in 2005—*[Interruption.]* The House may have heard the aside from the Lord Chancellor, admitting culpability for such dual reporting. The problems came to light in 2005 when my Committee considered a report from the Commissioner for Standards on the inadvertent failure of my hon. Friend the Member for Orpington (Mr. Horam) to register donations in the Register of Members' Interests, although he had fully reported those same donations to the Electoral Commission and they were in the public domain. The Committee concluded:

"It would in our view be better...if a single system, operating under the authority of the Commissioner, could be devised to replace the present arrangements, which would enable Members to discharge their obligations in relation to making donations public through a single declaration."

An attempt was made to achieve that during the passage of the Electoral Administration Act 2006, but the complexity of the subject was underestimated at the time. Much of the past two years has been taken up with lengthy and detailed discussions that have drilled deep into the substrata of electoral law. With the successful conclusion of those discussions—I am grateful to the registrar, Alda Barry, and the Clerk of my Committee, Steve Priestley, for their work on this—we have now reached the point where the end of dual reporting is in sight and the "one-stop shop" called for by the Committee in 2005 will soon be able to open for business.

The main focus of the discussions over the last year or so has been the Electoral Commission's very proper concern to ensure that we do not create a fresh anomaly in relation to Members who stand against non-Members in elections outside this place—for example, as Mayor of London or as a Member of a devolved Assembly. The end of dual reporting will mean that such Members are no longer subject to the same set of criminal sanctions as are other candidates. There are various legislative means of keeping the playing field level, but they are so complex and so convoluted that they resemble a steamroller being used to flatten a molehill. The Electoral Commission has agreed that such a legislative solution would be disproportionate, given the very few cases involved.

This agreement is important, because dual reporting cannot end until the Electoral Commission has indicated that it is satisfied it can get all the information it needs from the Register of Members' Interests. I have been assured by Jenny Watson, who now chairs the Electoral Commission, that this revised guide will provide the assurances the commission seeks in order to sign off on dual reporting. It will then be for the Justice Secretary to lay a commencement order before Parliament. In its report, my Committee expresses the hope that this process will be completed by the end of June, and I rather hope that it may be completed well before then.

Members may well ask, "Well, what is the catch?" I do not believe there is a catch, but there is certainly some give as well as some take. Members will need to provide more information to the registrar than they did previously. However, this will be offset by the removal of any need to report the same information to the commission, and a single form will be provided for this purpose.

We considered whether to recommend alignment of the thresholds used by the House with those set down in statute. In several categories of the rules, the House requires interests with a value greater than 1 per cent. of parliamentary salary to be reported—at present, that sum is £633—whereas the statutory threshold tends to be set at a more generous level, which is currently £1,000. The 1 per cent. threshold was agreed by the House when the rules were last revised in 2002 and, in my view, it was set at an appropriate level. It provides a high degree of transparency in our reporting and, because it is indexed, it automatically rises in line with our pay. The Committee's view is that this remains the right way to set the majority of the thresholds and we have not, therefore, recommended any change.

In relation to category 4, however—which covers most political donations and is the main area of overlap between the House's requirements and those set down in statute—the threshold has been fixed at £1,000. Members will have seen that the motion provides for the threshold in category 4 to be tied to the level specified in the legislation, which, at the moment, happens to be £1,000. The Committee had not considered proposing this change, but it is a sensible adjustment that will avoid creating a differential between the House's thresholds and the statutory ones, and I therefore support it. Any proposal to increase that threshold would come from the Government, but would be subject to parliamentary procedure.

Although hon. Members will no longer have to provide information on permissible donations and loans directly to the Electoral Commission, the commission will remain under a statutory obligation to publish all the relevant information as soon as is reasonably practicable. That means that the commission will publish information on its register within one month of receipt. In order to avoid a four-month gap opening up in the commission's register, it will be necessary to return to the previous practice of requiring Members to register their interests within one month of their election or re-election to the House, rather than within three months, as at present. Separate deadlines for information required under statute and for information required under resolutions of the House would create confusion and lead to error, and the Committee therefore considers it preferable to have a single deadline.

In order for the Electoral Commission to obtain the information it needs to keep its register up to date, its officials will be granted controlled access to the office of the Parliamentary Commissioner for the sole purpose of gathering the information to which they are entitled. After a general election, the commission will need to publish some of this information in its register before the first edition of the House's register is published. A memorandum of understanding is being drawn up with the Electoral Commission, and it will specify the limited circumstances in which access may be granted.

Members will also need to continue to report impermissible donations, or donations from unidentified sources, directly to the commission, which will remain the sole authority on such matters. All the substantive changes are described in the Committee's report and are picked out in red. I shall not describe each of them, but I shall highlight just two aspects of the revised rules that are not related to the end of dual reporting.

First, hon. Members need to keep full records of each benefit of a value greater than £200. That is because a series of donations from the same source, each unregistrable in itself and even if spread across different registration categories, can give rise to a requirement to register if they accumulate to a value of £1,000 or more. Secondly, the motion makes specific provision to rename the Register of Members' Interests so that it is called the Register of Members' Financial Interests, and to make a corresponding change to the title of the registrar. The change has been proposed because there is some confusion outside the House as to the purpose of the register. By renaming it the Register of Members' Financial Interests, we will make it clear that all the entries in the register have a real or potential monetary value. It is a small change, but one that the Committee believes is worth making.

When dual reporting ends, the Commissioner will write to every hon. Member, sending a copy of the new guide and details of the seminars arranged to explain the new rules to hon. Members. There will also be guidance about how to complete the new form. I strongly encourage any Member who may be in any doubt about how the new rules will apply to seek advice from the standards commissioner or the Registrar of Members' Interests, who will be glad to help—or from the Electoral Commission, in respect of impermissible donations.

I believe that the end of dual reporting will be welcomed on both sides of the House. Together with the other changes recently agreed by the House, the revised rules constitute an important step forward in this House's regulatory system and in the transparency and accountability that rightly apply to our financial interests as Members of Parliament. The Standards and Privileges Committee will keep all these changes actively under review, and I ask the House to support the motion that stands in the name of the Leader of the House.

3.43 pm

The Deputy Leader of the House of Commons (Chris Bryant): I rise to support the motion. First, and most importantly, I must say that I am grateful to the right hon. Member for North-West Hampshire (Sir George Young), who is the Chair of the Standards and Privileges Committee, and to his Committee for the work that they have done on this matter. He pointed out that although many Members of this House have wanted to make the change from a dual reporting system to a single reporting system, that has proved to be a rather knotty problem. I believe, as he touched on this, that he would also want to thank the Minister of State, Ministry of Justice, my right hon. Friend the Member for North Swindon (Mr. Wills) and his officials, who have worked very hard. My right hon. Friend has a first-class degree in history from Cambridge, and that is clearly what one needs to be able to deliver reform in this area. *[Interruption.]* The Lord Chancellor just pointed out to me that there are no thanks due to him for this.

We should also pay tribute to the work of the Electoral Commission—in the last few months in particular, it has worked very swiftly and co-ordinated well with the officials of the House—and of the Registrar of Members' Interests and the Clerk of the Committee. They have all worked to bring forward this paper in timely fashion so that it can be considered in line with the Bill this afternoon.

Bob Spink (Castle Point) (Ind): We all welcome the progress that has been made so far, but does the Deputy Leader of the House accept that we need more progress on the conduct of Members? For example, we should consider removing the 646 small businesses in the House and have Members' staff employed by the Department of Resources centrally, so that we can remove that problem for the benefit of Members and our constituents.

Chris Bryant: I know that hon. Members feel aggrieved when newspapers report that we have claimed allowances of £180,000 a year, so it looks as though the staffing budget has gone into our own pockets, whereas—as all hon. Members know—we are merely claiming the money to ensure that our constituents receive swift replies to letters and so on, as they would naturally expect. Various Committees have considered whether the appointing of staff should be done centrally by the House, and it seems to me that the House is of the settled opinion that that would be inappropriate, for the simple reason that each constituency is different and each Member of Parliament works differently.

There has been a problem with dual reporting since the 2000 Act. Although it was an unintended consequence, it has produced some considerable inconvenience for vast numbers of Members. The problem stems not only from having to report to two different organisations with two different systems, but from the variation in the rules. That has led to inconsistency and confusion. One example, from my personal experience, concerns the free car parking space provided to me by NCP at Cardiff railway station. Any Member from south Wales who wants such a space can have one. That means that I do not have to declare it in the Register of Members' Interests—I have asked on several occasions to ensure that that is the case. However, I do have to declare it to the Electoral Commission. There will be many such instances in which hon. Members are confused about whether they have to report various donations and benefits.

I am grateful that today we will be able to end all that confusion. However, as the right hon. Member for North-West Hampshire pointed out, the change will involve a cost to hon. Members. For a start, they will have to provide considerably more information to the House authorities under categories 4, 5 and 6 on sponsorship for their constituency associations or parties, and the benefits they receive in relation to overseas visits and gifts received on such visits. That information is laid out in the report, and it has been gone through with a fine-toothed comb by the Electoral Commission.

In addition, we have had to extend the rules of the House so that they meet the commission's requirements. The requirement in section 43 now provides that if a

"personal benefit to the Member is not specifically received in the capacity of a Member of Parliament but is none the less related to his or her political activity"

it will have to be registered. That is a more stringent requirement.

[Chris Bryant]

In addition, there is a new category in the register in relation to loans and credit arrangements, which have been subject to registration and publication with the Electoral Commission. As the right hon. Gentleman said, there will also be a requirement for Members to register within a month after a general election, instead of the three months that they had previously. Indeed, I am told that Members were often dilatory about meeting the three-month limit. It will be vital, however, that the information is provided within the time limit after the next election. In order for the Electoral Commission to do its work after a general election, it will need to have particular access during that period to the House authorities' information.

I should also alert hon. Members to one issue that has been raised several times with me, which is whether one must register membership of the armed forces parliamentary scheme, the police service parliamentary scheme and the National Council for Voluntary Organisations' MP secondment scheme, as well as of the Industry and Parliament Trust. Such involvement has been exempt under the House's rules but not exempt from registration with the Electoral Commission. The Electoral Commission has insisted that we will have to register such involvement and so Members should be aware of that.

Andrew Mackinlay (Thurrock) (Lab): I do not know whether my hon. Friend was coming to the subject of category 3 on page 17, but I want to ask him a question as something is not clear to me. The definition of category 3 includes the words:

"In respect of any paid employment registered in Category 1...and Category 2"

that is, directorships and remuneration—

"any provision to clients of services which depend essentially upon, or arise out of, the Member's position as a Member of Parliament".

I am confused by that, because, although there might be some relationship elsewhere, the wording here states that it should

"depend essentially upon, or arise out of, the Member's position as a Member of Parliament".

Surely we cannot get additional remuneration for anything that relates to our work as a Member of Parliament. I invite Members to take a look at category 3—it is clearly wrong that anybody should have such a facility. Will my hon. Friend clarify what is meant by that?

Chris Bryant: There are two elements that I can clarify. First, the House has always made it clear that nobody should be a paid advocate in their work as a Member of Parliament. I understand that my hon. Friend is suggesting that the definition strays close to that. All Members of the House would want to ensure that nobody was paid for performing their function as a Member of Parliament. I should also point out that paragraph 27 continues:

"In addition the Member should register any clients of the consultancy which he or she knows have benefited from such advice."

I could not see on the register any such registration of the clients of the consultancy, merely that of the consultancy.

In addition, I want to refer to one other point of which hon. Members might not have been aware. In paragraph 34, the code now makes it absolutely clear that

"if a fundraising event raises more than £1000, a Member benefiting should register the event".

I think that that is possibly a new category of registration to which Members will have to commit themselves and I note that there have not been many such events registered in the Register of Members' Interests thus far.

I want to refer briefly to the thresholds. In categories 5, 6 and 7, as the right hon. Member for North-West Hampshire said, it is right that the registration threshold should remain at 1 per cent. of our salary. However, in relation to sponsorship under category 4 where the benefit does not come directly into our pockets but to our constituency associations, our constituency Labour parties or whatever organisation there might be, the law specifies that the threshold should be £1,000. It seems sensible, just in case the law were ever to change, that we should be aligned directly with the law rather than with the specific figure of £1,000. That is why the motion refers to that. We might also want to consider whether the £200 threshold at which one has to check whether a donation is from a permissible source, has to return it if it is not and has to register it with the Electoral Commission should be aligned with the legal situation rather than with the specific figure of £200. We might want to return to that at another date.

Sir Patrick Cormack (South Staffordshire) (Con): Does that mean that if the hon. Gentleman's constituency Labour party had a coffee morning or whatever and raised £1,000 he would then have to register it here?

Chris Bryant: Would that a Rhondda Labour party coffee morning raised more than £1,000. I am simply reading out paragraph 34, which makes it clear that if the amount is more than £1,000, Members have to register it in the Register of Members' Financial Interests.

I now come to the next steps. First, the Electoral Commission is happy to confirm, as it did to the Chairman of the Standards and Privileges Committee, that the requirements that we are placing on hon. Members today meet all the requirements under the 2000 Act, and it will write to the Justice Secretary—the Lord Chancellor—to say so. He then expects to lay a commencement order before Parliament for section 59 of the Electoral Administration Act 2006 and paragraph 16 of schedule 7A to the Political Parties, Elections and Referendums Act 2000, so that dual reporting will finish by the end of June.

Sir George Young: To revert to the hon. Gentleman's coffee morning in the Rhondda, the event would not have to be declared by the Member. Paragraph 29 says:

"Financial contributions to constituency associations...which are not linked to a Member's candidacy...that is where the donation would have been forthcoming irrespective of the identity of the candidate...do not have to be registered on the Register of Members' Interests."

Chris Bryant: I am grateful to the right hon. Gentleman. However, at the bottom of page 19, a note to paragraph 31 says:

"Members might, in this context, ask themselves such questions as 'Did I write to or meet the donor asking for a contribution?', 'Was a letter sent out headed 'Campaign to [Re-] Elect [name]", 'Was I the guest of honour at a dinner"

or, I suppose, a coffee morning—

"where donations were sought?' and 'Have I a particular relationship to the donor".

so the expectation would probably be that one would register such matters.

John Bercow (Buckingham) (Con): If the Deputy Leader of the House would be so good as to press the rewind button, he will recall that a few minutes ago he referred, without evaluation, to the Electoral Commission's requirement for disclosure of the fact of participation in the armed forces parliamentary scheme and similar such schemes. That is in contrast to the non-requirement on the part of the House. Does he find that position satisfactory? I did not get a clear sense that he had a particular view. I am not quite sure why the Electoral Commission is holding out for something on which the House is not insisting.

Chris Bryant: My feeling about the armed forces parliamentary scheme is that it is pretty difficult to evaluate, on a commercial basis, the cost of lying in a tent in Basra being shelled. It is pretty difficult to estimate whether that is worth £1,000 or more. However, when Members are not sure what the value of such a thing is, but guess that it might be more than £1,000, there is provision for them simply to attest to the fact that they have had that benefit. The honest truth is that it does no one a disservice to over-register; for instance, registering the fact that they have had the benefit of being involved in the armed forces parliamentary scheme would redound to their benefit, rather than to their discredit.

Dr. Gavin Strang (Edinburgh, East) (Lab): This is coming as a revelation to us. Let us take the example of a dinner that my constituency Labour party held in August. I was at the top table and said a few words, and there was then an address by Tony Benn. The dinner made just over £1,000—perhaps £1,200—for the party. Obviously, that money would be available for it to spend on any party function, including electioneering. Is the Deputy Leader of the House saying—I am quite happy with this—that in future, either my local party, which is clearly an accounting unit, or I should register that £1,200, or whatever the sum, and say where it came from?

Chris Bryant: The regulations before us today do not affect the law. They do not change what one's local party has to declare. All that they change is what an hon. Member has to declare. An hon. Member is required to declare any donation above £1,000 that is associated with them in some way, whether that is because it is for their re-election, because they sought the donation, or because they were a speaker at the event. Those are the tests that the Standards and Privileges Committee has set for us that decide whether we should declare such events. If an event makes more than £1,000 profit, and it is tied to the candidacy of an individual, or the individual invited people or was the guest of honour, they would have to register it—that is, if the threshold remains at £1,000.

Dr. Strang: So if the coffee morning or the dinner makes more than £1,000, that has to be registered by the Member of Parliament. Is that correct?

Chris Bryant: Yes. *[Interruption.]* I am sorry, but that is clearly stated in the report.

Mr. John Horam (Orpington) (Con): If the donation is not in any way linked to the Member of Parliament, or is not supported or asked for by them, does it have to be registered?

Chris Bryant: Absolutely not. Let me see whether I can make the position clearer. Where there is a direct relationship between the hon. Member and the donation or the event, the Member has to register with the House authorities, but a direct relationship includes being the person who sent out the invitations, who speaks at the event or who is the guest of honour—these are all in the report. Hon. Gentlemen who are making odd faces at me from the Opposition Benches need to read the report.

Andrew Mackinlay: I interrupt only because the body language signifying confusion among hon. Members is considerable. The right hon. Member for North-West Hampshire (Sir George Young) clearly disagrees with what the Deputy Leader of the House is saying. Hon. Members deserve some clarity and precision on the matter. *[Interruption.]* The Deputy Leader of the House says, "I am correct". Clearly, that is not the view of the architect and author of the report, so can somebody help us? Hands up.

Chris Bryant: If my hon. Friend, of whom I am a great admirer, reads the report, as I am sure he, as a very assiduous Member, has done, he will know that paragraph 34 states:

"Similarly, if a fund-raising event raises more than £1,000, a Member benefiting should register the event".

At the bottom of the page, the report states:

"Members might, in this context, ask themselves such questions as, 'Did I write to or meet the donor asking for a contribution?', 'Was a letter sent out headed 'Campaign to [Re-] Elect' [name], 'Was I the guest of honour at a dinner where donations were sought?'"

That is a pretty generous catch-all.

John Bercow: I was slightly concerned when the hon. Gentleman finished his remarks by saying that that passage was a "pretty generous catch-all". It is precisely because it is a rather generous catch-all that there might be cause for concern. He refers to a guest of honour speaking at a dinner at which donations might be solicited. He will understand that a humble Back Bencher like me, or a Back Bencher who ought to be humble, is not regularly invited to speak at fundraising events that raise such sums, so I am not speaking self-interestedly, but is it not rather disturbing that there should be such a draconian requirement of which Members could quite innocently fall foul?

Chris Bryant: Perhaps the hon. Gentleman mistook me. The Member who has to register is a Member who is benefiting. For instance, if there is a fundraising dinner in one's constituency to raise money for one's constituency association, and it is headed, "The hon. Member for such-and-such a constituency invites you to a dinner and will be the guest speaker," and there is a general election coming up, there is clearly a direct benefit, and the benefit of £1,000 is significant.

Sir Patrick Cormack: This is an important point. It involves all of us. The hon. Gentleman just referred to the possibility of a general election approaching. When an election has happened, there may be five years until the next one. All our constituency parties, whatever their political complexion, have events to raise money. People often pay extremely modest prices for tickets, such as £5 or £10. The cumulative effect of such an evening, perhaps because of a raffle, may well be that the £1,000 barrier is crossed. Is he really saying that in the year after an election, if his party or mine raises £1,000 at a fish and chip supper, a coffee morning or whatever it might be, the Member has to register?

Chris Bryant: Yes.

Bob Spink: I am grateful to the hon. Gentleman for giving way. I make him absolutely right: the acid test must be whether a Member will benefit. We are talking about whether £1,000 is raised for their political organisation. The whole objective of that organisation is eventually—whether in five years' time or next month—to return them as a Member of Parliament, so that money will be used to benefit the Member and further their return to this House. If more than £1,000 is involved, it should always be declared.

Chris Bryant: Whenever there is a benefit to the hon. Member, it is important that they should declare. We are talking about a Register of Members' Financial Interests. If an hon. Member was clear in their mind and heart that the event in question absolutely did not benefit them, clearly they would not have to register. However, simply reading paragraphs 29 and 34 together would make them understand that they were required to register the event if there was a doubt in their mind about whether they did benefit, and if the benefit involved was more than £1,000.

Sir George Young *rose—*

Chris Bryant: Let us hear from North-West Hampshire.

Sir George Young: I draw the attention of the Deputy Leader of the House to the first sentence in paragraph 31, which may answer some of the questions:

"It is not possible to give an exhaustive list of what might be considered 'linked' to an individual, and, as always, Members who are in any doubt should consult the Registrar."

Chris Bryant: Indeed, and I consulted the registrar earlier. She informed me that her advice would always be to register. I think that that solves the issue.

Mr. Horam: Let us be absolutely clear: any amount of less than £1,000 need not be registered.

Chris Bryant: It is the event that has to be registered. There is no requirement for sums below £1,001—the threshold kicks in above £1,000—and it is the profit of the event, the benefit, that has to be more than £1,000.

Mr. Peter Hain (Neath) (Lab): As my hon. Friend knows, I have unwillingly become a bit of an expert on this stuff. I agree with many of the points made by Opposition Members. What I have just heard seems to be nonsense on stilts. I regularly have annual dinners in Neath. If 200 people come to one, paying £15 a ticket, and some pensioners take part in a raffle, and the profit—from a couple of hundred different people—goes over £1,000, as it often does, that is surely different from my writing to somebody asking them for sponsorship. If sponsorship money from a single individual came to more than £1,000, I would be in a sense obligated to that person and that should be registered, but the way in which this matter has been described seems to me a complete mess.

Chris Bryant: If there were a fundraising dinner whose tickets cost not £15, as in my right hon. Friend's case—in my constituency they normally cost £20—but £500, the order of magnitude would be rather different. The issue is whether there is a significant financial benefit to the individual; the key point is whether that benefit is more than £1,000. If hon. Members are in doubt, they should consult the Registrar of Members' Financial Interests so that they can have absolute clarity. However, I reassert that the rules say that the interest should be registered when there is a benefit of more than £1,000.

Dr. Strang: I was happy to register a visit to an Arsenal game that cost me very little, because the registrar would always say that we should register everything. However, the Minister is saying that if any dinner with any speaker makes a profit of more than £1,000, it should be registered. We should be telling the registrar what to do, not the other way around.

Chris Bryant: I can only keep on reasserting what I have asserted several times. If hon. Members do not like it, they should urge the Standards and Privileges Committee to change what it has laid down. The report makes it very clear what should happen when there is a benefit to an hon. Member by virtue of sponsorship of their constituency party or constituency association, by stating that

"if a fund-raising event raises more than £1000, a Member benefiting should register the event".

In the process of deciding whether they have benefited, an hon. Member would want to bear in mind the following: is this an event that is directly related to my re-election or where I have solicited people into making contributions or paying for tickets to come, and is it focused around my membership as a Member of Parliament?

I shall end my remarks as I intended to do. I hope that the process of going to a single system of reporting instead of dual reporting will be unanimously supported by the House; that this will provide us with a much clearer, more consistent, efficient and transparent system; and that, to use a valleys word, it will be tidy.

4.10 pm

Alan Duncan (Rutland and Melton) (Con): I had hoped that this was going to be a very straightforward and simple debate and that all I would need to do was stand up, speak for two minutes, thank everybody and hope that everything was lovely and tidy, hunky-dory and tickety-boo, and that there would be no problems. However, although the House will have appreciated the Minister's speech, it appears that he has unintentionally somewhat muddied the waters, and I sense that there is

now some concern in the House about the precision with which the new system will work. Although what is proposed is billed as the abolition of dual reporting, a sentence on page 19 of the guide to the rules suggests that it is not entirely that:

"Registration by the Member is additional to any registration required of the local organisation."

It is on that sentence and the link between association fundraising and the declarations of Members, whose benefit is the crucial aspect, that the confusion has arisen. If I may, I shall come to that point in a moment.

First, let us establish what we are trying to do. As we debated as recently as two weeks ago, openness and transparency are very important. Curiously, however, we have discovered over the past few years that that can be overdone, in the sense that duplication is unnecessary and adds nothing to the simple keeping of a central record, which should suffice. What has grown up is a process whereby, in addition to a thorough central record, a parallel institution has demanded that the same matters be recorded with it. That dual reporting has been an unintended consequence of the Political Parties, Elections and Referendums Act 2000, and it is, to any sensible person, absurd. Once is enough; if it has to be done twice and moreover the requirements are not exactly parallel, there will be a minefield on which people falling foul of the rules can be tripped up and maligned in the press for not complying with those rules.

Basically, we have had too many rules, and they have become so complicated that being a Member of Parliament is now a bit like running a small business. I would like to thank, properly, my right hon. Friend the Member for North-West Hampshire (Sir George Young) for trying to clarify those rules and presenting this report to the House. However, as he said, the process of making them less complicated has itself proved rather complicated. It is a bit like when Nigel Lawson, now Lord Lawson, said that the process of simplifying taxation inevitably makes taxation more complicated.

We have hit on a point that seems to be muddy. The underlying principle is that if any of us, as an individual Member of this House, appears to be benefiting from the raising or giving of money, we should declare it openly. However, two issues have given rise to concern in the 45 minutes of debate that we have had: the phrase "linked to" and the operation of our local constituency associations. I do things, as I am sure do the Minister and others in this House, to raise money for the Conservative party—in the Minister's case, of course, it is not for the Conservative party—and I would like to think that if I am speaking at a fundraising dinner I can raise more than a thousand quid for the party. [HON. MEMBERS: "No problem!"] Indeed; we could add a nought—we never know if people are queuing at the door.

However, that is not for my benefit. I think that the Minister said, rightly, that I would not receive the benefit, but it is fair to say that in some of his answers he gave a slightly different impression. Likewise, if I attend a meeting of my association—a dinner at which I, as the local Member of Parliament, might be speaking—and it raises more than £1,000, we are in a grey area where it may or may not be declarable. At the moment, in attending such an event, I would be raising money for the European and county council elections. That is of no benefit to me whatsoever, beyond the broader political advance that those elections will lead to. That is, however, in no way a direct contribution to me or my campaign.

Dr. Strang: I do not think that our local parties often organise dinners in our constituencies that raise more than £1,000 in profit, but if a profit of more than £1,000 is raised, given what has been said, it will obviously benefit the local Member. I know that the party is not just an electoral machine, but it is obviously a benefit to the local Member if the organisation makes a profit of more than £1,000. What has been said during the debate so far indicates that that amount should be recorded somewhere.

Alan Duncan: Once again, the right hon. Gentleman perfectly illustrates the new cloudiness in the rules, which we would like to avoid. If, for instance, my association were to raise £1,000 and I were not there, it ought to declare it and the rules clearly state that. If it were to raise £1,000 specifically for my election, and I were not there, it would be clear—if I knew that it had happened—that I should declare it, too. But the primary reporting obligation must rest with the constituency association.

The problem is the rather dangerous word "linked". It is a word that the press use. When they say that a Member is linked to someone, and show a photograph, it might mean that they met that person five years ago. The question is: at what point does "linked to" become a direct benefit such that it is registrable? If "linked to" leads the registrar to say that it is better to declare, we will get "obligation creep", if I can put it that way, where the rules are interpreted ever more widely, so that the declaration of almost anything becomes necessary.

Andrew Mackinlay: I share the bewilderment of the hon. Gentleman and my right hon. Friend the Member for Edinburgh, East (Dr. Strang). We seem to be going in a direction opposite to that set out in legislation passed by this House. We set up a complicated plethora of legislation in relation to political parties that placed a burden on them to disclose finances. In the Labour party, there are constituency agreements with trade unions where the burden of transparency is on the constituency, not the Member of Parliament. Why encumber a Member of Parliament who is diligently doing things and carrying out political activity? If there has to be a declaration, it surely should be the job of the constituency Labour party, Liberal association or whatever. I am not suggesting that that is the correct course, but there is a degree of logic to it because the constituency organisation is the recipient. It disburses the money between local, European and Westminster elections.

Alan Duncan: It may be that my right hon. Friend the Member for North-West Hampshire can explain a clear delineation that I and the hon. Member for Thurrock (Andrew Mackinlay) have not spotted, but the matter does seem a bit blurred. At the very least, I make a plea for some clarification of how the process will work in practice.

Sir Patrick Cormack: I am becoming more troubled as this debate proceeds. During the past few years we have been trying to identify areas where people can gain undue influence over Members of Parliament. If people

[Sir Patrick Cormack]

are giving large sums of money that could conceivably influence a Member of Parliament, it is quite right that that must be declared in the fullest possible way, that the donors should be identified, and that foreigners should be excluded—all of that. If we are talking about people paying a modest price for a ticket, however, going down this road will discourage ordinary people from giving the modest sums that enable democracy to flourish in this country. That is a retrograde step. I believe that it is terribly important that a multitude of people give relatively modest sums to fuel our democracy. I am totally against more state participation in the funding of political parties, but I am worried that we are going down a slippery slope that could deter ordinary, decent people from forking out a fiver, a tenner or £20 to go to function.

Alan Duncan: My hon. Friend has very strong views about where political participation and transparency potentially collide, and I understand his arguments.

I do not wish to dwell on the matter any longer, other than to say that the debate has, importantly, put the spotlight on some potential difficulties. If there is one thing that we want to avoid at all costs—the report goes a long way towards doing so—it is Members who behave honestly getting tripped up by a set of rules that they do not fully understand or about which they might not have known. The moral obligation on a Member to declare must surely rest on his having known what he needed to declare in the first place. If his local association does something, or something happens in connection with an event with which he was theoretically linked, and by failing to declare it a Member is made to appear guilty, that could lead to some injustice. The whole point of the changes is to tidy the system up and try to avoid that. However, I shall park that matter to one side.

I wish to say a couple of things about the Electoral Commission. It is fair to say that there was a phase when it rather enjoyed empire-building and involving itself in parliamentary matters even when there was a perfectly good parliamentary system in place to ensure the openness and standards that we wanted. I would like to think that we have passed that phase, but I simply cannot see why participation in the armed forces parliamentary scheme has to be declared. It is hardly a benefit in kind. It is informative and very hard work in many cases, and I certainly recommend that my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) go on the Marines training course. Getting through the tube in the Special Air Service exercise is quite something.

The Electoral Commission should examine some of its own practices. I had a minor spat with it last year, as one of its declaration forms is complete gibberish. It requires a Member or anyone else filling it in to declare the details of a donation for an overseas trip. By the very nature of a visit to a foreign country, the donor of the trip is not a permissible donor under electoral law. They cannot be the origin of money given to a political party, but it is perfectly legitimate for us to accept a visit to a foreign country paid for by the host Government. On section D of its form, the commission requires a signature under the words:

"I confirm, to the best of my knowledge and belief, that the donation was from a permissible donor".

That is complete nonsense, but despite being told that, the Electoral Commission will not change that idiotic, perilous form. It, too, has some lessons to learn.

As I think the whole House will agree, the Minister is quite right that the two operations have to work in alignment and in parallel, so we understand that the thresholds will be agreed and will fall into place in both our system and the Electoral Commission's system at a later date. We appreciate also that calling the register the Register of Members' Financial Interests will better explain to the outside world that we are talking about money, and that money of pecuniary interest—I know that the Committee states that we should no longer use that term, so I shall call it financial interest—matters the most.

The report largely explains the rules for each category helpfully. All that I ask—I sense that this is the mood of the House—is that some clarity be given about how the interaction between Members, fundraising events and their local associations will work. Beyond that, I hope that the House will support the endorsement of the report.

4.23 pm

Mr. David Heath (Somerton and Frome) (LD): Like the hon. Member for Rutland and Melton (Alan Duncan), I rather assumed that this would be a brief and uncomplicated debate, but it has proved to be anything but. One difficulty is that whenever anyone refers to the obligations that are placed on political parties or Members in the Political Parties, Elections and Referendums Act 2000, it comes as a huge revelation to Members that they have been required to act in a particular way. It is hardly surprising, then, that hon. Members occasionally find themselves caught out by inadvertence rather than by anything else.

We have had a dual reporting system with different categories and criteria and, therefore, somebody who believed that they had done the right thing by registering interests properly with the Registrar of Members' Interests found themselves at fault because they had not done so with the Electoral Commission under the 2000 Act. Many of us have argued for bringing the two systems together and rationalising them, for a long time. I congratulate the right hon. Member for North-West Hampshire (Sir George Young) and his Committee, on which I once served, on their work on putting the two codes together.

Let me say gently to the Deputy Leader of the House that he did not shed an awful lot of light on the matter that caused all the difficulties this afternoon, not because he was not trying desperately hard to do so, but because, every time he opened his mouth, someone had a new flash of inspiration about an event in their constituencies that perhaps they should have registered, but had not. They therefore reacted with alarm. However, hon. Members should know that the proposals do not change the law or the current position. If they have arranged a dinner, or an event such as the mythical coffee mornings in the Rhondda, which raise more than £1,000 in profit—I am impressed by that; perhaps it is the best way in which to raise funds in south Wales, but it does not work so well in Somerset in terms of gross profit—which are designed to raise money for their candidature that falls within the terms of the 2000 Act. Such an event will now have to

be registered on the Register of Members' Financial Interests here, but the registration no longer needs to be duplicated. Reporting by political parties is different.

Sir Patrick Cormack: The more I listen, the more confused I become. Most fundraising events are not held not to further the interests of the sitting Member, but to pay for the rent of the premises that the party occupies, the agent's salary and other matters. When a general election is called, most of us have a fighting fund, which is—then and only then—entirely for the benefit of the prospective Member. There is a genuine difference between the two, but, this afternoon, we find the waters muddied.

Mr. Heath: They are not muddied. The hon. Gentleman has described what the political parties, not the Member, must register. The Member does not have to register anything that is not for his particular benefit. That is the distinction, which is not especially difficult. If in doubt, Members will have to consult the Registrar and ensure that they are doing things correctly. However, the provision should not come as a surprise to hon. Members because it is not new. Whom one tells is new, not the necessity to report. That is crucial.

I want to deal with the interesting and important point that the hon. Member for Thurrock (Andrew Mackinlay) made in an intervention on the Deputy Leader of the House about category 3 declaration. It covers

"any provision to clients of services which depend essentially upon, or arise out of, the Member's position as a Member of Parliament".

I assume, because of the rules of advocacy, which the report also includes, that that category covers simply providing advice to a company or organisation arising from our knowledge as Members of Parliament of the proceedings and procedures of Parliament, and not advocacy, which is not allowed under the rules. However, we need to consider that carefully at some stage. If we want to avoid the appearance of partiality, it is difficult to be a Member of Parliament, who is employed for the purposes of providing services associated with being a Member of Parliament, without the question of partiality arising.

I shall take it no further today, but that category is there in black and white as a recognisable category. We shall see who registers and what sort of interests are registered under that category, but we would do well to return to it in future, to see whether it is appropriate.

Having said that, I think that we have a good and sensible coalition of the two codes under which we are allowed to register, although I agree that there is still some nonsense in the arrangement. The hon. Member for Rutland and Melton (Alan Duncan) mentioned one example, which is the registration of visits under the armed forces parliamentary scheme. When I went to the Arctic with the Royal Marines, I did not feel that I got an enormous financial benefit from sitting in a tent in the Arctic circle, but I benefited enormously in my personal development and my knowledge of the privations that the armed forces face. I was pleased to have that opportunity. I am not convinced that it ought to be a registrable interest, but on the other hand, what harm does it do me to say that that is what I have done? I do not see that anyone would suggest that such a declaration would be a pejorative declaration.

Andrew Mackinlay: Some years ago I participated in the Industry and Parliament Trust scheme with BAE Systems. I am proud of that experience, which was very successful and I think that it was mutually beneficial. However, BAE Systems does advocacy and from time to time runs into controversy. I have reflected on the matter for some time, and I would have been more comfortable had it been the norm for work with the Industry and Parliament Trust to be declared, for the reasons that I have given, which do not apply to the armed forces parliamentary scheme. The Industry and Parliament Trust is a very good scheme, but a declaration needs to be made.

Mr. Heath: I am grateful for the hon. Gentleman's comment. The other example is this car parking business. I remember putting forward a strong argument when the proposal was first mooted, when we all used to get tickets for parking at airports, which the Electoral Commission held to be a declarable interest under the Political Parties, Elections and Referendums Act 2000, despite the fact that they were available to all Members and to be used only for parliamentary work. Therefore, there was no personal advantage whatever; the advantage was to the House authorities in not having to pay for the parking, rather than to the Member concerned. The individual Member was neither better nor worse off from being able to park at an airport. I hope that all such matters will eventually be brought into line by the coalition of the two codes.

Finally, let me reassure the hon. Member for South Staffordshire (Sir Patrick Cormack) that if he holds a dinner that is registrable, in that it raises more than £1,000 for his personal campaign, there is no requirement for him to list all the people who were there or where they sat and what they ate. That is not part of the code. He simply has to register the fact that the event happened. That does not seem to be quite as intrusive as perhaps he feared. I welcome the report and I hope that the House will support it this afternoon.

4.33 pm

Bob Spink (Castle Point) (Ind): The Minister has done a good job this afternoon in trying to push the House in the right direction, but I am deeply saddened that this House is yet again sending out a negative message to the public, which is that we do not want to be transparent. The suggestion is that we want somehow to hide what we are doing and to hide the money coming into our associations which will, one way or another, eventually benefit us. That is a negative message. It reinforces what the press and the public think about this House, and it is a downright shame. The clear message going out to the public is that we do not want to register benefits and interests.

Constituency associations and political parties have one key objective—it is the No. 1 objective in their constitutions; indeed, they say it on the front page—and that is to win elections. The key election that political parties want to win is the election to get their members back into this House. Members will return to this House if their constituency associations are doing well, by winning local government elections, for instance, because that can be helpful to those Members.

[Bob Spink]

I disagree entirely with the Conservative Front-Bench spokesman on this point. We should be totally transparent about this, because we have nothing to hide. The whole organisation of a political party—its constituency organisations, its associations—exists to return candidates; there are no grey areas, so I wonder why we feel that we have something to hide. We should be declaring the £1,000 that is raised for our constituency association, and we should be happy to do so, so that the public can benefit from that transparency and we can be held to account.

I welcome this paper, as far as it goes, but we should go much further. We really should look at how our staff are employed and at the conditions and selection processes involved. Of course, Members should have control over which staff are selected, but our staff should be employed formally and professionally by the Department of Resources, not by 646 separate small businesses in the House. That is not what we come to Parliament to do. We are legislators; we are here to fight for our constituents, our associations and our country. We are not here to act as small businesses employing people. We should get away from that practice, which would save us a lot of problems and give the public more confidence about what we do here and how we are doing it. God knows, the public need to get some confidence in us; at the moment, they certainly do not have any.

Finally, I should like to mention the outside earnings syndrome. In this day and age, it is nonsense for Members to be moonlighting and doing other jobs that earn them more money than their main job here pays them. I spend between 60 and 80 hours a week doing my job. I could do more, and I could do a better job, if I had more time to do it. There is no way that I have time to go out and earn money on the side by being a barrister, writing articles for newspapers or going on the circuit giving after-dinner speeches. Those practices are total nonsense in this day and age in a modern Parliament, and we should stop that abuse. Those Members are out there earning a good living doing something else while drawing their full salary here but failing to do the full job.

Andrew Mackinlay: Surely the answer is to adopt the practice of many modern Parliaments and to introduce transparency. Under such a system, a person could moonlight—to use the hon. Gentleman's word—but that would have to be declared and an abatement would be made to the MP's salary. The MP's voters could also take his behaviour into account in their assessment of whether they wished to return him at the next general election.

Bob Spink: Very unusually, I do not agree with the hon. Gentleman. We are elected on a matter of trust between us and our constituents, and on a set of promises that we give them when we put ourselves up for election. We say that we are going to come here and work for them and do our best for them. By taking a reduced salary, we would be doing a lesser job here. If Members are not prepared to do their job here, it is incumbent on them to resign and let someone else come in and do the job that the public want and require us to do. We all have constituency problems, and we need to be there to help our individual constituents. We need to fight for our communities, and for our country, and MPs ought to stop having second jobs. It is an abuse of the system.

4.38 pm

Chris Bryant: With the leave of the House, I should like briefly to reiterate our thanks to the Committee on Standards and Privileges for the work that it has done. On the one issue that has been of concern to Members during the debate, I am sure that the Committee, together with the Registrar of Members' Financial Interests, will want to ensure that proper advice is made available to hon. Members. If that requires the Committee to produce an additional report or additional time to be made available for the House to look at these matters, I am sure that we would want to be able to arrange that. We thank the right hon. Member for North-West Hampshire (Sir George Young) and his Committee for their work.

Question put and agreed to.

Resolved,

(1) That, subject to paragraphs (2) and (3) below, this House approves the Fourth Report of the Committee on Standards and Privileges (House of Commons Paper No. 208) and the revised Guide to the Rules Relating to the Conduct of Members annexed thereunto;

(2) That the revised Guide be amended, in page 27, by leaving out the words "After receiving a donation or loan over £200 in value a Member has 30 days to check and confirm it is from a permissible source before either accepting it or returning it." and by inserting in their place the words "After receiving a donation over £200 in value a Member has 30 days to check and confirm it is from a permissible source before either accepting it or returning it. Before entering into a loan a Member must check and confirm the lender is permissible.";

(3) That the threshold for registering interests under category 4 (Sponsorships) shall be the statutory threshold for the time being applying to the reporting of donations by hon. Members to the Electoral Commission;

(4) That the revised Guide shall take effect on such date as section 59 of the Electoral Administration Act 2006 shall come into force;

(5) That the Register of Members' Interests shall be renamed the Register of Members' Financial Interests and the Registrar of Members' Interests shall be known as the Registrar of Members' Financial Interests;

(6) Accordingly, in each place where they occur in any Standing Order, Order or Resolution of the House:

(a) for 'Register of Members' Interests' there shall be substituted 'Register of Members' Financial Interests'; and

(b) for 'Registrar of Members' Interests' there shall be substituted 'Registrar of Members' Financial Interests'.

Political Parties and Elections Bill (Programme) (No. 3)

Motion made and Question proposed,

That the Order of 20 October 2008 (Political Parties and Elections Bill (Programme)) be varied as follows—

1. Paragraphs 4 and 5 shall be omitted.

2. Proceedings on consideration and Third Reading shall be concluded in two days.

3. Proceedings on consideration shall be taken on each of those days as shown in the following Table and in the order so shown.

4. Each part of the proceedings shall (so far as not previously concluded) be brought to a conclusion at the time specified in relation to it in the second column of the Table.

First day

Proceedings	*Time for conclusion of proceedings*
New Clauses and amendments relating to Clauses 1 to 3 and Schedules 1 and 2; new Clauses and amendments relating to compliance officers for holders of elective office.	Three hours after the commencement of proceedings on the Motion for this Order, or 8.30 pm, whichever is the earlier.
New Clauses and amendments relating to Clauses 4 to 7; new Clauses and amendments relating to Clauses 10 to 12.	The moment of interruption.

Second day

Proceedings	*Time for conclusion of proceedings*
New Clauses and amendments relating to thresholds in relation to political donations and loans; new Clauses, new Schedules and amendments relating to political donations by unincorporated associations; new Clauses and amendments relating to Clauses 8 and 9 and Schedule 3; other new Clauses relating to political donations and spending.	Three hours before the moment of interruption.
New Clauses and amendments relating to schemes for the transfer of data to registration officers; new Clauses and amendments relating to Clauses 13 to 17; other new Clauses relating to elections; remaining proceedings on consideration.	One hour before the moment of interruption.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on the second day.—(*Mr. Wills.*)

4.39 pm

Mr. Jonathan Djanogly (Huntingdon) (Con): This legislation has been by far the most poorly structured moving beast of a Bill that I and, I think, many other hon. Members will have worked on in this place. Although the Secretary of State and the Minister have never been less than courteous to me and my right hon. and hon. Friends during the Bill's passage to date, the contents of the Bill have changed dramatically—and, I have to say, thankfully—from being initially overly partisan and technically deficient to something rather more acceptable.

As a result of the Government amendments tabled for consideration today and those proposed for the second day of Report, we are moving the Bill towards what we consider a more acceptable position. Our Report amendments, however, show that we still think that the Bill still has some way to go and that, despite the progress, it represents a missed opportunity to deal with the crisis in public confidence in the political system.

We accept that the Committee stage succeeded in bringing many concerns to light and helped to establish important common ground, and since then discussions have continued. It is clear that the Government have done some serious thinking on the Bill, as is clear from their amendments and the proposed timetable that we now debating. We note that the Government have provided a second day for Report, which, given the significant number of Government amendments, let alone ours, is appropriate. I note that, as with the lateness of everything else to do with this Bill, the amendments under discussion today were only tabled about a week ago. That is hardly timely, given that the Committee finished on 13 November last year. Moreover, the fact that the second day for Report is not scheduled until March is typical of how this Bill has progressed—or not—and is revealing of a Government who are struggling to deliver the legislation, which, it must be said, they originally intended to rush through this place in a very short time. Although that may be indicative of a Government in their death throes, we shall not, for the reasons given, oppose the programme motion.

4.42 pm

David Howarth (Cambridge) (LD): I rather think that that was a churlish speech from the hon. Member for Huntingdon (Mr. Djanogly), so I will start with the part of the programme motion with which I agree and appreciate—that which states that the second day will start with a debate on amending provisions connected with restricting the donations that can be made to political parties. That is welcome and necessary because it goes back to something entirely reprehensible that happened in Committee—the fact that the Committee never reached the new clauses and amendments that the Liberal Democrats tabled on the important matter of capping donations to political parties—*[Interruption.]* I hear some tutting on the Conservative Benches, but it was Conservative Members who were largely responsible for the fact that the Committee did not reach those provisions.

I am, however, disappointed in one aspect of the second day allotted under the programme motion. We have always said that our proposals on capping donations to parties at the £50,000 level are part of a package deal that was negotiated between the parties by Sir Hayden Phillips. What has happened in the programming is that that aspect of the package deal—the donation cap—has been separated from the other aspects of the deal, namely the global or all-Parliament limit on spending. As a result, the debate has become slightly fragmented, yet Sir Hayden was clear that the proposals were combined, both on the spending side and the donation side, and that all the parties should unite around them.

It is also disappointing and unwelcome that, as a result of the structuring of the second day, the new clauses to cap spending are liable to fall to the knife. That is particularly the case because politically, if not technically within the Bill, our proposals for capping expenditure, particularly local expenditure of all types, are an alternative to the Government's apparent new and innovative suggestion for replacing what has become

[David Howarth]

known as the trigger. Our criticisms of the trigger and of what the Government are proposing today have to be seen in the light of what we are proposing as an alternative —local spending caps. It is disappointing that the discussion on the Bill will not be structured in a way that makes those alternatives clear.

4.45 pm

The Minister of State, Ministry of Justice (Mr. Michael Wills): I hope that we can move rapidly to agreeing the programme motion so that we can get on to the substance of the Bill, but I want, if I may, to pick up a couple of points. What the hon. Member for Huntingdon (Mr. Djanogly) called a poorly structured approach to the Bill has actually been a painstaking search for consensus. Over and over again—on Second Reading and throughout consideration in Committee—we have made it clear that when we are dealing with matters of such constitutional importance, it is crucial that we should do so on the basis of consensus.

I hope that the Opposition parties will agree that I and my right hon. Friend the Secretary of State for Justice and Lord Chancellor have both gone to great trouble to try to consult them. We have not always been able to agree, but we have listened and, wherever possible, responded. That is exactly why we have tabled so many amendments. We have genuinely approached this with an open mind, and where we have been persuaded by the arguments made by the Opposition parties we have changed our proposals. That is why we have made them in the way that we have.

I do not think that that is poorly structured; it is a proper search for consensus on an important bit of political structuring and constitutional proposals that should be approached in exactly that way. I utterly reject what the hon. Gentleman has said about that.

On tabling the amendments late, most were tabled two weeks ago and the rest a week ago. The hon. Gentleman should appreciate that that is not typical of how Governments always do business. We have done our best to give hon. Members, as we always said we would, time to engage with those new amendments. As he well knows, we briefed Opposition Members in advance as well.

Hon. Members requested two days for consideration on Report. They have got two days. There is a delay between those two days because, as Opposition Members are well aware, the House is going into recess. That is why. I do not see anything wrong with that. It seems to me to be a proper way to behave.

The hon. Member for Cambridge (David Howarth) made some important points about donation caps. I absolutely understand his concerns, but his remarks missed out something very important, if I may say so. Sir Hayden Phillips made it clear that it is not possible to consider the question of donation caps without enhanced public funding. That is the nub of his proposals. I notice that all the discussions initiated by the Liberal Democrats on that particular point somehow slide over the fact of that crucial link with state funding.

I say to the hon. Gentleman that we are open to having that discussion. We agree that it is important and that, for the long term, Sir Hayden Phillips's proposals represent fundamental constitutional change, but I return to the fundamental point: we cannot proceed unless there is a reasonable degree of cross-party support. As the hon. Gentleman himself said, that is simply not possible at the moment.

David Howarth: We will come back to the issue of what Sir Hayden Phillips said and whether any state funding is necessary as a consequence of introducing a donation cap, because I am far from convinced that that is the case. I return to an important point of process: only Ministers of the Crown are entitled to propose expenditure in the House. I am against that, but it is the fact. If the Minister wants to propose expenditure, he can.

Mr. Wills: As I say, I am sure that we will come back to those proposals at a future date. At the moment, we have a set of proposals before us—amendments that genuinely try to take account of all the concerns raised in all parts of the House about these important measures. I hope that we can now proceed and spend the rest of the time that we have today debating them.

Question put and agreed to.

Political Parties and Elections Bill

[1ST ALLOCATED DAY]

Consideration of Bill, as amended in the Public Bill Committee

New Clause 3

REMOVAL OF CRIMINAL SANCTIONS FROM SPECIFIED OFFENCES

'(1) The 2000 Act is amended as follows.

(2) In section 47(1), for "is guilty of an offence" there is substituted "shall be liable to a fixed monetary penalty under Schedule 19B".

(3) In section 65(3), for "commits an offence" there is substituted "shall be liable to a fixed monetary penalty under Schedule 19B".

(4) In paragraph 12(1) of Schedule 7, for "is guilty of an offence" there is substituted "shall be liable to a fixed monetary penalty under Schedule 19B".

(5) A fixed monetary penalty imposed in accordance with subsections (2), (3) and (4) may not exceed £1,000.

(6) In Schedule 20 (penalties) the following entries in the table, and the corresponding entries in column 2 are omitted—

(a) section 47(1)(b) (failure to deliver proper statement of accounts),

(b) section 65(3) (failure to deliver donation reports to Commission within time limits), and

(c) paragraph 12(1) of Schedule 7 (failure to deliver donation report to Commission within time limit).'.—*(Mr. Fabian Hamilton.)*

Brought up, and read the First time.

4.49 pm

Mr. Fabian Hamilton (Leeds, North-East) (Lab): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord):: With this it will be convenient to discuss the following: new clause 4—*Independent panel to advise Electoral Commission*—

'(1) The Secretary of State shall appoint an independent panel to offer guidance and a code of practice to the Electoral Commission.

(2) The panel shall advise on the proportionate use of civil penalties, financial penalty levels for offences, referral for investigation in cases of possible breaches of the criminal law and generally on the mode of operation of the Electoral Commission on penalties.

(3) The panel shall consist of the Speaker, a judicial person and an independent person.

(4) The panel shall advise the Electoral Commission on an on going basis.'.

Amendment 59, in schedule 2, page 24, line 1, leave out paragraph (b).

Amendment 60, page 24, line 8, leave out paragraph (b).

Amendment 61, page 24, line 15, leave out paragraph (b).

Amendment 62, page 24, line 22, leave out paragraph (b).

Amendment 74, page 25, line 22, leave out 'a county court' and insert 'the High Court'.

Amendment 78, page 25, line 44, leave out sub-sub-paragraph (d).

Amendment 63, page 27, line 3, leave out sub-sub-paragraph (a).

Amendment 64, page 27, leave out lines 19 and 20.

Amendment 65, page 27, line 23, leave out sub-paragraph (8).

Amendment 75, page 28, line 6, after 'shall', insert 'promptly'.

Amendment 77, page 28, line 9, leave out from 'requirement' to end of line 18 and insert

'at any point within 28 days of receipt of the notice under paragraph 6(5)'.

Amendment 66, page 28, line 34, leave out sub-sub-paragraph (b).

Amendment 67, page 29, line 8, leave out sub-sub-paragraph (b).

Amendment 82, page 29, line 28, leave out 'a county court' and insert 'the High Court'.

Government amendment 23.

Amendment 7, page 36, line 39, leave out 'from time to time' and insert 'annually'.

Government amendments 24 to 27.

Government amendment 28, page 37, leave out lines 3 to 6 and insert—

'( ) This paragraph does not require the Commission to include in a report any information that, in their opinion, it would be inappropriate to include on the ground that to do so—

(a) would or might be unlawful, or

(b) might adversely affect any current investigation or proceedings.'.

Amendment (a) to Government amendment 28, after 'their', insert 'reasonable'.

Amendment (b) to Government amendment 28, in sub-paragraph (b), leave out 'might' and insert 'would'.

Amendment 83, page 37, line 6, at end insert—

'(3) In a report the Commission will not specify the names of those persons who have been the subject of the cases specified in sub-paragraph 1(a), (b) and (c) save where the amount of any penalty exceeds £5,000.'.

Mr. Hamilton: New clauses 3 and 4 give me an opportunity to examine some of the broader issues with which the Bill has tried to deal. I am grateful to the Government for having—as has been pointed out by the hon. Member for Huntingdon (Mr. Djanogly) and others—amended it considerably since its initial draft in an effort to establish far greater cross-party consensus. Given, however, that in its present form it extends the power of the Electoral Commission, I think it timely to consider whether the commission has used its powers wisely in the past.

Unfortunately, its record is not all that impressive. On the one hand, it appears to have failed to ensure adequate compliance by regulated donees since 2001 when it was set up. Hundreds of late notifications—most of them honest mistakes—have been identified. Indeed, I understand that in the last six months of 2008 a total of some £750,000 was identified, accounting for more than 150 late donations. On the other hand, it appears to have been very heavy-handed and, I would argue, incompetent in dealing with certain cases, most notably that of my right hon. Friend the Member for Neath (Mr. Hain).

The Standards and Privileges Committee admitted in its conclusion that my right hon. Friend had made an "honest mistake". It seems incredible, does it not, that the Electoral Commission did not even send warning letters to him, or to other Members of Parliament and other regulated donees who notified it late of donations

[Mr. Fabian Hamilton]

received. Up until the beginning of last year, no warning letters had been sent. I think the commission should have a duty to give clear guidelines and positive advice to Members who are genuinely trying to comply, but it has been quite evasive about providing full information on its performance in response to parliamentary questions, many of which I tabled myself. It appears from its answer to one of my questions that it inexplicably and, I would say, recklessly destroyed numerous original donation forms that were in its care.

There have been a great many cases of non-compliance on the part of many Members, some of whom were high-profile figures on the Opposition Benches, but on a number of occasions the commission has simply issued a press statement to the effect that no further action will be taken, or that the law has not been broken. In the early part of 2008, however, it clearly wanted to make an example of someone as part of its campaign for new and more draconian legal powers.

That is where the case of my right hon. Friend the Member for Neath comes in. He himself informed the commission as soon as he discovered that his campaign had failed to meet the commission's notification requirement, but he was asked no questions whatsoever by commission officials about the reasons for the lateness. Incredibly, when he visited the commission's offices to discuss the late notifications, officials actually lobbied him for some of the new powers that are in the Bill.

I believe that, up to now, the commission has been wholly unaccountable to Parliament and, indeed, to the general public. The present rules, fiercely defended by the commission, ensure that most staff, and indeed commissioners themselves, have no knowledge whatever of the world of politics, which seems rather bizarre when we consider the whole purpose of establishing the commission in the first place.

As we know, when the commission referred my right hon. Friend the Member for Neath to the police it destroyed his position in the Government, but it also destroyed its own credibility here in Parliament when, months later, the Crown Prosecution Service decided that there was absolutely no case to answer. It exposed the fact that the initial commission referral to the police was incompetent and, indeed, reckless, and that it was not even fully conversant with electoral law.

Under the initial Bill, the commission could be judge, jury and executioner, breaking into MPs' offices and compelling Members, their staff and anyone else to attend to them and answer questions. That was very worrying, because it exposed the fact that no one was regulating the regulator. That is why I tabled new clause 4.

In common with, I think, all Members, I believe that the transparency of Parliament is generally a good thing, but why hitherto has there not been transparency in the Electoral Commission's operations? When asked in Parliament when it decides to refer a case to the police, a rather obscure answer was given, which was, "When the commission decided the facts of the case merited it." I do not think we would tolerate such an answer from a Minister, so my question is this: is the Electoral Commission above Parliament? Of course it is not.

I am glad that the Electoral Commission now has a new chair. I hope, however, that she is good at building bridges, because she will need to build many.

Andrew Mackinlay (Thurrock) (Lab): She is very handsomely paid, too.

Mr. Hamilton: She certainly is.

Members are generally happy to comply with reasonable requirements to register donations, even if the rules are not quite as clear as we might hope, and we had a very good debate on that earlier. The simpler the rules are, the better it is for all Members to ensure that they comply, and it is not unreasonable to expect positive support and guidance from the commission itself. If some Members refuse to comply with reasonable requests, commit serious crimes or seek to evade their responsibilities, no reasonable person would think that the commission should not have the power to act, with the appropriate checks and balances, of course.

Concern has been expressed that the Electoral Commission has in the past been biased against the party of Government. I hope that is not true, and I hope it never will be, but it will be for the new commission chair to demonstrate a number of principles that I believe will correct the imbalance and bring the commission more into public view. The principles are: the commission should devise new ways of being open and transparent to Parliament, and I hope that the new chair will ensure that is so. I also hope that it will swiftly unify procedures with the Register of Members' Interests; we need to know precisely when that will happen, and I hope the Minister will be able to tell us in his reply. Non-compliance should be decriminalised as much as possible where it is clear that mistakes have been made and there was no intent to undermine the legislation or to take in funds fraudulently and try to disguise them, and that is where new clause 3 comes in. The use of penalties and sanctions—which the Electoral Commission has, and will be given more of—will need to be monitored externally; new clause 4 addresses that. Finally, there must be more dialogue with Members of Parliament to ensure that the commission has more genuine political support from all parts of the House; only then can it do its job, both politically and in the public's view, to a standard we would expect and the public can trust.

Mr. Jonathan Djanogly (Huntingdon) (Con): All the amendments in the first group except the first two new clauses address clause 3 and schedule 2, which introduce a range of civil sanctions for the Electoral Commission. The sanctions relate to the commission of offences and the contravention of restrictions or requirements under the Political Parties, Elections and Referendums Act 2000, or PPERA. Together, clause 3 and schedule 2 empower the commission to impose these civil sanctions on a "person", "registered party", "recognised third party" or "permitted participant", as defined in the 2000 Act.

5 pm

The Conservatives agree that the making available of enhanced civil powers and sanctions will, in certain situations, be more appropriate than the sledgehammer of criminal sanctions under the 2000 Act. The commission will have a wider range of sanctions to enable it to be a

more effective and robust regulator, and that was identified by the Committee on Standards in Public Life report in January 2007, which picked up on the problems facing the commission. However, we are keen to ensure that any use of sanctions is valid—the use of powers must be proportionate, risk based and fair, and a number of aspects require further review by us today.

New clause 3 would replace a number of criminal offences in the 2000 Act with a fixed penalty of £1,000. The suggestion is interesting, but we are concerned that it could reduce the effectiveness of the Electoral Commission and weaken the strength of sanctions—there could be a lack of a proper deterrent in many cases if the commission is limited to the use of a fixed monetary penalty for the offences implicated by the new clause. We are prepared to review this conceptually in later stages, and the points made by the hon. Member for Leeds, North-East (Mr. Hamilton), particularly on the lack of guidance, were well put.

New clause 4 would create an independent panel responsible for producing a code of practice relating to the Electoral Commission's use of civil sanctions. The panel would also offer guidance to it. Although the new clause offers an interesting protection against the abuse by the commission of its powers, the 2000 Act contains an equivalent measure. Under that Act, the Parliamentary Parties Panel can make submissions to the commission on the use of sanctions, so this extra provision should be unnecessary. Again, I take the hon. Gentleman's well made point about careful monitoring, and I hope that the panel is put to its full use in that regard.

Our amendments 59 to 62 relate, respectively, to paragraphs 1(b), 2(b), 3(b) and 4(b) to schedule 2. They would remove the commission's ability to impose a fixed monetary penalty on a person, registered party, recognised third party or permitted participant for a non-offence contravention of the Act. It is important to note that the commission would still have the power to issue a fixed penalty for the commission of a prescribed offence.

The power to issue fines is one of the key new flexible powers that the commission is given by the Bill. We hope that they will enable it to deal with enforcement more flexibly and proportionately than it has been able to do in the past. Fixed penalty notices require the person, registered party, recognised third party or permitted participant to pay an amount specified in the notice to the commission. We tabled the amendments because we feel the need to err on the side of caution when dealing with non-offence infringements of the Act. Will the Minister explain the scope of what we could be dealing with here? Our concern is that, depending on the operation of future electoral commissions, things may be interpreted oppressively, resulting in large fines for relatively minor infringements. We must be sure that we clearly set out the parameters of these powers and the circumstances in which they may be used—not necessarily for the current commission, which has been privy to much of this debate, but for the commissions of the future, which may not be so rational in the use of these powers.

At the grass-roots level of political engagement in particular, this is an extremely complex and difficult area of law, and the possibility for wide interpretation and the potential for abuse are correspondingly high. This lack of clarity has potential to have a negative impact at the implementation level. We do not want individuals and smaller groups and associations to live in fear of reprisal for minor infringements. When a potentially hefty penalty is the punishment, the criteria of contravention of the prescribed restriction or requirement could be too opaque and broad.

Amendments 74 and 82 would, respectively, amend paragraphs 2(6) and 9(3) to schedule 2. The paragraphs state which court is to be used for the appeal process in relation to a fixed monetary penalty and a non-compliance penalty for failure to satisfy discretionary requirements under part 2. The amendments would change the relevant court from a county court to the High Court. We remain concerned that the expertise of the county court could be insufficient to deal with a potentially complex case under the legislation.

The length of discussion on these technical points in Committee, and the debate so far today, show how complicated the various relevant provisions can be. For that reason, we suggest that the high level of judicial scrutiny that the High Court offers is to be favoured. Furthermore, the reputation of the High Court and the scrutiny it applies will serve as a useful check on the commission. Any case that reaches the High Court would become a useful precedent, and any guidance that the High Court gives would be useful in helping to avoid future court appearances. Furthermore, the need to satisfy the demands of the High Court would also encourage the commission to be thorough, if a case were to proceed to judicial scrutiny.

I remind hon. Members that the use of such powers would be very limited. As such, relatively few cases would be expected to reach this stage and it is unlikely that this requirement would place too great a burden on the High Court. What is important is that cases are considered properly and the relevant level of scrutiny is applied. We consider amendment 74 an important enough issue to press to a Division at the appropriate moment.

Amendment 78 looks to remove the early payment discount provisions in schedule 2.3(3)(d). As the Bill stands, that and other similar sections provide that notice of a possible penalty must include information about any early payment discounts. That implies that the commission may provide discounts for the early payment of a proposed penalty, imposed under the 2000 Act. Our amendments delete reference to early payment and thereby prevent discounts from being issued.

While we understand that the intention behind the provisions is to encourage swift settlement of penalty liabilities, we disagree that the discount mechanism currently in place is the best means of achieving the goal. A penalty is an important indication of wrongdoing. Allowing a discount for early payment could suggest that the seriousness of the offence had in some way been mitigated. That could send out the wrong message, and could trivialise the penalty regime.

Amendments 63 to 67 would serve to remove monetary penalties from the discretionary requirement regime. Amendment 63 would specifically remove sub-sub-paragraph (a), relating to monetary penalties, from sub-paragraph (8), which defines what may constitute a "discretionary requirement". It would leave two remaining powers with the commission, which would be extremely flexible and could require a subject to take such steps as the commission sees fit to remedy an offence or contravention. Amendments 64 to 67 are consequential.

The power to issue fines is one of the key new powers that the commission will be granted by the Bill. Fines can act as a crude penalty and disincentive when the 2000 Act has been breached. Conceptually, we support the penalty regime in certain circumstances, but we remain concerned at the potential for the Bill to encourage the over-zealous use of penalties when other avenues should be explored first. That is particularly so in the case of minor infringements of the legislation. The discretionary requirement regime, minus the penalty provision, is capable of remedying minor breaches, and we should not encourage a simple fine system that could fail to address the root of the problem. By removing the penalty, the commission would need to focus on imposing a discretionary requirement to take steps to stop or remedy a breach, under paragraph 5(b) and 5(c) respectively. We believe that that is a positive step, and would encourage understanding rather than retribution.

I expect that there may be concern that the commission will be seen as a light touch without the penalty regime. However, the amendments would leave in place the power to fine when an offence had been committed under the 2000 Act. Thus, in serious cases there would be no need to use the part 2 "discretionary requirements" provision unless it would be useful to do so. Furthermore—and this is a point that I would like to emphasise—if a non-penalty "discretionary requirement" is not satisfied, paragraph 9 would allows the commission to then impose a monetary penalty as a final resort. By leaving it as a final resort in non-offence and less serious cases, it would encourage the commission to help remedy the breach rather than issue a draconian penalty.

The purpose of amendment 77 is the introduction of a time limit into the Bill. It relates to the period in which an individual can respond to the relevant civil sanction imposed on them by the commission. We contend that the provisions in place could be too vague. Clarity is preferred, especially when potentially innocent subjects are seeking to respond to the commission. The simple addition of specific predefined time limits into the schedule could tackle that problem. Amendment 77 would apply a 28-day limit to the making of representations and objections against a discretionary requirement to the commission. I would point out that part 2 of the schedule provides that in relation to a discretionary requirement the period for representations or objections "may not be less than 28 days".

Does the Minister not agree that that inconsistency is revealing? Surely that shows that 28 days, as a minimum, should be a fair amount of time.

Amendment 75 would insert the word "promptly" into paragraph 6(5) in part 2 of schedule 2, which relates to the notice of a discretionary requirement. The Minister dismissed the use of the word "immediately" in Committee, which is why we are now back with a slightly less prescriptive term. The amendment would require the Electoral Commission to notify the subject of its final decision to impose a discretionary requirement or fixed monetary penalty promptly because, as things stand, there is no time limit for serving the notice.

Discretionary requirements, of course, are intended to provide the commission with a flexible means of ensuring compliance with the provisions of the 2000 Act. That flexibility is reflected in paragraph 5 in part 2, which states that a discretionary requirement can be "a requirement to take such steps as the Commission may specify". That flexibility is welcome, but there should be a compensating certainty, particularly in the delivery of the notice informing the subject of the requirement.

If prompt compliance is expected of the person, the commission should be an example of good practice in its own expediency. There is no time limit in the Bill for the service of either notice. As such, it is possible that the commission might delay in delivering the notice and delay on the part of the commission is also likely to be reciprocated by the person. Good practice should be a statutory requirement and we believe that the simple insertion of the word "promptly" will help achieve that goal.

Government amendment 23 follows up on a number of amendments tabled in Committee by me and the hon. Member for Carmarthen, West and South Pembrokeshire (Nick Ainger) and relates to the requirement for the commission to publish guidance. In Committee on 13 November, concern was expressed about the frequency and timing of guidance published by the commission on the use of its powers. Questions were also posed regarding the content of any guidance. Our Committee amendments 61 and 62 and the Liberal Democrats' Committee amendment 136 sought to address deficiencies in that respect.

The consensus stemming from the debate was that annual guidance should be published and that it should be required to contain certain prescribed information, particularly on the use of investigatory powers. I am pleased to see that the Minister has taken those suggestions on board and we welcome Government amendment 23. It obliges the commission to publish annual information on the use of commission powers. It achieves that by attaching that requirement to the pre-existing annual financial reporting requirement contained in paragraph 20 of schedule 1 to the 2000 Act. The annual financial report will now include information in line with the newly introduced schedule 2 requirements. That seems to us a suitable way of going about that. We are pleased that the Government have included that positive amendment and we hope that the annual reporting requirement will reassure people that the commission is using its powers reasonably.

Government amendment 28 relates to a report published by the commission in accordance with paragraph 27 of the schedule. It stipulates that any report may, pursuant to the paragraph, omit certain information if, in the opinion of the commission, the publication of the information would or might be unlawful or if it might adversely affect any proceedings or investigation. In essence, it qualifies the obligation introduced by the welcome Government amendment 23.

Although we agree that some flexibility is acceptable in terms of reporting requirements, the measure could go slightly too far, we believe. There is no requirement that the commission's opinion of the lawfulness or any adverse affects of publishing certain information should be reasonable. We feel that an opinion to that end should be reasonable, and our amendment (a) to Government amendment 28 addresses the deficiency. It would ensure that the commission does not become overly defensive with regard to the information that it holds. As things stand, the commission could have a very subjective and defensive set of opinions, which could prevent full and frank disclosure in its report. That would dampen considerably the positive potential of the reporting requirement.

5.15 pm

We also have a slight reservation about the wording of sub-paragraph (b) in Government amendment 28. The effect of sub-paragraph (b) would be that information could validly be omitted from a report if its publication "might adversely affect any current investigation or proceedings." That goes further than the current wording of the Bill and, again, it could lead to over-cautiousness on the part of the commission. Our second amendment to Government amendment 28—amendment (b)—changes the wording from "might" to "would". That would refocus the commission when it decided on whether the publication of information really would damage its investigation. In combination with the mere subjective opinion requirement that I have identified, schedule 2 would, if not amended, allow for a very cautious report that might not be fully informative, and that would not fully reflect the reality of the commission's work. I would appreciate the Minister's further thoughts on those points.

Finally, amendment 83 inserts a threshold test after paragraph 27(2) of schedule 2. The amendment aims to ensure that the commission excludes details of less serious offences in the reports that it is obliged to publish under paragraph 27(1). The measure would serve three purposes. First, it would excuse from further censure those who have fallen foul of the legislation to a minor extent. The threshold ensures that only the more serious offenders are named and shamed. Secondly, the removal of minor offences from the reports would mean a more intense focus on the major offenders. The threshold of £5,000—the amount is negotiable, as far as we are concerned—catches the most serious cases and ensures that they are rightly named and shamed. Thirdly, the measure would act as an additional deterrent to the commission of offences and infringements. Again, I would be interested to hear the Minister's thoughts on those proposals.

Dr. Gavin Strang (Edinburgh, East) (Lab): The House will be in no doubt about the importance of what we are debating. Clearly, we can talk in more detail about the investigative powers when we come to the next group of amendments, but any measure that allows a senior commission official or the police to enter premises to check on the income and expenditure of an individual or organisation should be looked into carefully. The House should be fully satisfied that the new framework that we are putting in place will serve Parliament and the country well.

To pick up briefly on our earlier debate on the motion on the guide to the rules relating to the conduct of Members, I do not think that anyone in the House is resisting transparency. One of the contributors to that debate suggested that the discussion indicated that hon. Members did not want to declare, or want their local parties to have to declare, events that raised more than £1,000. Certainly, that was not my position. The position is that we want maximum transparency, but clearly we have to have a system that can be handled properly, and that does not put an unreasonable demand on the volunteers on whom we all depend for the operation of the political system, which, of course, is dependent on the political parties.

I pay tribute to the hon. Members who were on the Public Bill Committee. The Government had a real wish to arrive at a consensus, and that is to their credit. The Minister said, perfectly fairly, that some of the Government's amendments reflect an aim on which there should be consensus. There is no doubt in my mind—I have given evidence on such matters to the Committee on Standards in Public Life—that when we try to enact legislation governing our electoral process and governing the very important issue of donations, we should do so in a way that achieves full and proper consensus.

We can, of course, go into detail on the investigatory powers later. I will not pass comment on the commission; again, that can come later. It is a new organisation. It is important that it establishes itself, in the eyes of parliamentarians and the country, as doing an excellent job.

David Howarth (Cambridge) (LD): I understand where the new clauses and amendments tabled by the hon. Member for Leeds, North-East (Mr. Hamilton) and by the Conservatives are coming from, but I have one central problem with them, which is an objection to their consistency with what we in the House impose on the rest of society. I hope that hon. Members will explain further in the course of debate. We should not, as politicians, give ourselves special treatment in the regulatory regime that we do not give to other people. We should not give ourselves arbitrary exemptions from the type of rules that we impose on others.

It is clear that, in some cases, politics is special. It is clear that, for example, we as democratic representatives need some rights to be able to do our job. That is entirely in order and entirely behind the scandal of the treatment of the hon. Member for Ashford (Damian Green). But that has to do with constitutional matters—with the balance of power between different branches of government. It is not just about whether we feel that we ought to be given special treatment.

Mr. Djanogly: Surely the hon. Gentleman appreciates that the provisions go much further than MPs. Great concern was expressed on both sides in Committee that honourable people who give up their time on a voluntary basis for our associations, for instance, would be unfairly caught by the provisions.

David Howarth: I appreciate that point, but we must be careful not to make special rules for politics just because we know about politics and we do not know about other areas of activity in the economy and in social life.

Mr. Fabian Hamilton: Does the hon. Gentleman agree that the time of the police is better used trying to find real criminals who are causing crime in the community than chasing bureaucratic errors that were made honestly?

David Howarth: I fully support that point. I had intended to deal with the hon. Gentleman's new clause 3 later, but I may as well speak about it now. In principle, I am fully in favour of what he says, for precisely the reason that he gives. Over the past 10 or 11 years the Government have become far too fond of creating criminal offences. They have invented more than 3,000 criminal offences, in many cases with no particular purpose in mind except to issue a press release.

[David Howarth]

However, we must be careful to apply the same principles to everybody else in society as we apply here. I would be grateful for the support of the hon. Member for Leeds, North-East in other examples when we on the Liberal Democrat Benches try to make sure that the criminal law is not used inappropriately. We do not have the opportunity to do that now, but it is important to bear in mind—and on the whole I support his new clause—that we should apply the same argument in other cases as they come up.

I am more concerned about some of the amendments tabled by the Conservatives. We should be wary of removing civil sanctions for contraventions that are short of criminal offences. Standard regulatory practice in the outside world applies that sort of idea to a range of other activities. Why, in this case, should political activity be treated differently? If we remove any sort of civil sanction for violations that fall short of criminal violations, we are left with no sanctions at all. It is pointless to pass statutory provisions that impose obligations on people and to have absolutely no sanctions to back up those obligations. The temptation for the Government will then be to make those obligations enforceable by the criminal law, so we will end up with yet more criminal offences.

That applies even more in the case of removing the variable monetary penalties. Anyone looking at the Regulatory Enforcement and Sanctions Act 2008, for example, will see that those penalties are entirely standard. That is how regulation happens in general, and I cannot see any reason to remove such regulatory devices for the activity that we are discussing. There was an opportunity to object to them when the 2008 Act was going through Parliament; perhaps some Members did object. But given the fact that such devices represent the standard way in which regulation happens, I see no reason why what we do should get special treatment.

That brings me to amendment 74, which relates to the appeal to the High Court and on which the hon. Member for Huntingdon (Mr. Djanogly) wants us to vote. Under the 2008 Act, the standard practice—for everybody else, in every other regulatory field—is that there is no appeal to any sort of court, only to the first level of the tribunal. In giving them an appeal to the county court, we are already giving people in the line of activity that we are discussing a degree of special treatment; they have access to the ordinary courts. To go further and give people involved in politics access to the High Court would go way beyond what we offer people in other fields of activity. The hon. Gentleman said that doing so would provide for precedent. I should say that, as a matter of technical law, one High Court cannot bind another, so the amendment would not even do that. I have yet to be convinced that amendment 74 is fair in its treatment of political activity in relation to other types of activity.

I am more sympathetic on the issue of discounts for the early payment of fines. It always seemed to me that those were a rather strange provision in the 2008 Act in the first place. Paying a fine early should not mean that people pay less; it is not a matter of civil debt, simply of when the obligation is fulfilled. However, the fact that that provision in the 2008 Act makes no sense is not a reason to give the activity that we are dealing with today special treatment with regard to it. We should be worrying about why we passed the provision in the first place.

Mr. Djanogly: In making all those points, the hon. Gentleman runs the risk of putting the monitoring of our electoral system in the same basket as dealing with parking tickets. There is a difference between the two, and that point applies to everything that he has just said—not least, to his last point.

David Howarth: The 2008 Act deals with a whole range of topics, some of them very serious. The hon. Gentleman has to show why the special characteristics of politics, party funding and all the matters with which we are dealing should lead to the specific special treatment that he wants. I am afraid that he has not done that.

Mr. Djanogly: I would say that most people would put the running of our electoral system in a different category from that of the monitoring of commercial affairs.

David Howarth: It is in a different category, but the question is about why that different category should be treated in the specifically different ways that he is talking about. My fear is that it is simply because we in the House know more about the political process—we know far more about it than about economic and commercial processes—that we think that we ought to provide differently for it. I am afraid that I do not think that that is good enough.

Mr. Djanogly: I put it to the hon. Gentleman that the reason is that we are here to guard our democratic system.

David Howarth: Precisely right. But I want the hon. Gentleman to demonstrate that the provisions that he puts forward—in amendment 74, for example—specifically help to guard the democratic process. My central worry is that this is not to do with thinking about the function and the importance of politics but has more to do with our self-regard and our specific knowledge. That is insufficient reason to treat better an activity that we know more about than other sorts of activity that we regulate every day.

5.30 pm

Mr. Peter Hain (Neath) (Lab): My hon. Friend the Member for Leeds, North-East (Mr. Hamilton) made his case powerfully, and I understand what the hon. Member for Cambridge (David Howarth) said about our not wanting to be seen to be putting ourselves in a different category from other citizens. However, my central point is that it is not a good thing for the police and the whole panoply of criminal law and prosecutors to invade politics—sometimes, although not in my case, for party political reasons—because they often do not want to do it. It is pretty clear, from my direct experience, that the police do not welcome this practice that has grown up. We are in danger of following the American course whereby we pollute politics with all this extraneous interference.

When fraud is being committed—when an hon. Member or a member of a political party is, say, deliberately concealing a donation or seeking to obstruct justice or in some way to hinder and block the operation of the

legislation that this Government have put in place—then those people deserve to be pursued for a criminal sanction; of course they do. But where an innocent mistake has been made involving what are complex rules, as has happened to many hundreds of Members of this House—including some here this evening, not only me—it is not sensible for the police or the whole system of criminal law to come in; it is a matter for regulation either by this House or by the Electoral Commission. I think that this Bill improves the situation.

Let us look at some examples. The "loans for peerages" case was pursued as the result of a political request. It took 15 months, nothing happened at the end of it, and the police spent a great deal of money—hundreds of thousands of pounds. The question of whether there was an issue in that case needed to be addressed by the political process—the process of transparency and democratic accountability for which this Government deserve a lot of credit for introducing. We turned our back on the old system whereby a Hong Kong billionaire could give what he liked to a particular political party and nobody knew where it was coming from, who he was or what his motive was.

The other important point about the new clause tabled by my hon. Friend the Member for Leeds, North-East—whether all its specifics are satisfactory to the House is a separate matter—is that the Electoral Commission needs to be much more accountable and needs different leadership from what it has had in the first phase of its work. If I may say so—I will not go into detail—I found it to be incompetent, dysfunctional and politically unworldly. There have been some sensible changes, with commissioners with a political background coming in. I could not believe some of the things that I experienced. One of the things that I found out in the course of this story was that if one of us were taking part in an internal party election and a member of our campaign staff, perhaps a student volunteer, got us a return to Brighton that cost, let us say, £12 or £13 off-peak, and that individual had used a credit card with a credit rating of £2,000 to £3,000—in other words, more than the £1,000 that we have to declare in relation to any donations—the commission's view was that we would have to declare that. A £12 ticket counted as a donation in kind because of the credit card that happened to pay for it a couple of days before the money was reclaimed. I could quote countless examples—but I will not burden the House—about my own unhappy experience, which proved to me that the commission had very little idea of the political world that it was regulating.

This is not in any way intended to excuse or somehow sidestep the obligation to report on time, or the necessity for the law to be obeyed by regulated donees, which all of us are. I am simply saying that we need from the new leadership a more effective and competent commission, and one that will carry out the duties that the new legislation will enshrine. The changes that the Government have made to the Bill, which were in part provoked by the original amendments tabled by my hon. Friend the Member for Leeds, North-East and spoken to by my hon. Friends the Members for Battersea (Martin Linton) and for Carmarthen, West and South Pembrokeshire (Nick Ainger) in Committee, have made it a much better Bill. I hope that the commission's leadership will take heed of it and start to act in a proportionate and more politically worldly fashion.

In the end, we are dealing with politics, which is a voluntary activity. We all have our obligations, but we do not want, for example, to criminalise the local party treasurer because he is in his 80s and has not studied the small print of something—someone who could not be any further away from wanting to do something dishonest. We have to take the process forward in a sensible fashion, and that has not been the case before now.

Dr. Alan Whitehead (Southampton, Test) (Lab): I am a little puzzled by the insistence on a Division on the question of whether a final appeal under these procedures should go to the High Court rather than the county court. The question is not where the appeal ends up, but the time during which someone may be proto-criminalised while a procedure takes place. That may well result in an appeal being taken to a county court, or in the case of the final appeal, to the High Court. That was the thrust of an amendment suggested in Committee by my hon. Friend the Member for Battersea (Martin Linton), to which I contributed, on the making of a defence prior to a proceeding taking place by application to a court about the nature of an omission or act that could invoke proceedings.

The ability to obtain a certificate prior to those proceedings taking place relates to the argument about the defence of democracy, and the extent to which people undertaking acts that they consider to be part of their duties in representing the public in the political process can be criminalised by implication long before anything has been decided. As was suggested in Committee, people can end up camped outside people's doors, and a series of articles and comments can be published in the press and the media about something that has yet to be determined.

Under the existing process for considering whether an offence has been committed, there is no provision for redress while the process is undertaken. The idea of being able to prevent that process from going any further through the application for a certificate seems to provide the way forward, given several of the discussions we have had this afternoon. My right hon. Friend the Minister suggested in Committee that further examination of those ideas might be undertaken before the Bill had run its course through this House and another place. It would be helpful to our considerations if he could indicate whether such considerations might be provided through further amendments, or other provisions, to introduce a more proportionate system before the Bill returns to this House from the other place and we make our final consideration of it.

The Minister of State, Ministry of Justice (Mr. Michael Wills): I rise to address the new clauses tabled by my hon. Friend the Member for Leeds, North-East (Mr. Hamilton) and then, I am afraid, to resist the cornucopia of Opposition amendments. I shall also speak to the Government amendments.

I have a great deal of sympathy with my hon. Friend's arguments and instinct, but I ask the House to resist new clauses 3 and 4. If we want a proportionate and flexible Electoral Commission, as I believe Members of all parties do, new clause 3 will not help. We have broad cross-party agreement that we need a strong regulatory regime, enforced by a rigorous and effective regulator. Much of the Bill is designed to make improvements in

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that direction. That is not to say that the commission must act harshly, and of course sometimes it should not act at all, as in the case of small-scale late reporting cases caused by an inadvertent mistake or an accident by a volunteer.

It is worth remembering that the commission has discretion and is not compelled to impose a penalty in all cases. The new clause would force the commission to issue a fixed monetary penalty in all cases of the three offences to which it relates. That runs counter to the idea of a flexible sanctions regime, which underpins much of the Bill. It might even have the unwanted side effect of suggesting that fixed monetary penalties must be imposed for all such breaches, rather than enabling the commission to take the proportionate, case-by-case approach that I believe we all want. That is important, because the Bill will allow the commission to use its expertise to exercise discretion on the use of sanctions and apply them appropriately.

The commission may view a one-off breach as a minor infringement, but it may decide, on the evidence available, that behaviour such as persistent infringements indicates more serious activity such as evasion. It might also wish to take into account the scale of the late report or the amount of time involved, in deciding what penalty is appropriate, if any. It is important that we do not limit that flexibility from the outset.

The commission has published its draft enforcement policy, and I hope that Members with an interest will contribute their views. The document sets out the commission's view that sanctions may be used in a more graduated and proportionate way under the Bill than is currently possible. As the House will know, it has said that it does not support a provision such as new clause 3, as it would

"remove our ability to use the most appropriate civil sanction to secure compliance and deter future non-compliance in any given case. This might be a variable penalty, restoration notice, compliance notice or enforcement undertaking rather than a fixed penalty, depending on the circumstances of each case and how serious the late or non-reporting was."

There may be mitigating or aggravating circumstances to take into account, and the logic of flexible sanctions is precisely that the commission does not have to use a hammer to crack a nut or, as the right hon. Member for North-West Hampshire (Sir George Young) put it in the earlier debate, a steamroller to flatten a molehill. Equally, the commission's hands will not be tied by sanctions that do not sufficiently match the offence. As part of the new regime, we expect it to use sanctions proportionately.

Martin Linton (Battersea) (Lab): Does my right hon. Friend accept that it should be a minimum requirement that before the Electoral Commission takes action on late payment, it has reason to suspect that that late payment is caused by a desire either to withhold information or to deceive? In cases in which there is no such suspicion and no reason to believe that, should it not decline to take action?

Mr. Wills: I am grateful for that intervention. My hon. Friend knows that we are planning to reconsider some of the issues that lie behind his remarks, and I shall revert to them in another context.

5.45 pm

It is important to remember that the commission must apply its expertise in judging precisely how the system should operate. We are trying to ensure that it has a battery of tools that enables it to operate proportionately. I hope that that reassures my hon. Friend. We expect the commission to act proportionately and it says that it intends to do so. Although it is for the commission to determine the matter, I anticipate that offences such as late reporting may be treated less severely than what could be considered a more serious offence in most instances, but not all circumstances are the same. I have given some indications of how what may at first appear to be a minor offence might appear more serious on closer inspection and investigation. We must leave the commission the flexibility and the range of instruments that it needs to deal with each case on its merits.

Mr. Djanogly: The Minister almost assumes that the commission will act proportionately. That may be the case with the existing commission, but we are legislating for the long term, and many amendments that Opposition Members and the hon. Member for Leeds, North-East (Mr. Hamilton) tabled, and many comments from other hon. Members, reflect concerns that the commission may not always exercise proportionality. Will the Minister deal with our anxieties?

Mr. Wills: Of course, the hon. Gentleman is right; it goes without saying that we are not legislating for the current commission but for all commissions for the foreseeable future. As he knows, we have already tackled many of his concerns. I will address each amendment in turn, and I hope that when he considers how I have done so, he will realise that we are conscious of the need to legislate for the future—and we believe that we are doing exactly that. I hope that I have reassured my hon. Friend the Member for Leeds, North-East sufficiently for him to feel able to ask leave to withdraw the clause.

I understand the reason for my hon. Friend's tabling new clause 4, and I share the sentiments that lie behind it. Of course, the commission must use its powers proportionately, after carefully considering the facts of each case. He asked whether I believed that the Electoral Commission was above Parliament. Of course it is not, but we must constantly remind ourselves—the hon. Member for Cambridge (David Howarth) keeps reverting to the point—that the Electoral Commission must be entirely independent of Parliament. It is not for Ministers to influence or try to influence how the Electoral Commission exercises its functions, still less the way in which it makes its decisions. That is why I said that the Electoral Commission would decide on the facts of the case whether to refer anything to the police.

I am not convinced that setting up an independent panel in statute to provide guidance and a code of practice to the commission is an appropriate way forward. The Electoral Commission was established to be statutorily independent. As with other regulators of its kind, there is an arrangement whereby the electoral commissioners lead the commission's strategy and set its priorities, and the commission will consider what guidance is necessary to explain its role and the regulatory framework in which it operates. For precisely that reason—its operational independence—the commission reports directly to Parliament, including through the Speaker's Committee.

If we provided another body on top of the commission, would that result in more or less clarity of responsibility? I believe that it would result in less clarity. Who would be responsible for individual decisions—the panel or the commission? If the commission disagreed with the panel's advice, would it be bound to adhere to the advice or could it disregard it? New clause 4 would unnecessarily complicate the picture, make regulation more difficult and possibly produce perverse consequences that no hon. Member would welcome. It is not practical for the commission to be required to seek advice from the panel routinely before making decisions that relate to its investigatory powers or sanctions. That might lead to all sorts of complexities and unnecessary delays. Decisions should be for the electoral commissioners and the commission staff, who are recruited because they have experience and expertise in the field.

As hon. Members know, we have taken direct steps to assist the commission to become more aware of the political environment in which it operates. Everyone who has spoken during the various stages of the Bill's passage through Parliament has drawn attention to the need for the Electoral Commission to become more sensitised, if I may put it that way, to the democratic political environment. That is why we are introducing provisions in the Bill enabling the appointment of a minority of commissioners who have recent experience from across the political spectrum. That will be in addition to the parliamentary parties panel, which already exists for consultation with party administrators and practitioners.

The Bill already includes the requirement for the commission to publish guidance on how it intends to use its powers and sanctions, and to consult such persons as it considers appropriate before publishing or reviewing such guidance. In its evidence to the Public Bill Committee, the commission indicated that it intended to consult political parties and interested people in Parliament regarding the guidance on the use of those powers. It is open to the commission to establish and seek advice from an informal advisory group of individuals whom it believes can provide experience and guidance on any aspect of its functions. The commissioners previously established a small reference group in that way and there is no reason why they should not do so again. However, the establishment by statute of a formal panel to issue guidance or advice to which the commission would be required to have regard is something very different.

Mr. Fabian Hamilton: Does my right hon. Friend not accept that the motivation behind new clause 4 was to ensure that the commission, which up to now has not been consistent in investigating various infringements, were consistent and monitored in respect of such consistency? Can he assure me and the House that what is proposed will ensure such consistency, which has been so sadly lacking?

Mr. Wills: That is precisely the intention. I have said already that I fully understand the sentiment behind my hon. Friend's new clause 4. Indeed, I think that every Member of the House is in sympathy with that sentiment, but we have to ensure that the Bill works. With all respect to him, I do not think that new clause 4 would have the effect he wants. In fact, as I have already said, it may have perverse consequences.

The way in which the Electoral Commission has conducted itself and the evidence that it has given show that it shares that sentiment and wants to improve its performance. Everyone wants to see that happen, and that is the direction in which the Bill is designed to move us. However, whatever we do in trying to provide the commission with the tools to improve its performance, we must not do it in a way that seeks, or could be seen to seek, to interfere unduly with the discharge of its regulatory functions.

The hon. Member for Cambridge has said on many occasions—every time he has said it, I have agreed with him—that if we are to depart from the regulatory framework that we have already set up, possibly on the basis that, as the hon. Member for Huntingdon (Mr. Djanogly) said, regulating democratic politics is perhaps categorically different from regulating other areas of public life, we must do so only if there are truly compelling grounds. We will return to that point again and again in our discussions, but in the meantime, I hope that my hon. Friend will not press his new clause 4, as I will have to oppose it, sympathetic as I am to its intent.

Let me make it clear that I do not want to do anything that might appear to diminish the commission's independence. New clause 4 might have that effect. I certainly believe that it would hamper the commission's operational effectiveness and make it less efficient in the discharge of its duties. New clause 4 would muddy the waters by making the lines of responsibility for decisions less clear, which is profoundly unwelcome and also unnecessary, given the steps that we have already taken to equip the commission better to understand the field that it regulates and to explain its actions to those whom it regulates.

Mr. Djanogly: The Minister said that we were talking about differentiating the commission's activities from other aspects of public life, but the legislation to which the hon. Member for Leeds, North-East (Mr. Hamilton) referred probably deals mainly with commercial life.

Mr. Wills: I was including commercial life in the phrase "public life"—or, if I can be precise, "matters that affect the general public". I hope that that reassures the hon. Gentleman. Anyway, I hope that I have said enough to persuade my hon. Friend the Member for Leeds, North-East not to press his new clause 4.

My hon. Friend asked about dual reporting and when section 59 of the Electoral Administration Act 2006 would be commenced. Those Members who were present earlier will have seen that the Committee on Standards and Privileges report was approved after a somewhat lengthier discussion than some of us had envisaged. The Electoral Commission has indicated that it will move swiftly to notify the Justice Secretary that it is content that it will receive all the information that it needs. Once that notification is received—as has been discussed today, that is a prerequisite for commencement—the Justice Secretary will commence the provision at the earliest opportunity. The right hon. Member for North-West Hampshire suggested that administrative changes to House procedures should enable commencement by June at the latest.

Let me turn to Opposition amendments 59 to 62. I suppose that I should compliment the hon. Member for Huntingdon on his persistence, because pretty well identical

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amendments were tabled in Committee which he said were probing amendments. They were not put to a vote, but I am happy to try to persuade him not to press them once again. Practically, amendments 59 to 62 would have the effect of preventing the Electoral Commission from applying a fixed monetary penalty to any of the regulated entities concerned for the contravention of a prescribed restriction or requirement. Amendments 59 to 62 go against the flexibility of the system that we are seeking to introduce.

It is worth putting it on record again that the Committee on Standards in Public Life recommended that civil sanctions should be made available in instances that could be considered more minor and where it said that administrative penalties would be more appropriate. Accepting amendments 59 to 62 would mean that this lightest-touch penalty, which is generally available to the commission under the relevant schedule, would not be available in those sorts of cases where it may be particularly appropriate. That would be illogical if we are serious about adopting a proportionate approach.

Finally, amendments 59 to 62 fail to take account of the existing provisions in the Political Parties, Elections and Referendums Act 2000. Acceptance of them would remove the commission's limited ability to impose civil penalties in relation to certain breaches of the 2000 Act. The fixed monetary penalties in schedule 2 of the Bill replicate the present system in section 147 of the 2000 Act. For example, where a party fails to inform the commission of a change of treasurer, as required by section 31(4), the Electoral Commission can currently impose a civil penalty. Should amendments 59 to 62 be accepted, the commission would still be able to apply a fixed monetary penalty, but only when a prescribed offence had been committed. In addition, the other civil sanctions would continue to be available in respect of prescribed restrictions and requirements, which would add inconsistency.

By preventing the application of those new sanctions to prescribed restrictions and requirements, we would be in danger of binding the commission's hands. We believe that it must be for the independent Electoral Commission to determine when a fixed monetary penalty or any other appropriate civil sanction should be used where a prescribed restriction or requirement has been contravened. The commission must be allowed to use its expertise to determine what mitigating or aggravating factors might be taken into account. That is proportionate and allows each case to be approached on its merits. On that basis, I hope that the hon. Member for Huntingdon will not press amendments 59 to 62.

Mr. Djanogly: I would appreciate it if the Minister addressed the concerns that many people have expressed about the possibility of imposing a large penalty for a minor civil offence.

Mr. Wills: I can only refer the hon. Gentleman again to what the Electoral Commission has said. It has made it absolutely clear that it will approach each case on its merits and proportionately. The dictionary definitions in respect of what he has just described are that it is not proportionate. We have to accept what the Electoral Commission says and be extremely careful about binding its hands. I refer him back to what I have just said: what he is suggesting in amendments 59 to 62 may have the perverse consequence of producing the opposite result to that which he is seeking.

6 pm

Amendment 78 deals with early payment discounts and late payment penalties. It is similar to amendments tabled by the Opposition in the Public Bill Committee, and I am delighted to discuss these matters again, and to set out our thinking on them and explain why we must again resist the proposals. As the hon. Member for Cambridge has pointed out, the provisions for early payment discounts and late payment penalties replicate the equivalent provisions in the Regulatory Enforcement and Sanctions Act 2008, on which the civil sanctions regime is based.

I believe it is right to encourage prompt payment of sanctions, and to reflect the procedural savings to the regulator—in this case, the Electoral Commission. Of course, the commission's role is not purely administrative, but there are those, including the hon. Member for Huntingdon, who have argued that the measures will turn the commission's role into that of a traffic warden issuing fixed penalty notices. With respect to him, however, that is not the point. These sanctions provisions are only part of a range of potential sanctions, and the whole point is that there should be flexibility in how they are applied. We are seeking to provide such a flexible approach to sanctions in line with other regulators who have benefited from the provisions in the Regulatory Enforcement and Sanctions Act 2008, on which these provisions are modelled.

In providing for the possibility of early payment discounts and late payment penalties, the commission will have the option to offer the provisions if it deems that appropriate. I shall set that out in the final version of its guidance on enforcement. However, it may decide to offer the options in some instances and not in others. For example, it may decide that providing for an early payment discount is appropriate in some instances, and that a fixed monetary penalty might be appropriate for a relatively small breach and when speeding up the regulatory process is in the interests of the regulator and of the individual concerned. The commission may also decide that it is not appropriate to provide these discounts or penalties in some cases—for example, when the individual is a serial offender or when the offence is of a more serious nature. I hope that that addresses the concerns expressed by the hon. Member for Cambridge.

Mr. Djanogly: Will the Minister give the House one example of when an early payment discount would be likely to apply? These powers are not likely to be used frequently, and as he has said, in many people's minds, such practices are more relevant to parking tickets than to electoral offences.

Mr. Wills: Just to correct the hon. Gentleman, let me say that that was not my analogy. I was quoting him, and I am not sure that I share his view. The point is that it will be for the commission to determine the circumstances, and we have to allow it flexibility as a regulator.

To return to the point made by the hon. Member for Cambridge, when we depart from the regulatory framework that the House agreed to in the Regulatory Enforcement

and Sanctions Act 2008, we must have a compelling reason for doing so, and I do not see any such reason here. I am sorry to pray in aid the hon. Member for Cambridge again, but as he said, we must be careful about suggesting to the people whom we all serve that we are somehow immune from the kind of sanctions and regulatory frameworks that apply to other people in public life. I hope that I have now said enough to convince the hon. Member for Huntingdon to ask leave to withdraw his amendment.

Amendments 64, 65, 66 and 67 are all consequential on amendment 63, and they would remove variable monetary penalties from the range of discretionary requirements proposed for the commission by the Bill. Again, I am going to ask the House to resist those amendments if they are pressed to a vote, because to accept them would be to remove an important part of the Commission's range of civil sanctions and take away some of the flexibility that we believe to be desirable.

The sanction of variable monetary penalties is closely modelled on those contained in the Regulatory Enforcement and Sanctions Act 2008. The provisions are intended to allow the regulator to ensure that the financial penalty is appropriate to the offence. I come back to the fundamental point that, unless there is a compelling reason to do so, we should not depart from the principle that politicians should not be treated differently from those in the other regulated fields.

As well as that matter of principle, there is also a positive reason for including variable monetary penalties in the suite of powers that the Bill gives to the commission. They will provide greater flexibility, and enable the commission to adapt the penalty specifically to the facts of each case. The draft enforcement guidance issued by the commission indicates that it intends to use variable monetary penalties for the graver breaches of the Act, and to use fixed monetary penalties in cases of more minor, technical, breaches, where a penalty is still appropriate but where the breach is less grave or more routine.

Having said that, variable monetary penalties, while flexible, must still be imposed proportionately and, in summary cases, they may not exceed the level of a fine available to a criminal court dealing with the same sort of breach. Currently, that is £5,000 where a case would otherwise be tried in a magistrates court. In other words, the word "variable" does not mean "unlimited". Factors that could be taken into account—I am not saying that they would be, but they could be—include the history of compliance of the individual or organisation concerned and also the gravity of the failure. The commission's draft enforcement policy—to which I am sure that the commission would welcome contributions from all hon. Members—draws this distinction, stating that fixed monetary penalties are likely to be used for

"low level non-compliance such as the late delivery of statutory information",

and that variable monetary penalties will be used for

"more serious breaches than fixed penalties where a fine can be set at a level to reflect the gravity of the offence and remove any financial benefit resulting from non-compliance".

In this sense, variable monetary penalties are an important part of a graduated suite of powers and of the proportionate approach to regulation that all hon. Members want to see.

As the commission states in its latest briefing on the Bill, removing these sanctions

"would significantly reduce our ability to apply the appropriate sanction in a proportionate way".

If there are still concerns about safeguards, I would draw the House's attention to the fact that discretionary requirements may only be imposed by the commission when it is satisfied "beyond reasonable doubt" that an offence or breach has occurred. That is a high threshold. It is the criminal standard of proof, and it ensures that the commission must act responsibly in the use of these powers. The Bill proposes to ensure that regulations are properly enforced by an effective regulator, not to lower the required standard of evidence. The Bill also proposes an appeal mechanism against the imposition of a variable monetary penalty. Moreover, it also proposes to allow a person to make representations before the imposition of a variable monetary penalty. There is, therefore, a suite of safeguards. Amendments 64, 65, 66 and 67 are consequential, and I hope that the arguments I have already outlined against amendment 63 will also stand against those consequential amendments. I hope that I have said enough, therefore, to persuade the hon. Member for Huntingdon to withdraw his amendments.

I am sorry that, even before the hon. Gentleman had heard my reasons why amendments 74 and 82 were a bad idea, he said that he would press them to a vote. However, I hope that I can still persuade him to change his mind, although he said that they were very important to him. They provide that appeals against the imposition of fixed monetary penalties and non-compliance penalties should be heard by the High Court, rather than a county court as the Bill currently provides.

The Government believe that county courts are a more appropriate forum for appeal. The precedent for appeals in electoral law is to a county court, which will therefore have the appropriate expertise. Raising appeal to the High Court would inevitably place an unnecessary strain on the resources of the High Court, when the county court already provides an appropriate opportunity for appeal. It would also risk slowing down the appeals process, which could have a seriously negative impact on the person or organisation whose appeal was under consideration.

I do not subscribe to the logic that the hon. Member for Huntingdon put forward, at least in Committee, that the Electoral Commission might act with more restraint, should an appeal against the imposition of a civil penalty be to the High Court, rather than the county court. Under all circumstances, the Electoral Commission is under a duty to act reasonably and it is required, as I have just said, to meet the criminal standard of proof for the imposition of most of its new civil sanctions. Cases must be—and they will be, I am sure—judged on the facts of the case, not on the processes.

Mr. Djanogly: First, the Minister will appreciate that House procedures meant that I had to suggest that we would vote on the matter rather than wait until a later date. More particularly, does he not appreciate that the average county court judge is not very used to dealing with the legality of electoral matters? That is why they should go to the High Court.

Mr. Wills: I stand corrected on the procedures for voting and I am happy to accept the hon. Gentleman's point about that. As to the county court, appeals on

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electoral law cases are currently heard there, and we believe that that is appropriate. More expertise exists in the county court than currently in the High Court and the point remains about the burden that the amendment would place on High Court resources. The hon. Gentleman's proposal is unnecessary because we do not believe that, because the appeal would go to the High Court rather than a county court, the Electoral Commission would adapt its approach. It should not do so, and I do not think that it will do so. If we are to provide for an appeal to go to the High Court, I am afraid that we require a more convincing case for such a change, which would break with existing precedent and indeed with the precedent of the Regulatory Enforcement and Sanctions Act 2008.

David Howarth: I support the Minister's general case on this issue, but is there not another important point in that amendment 74 is about appeals for fixed penalty notices? Wasting the High Court's time on fixed penalty notices seems rather bizarre. There might, however, be a serious point—there might be, so I merely ask the Minister to reflect on it—when it comes to appeals about stop notices, which might have an effect on an election that is under way. That might be a different case, but amendment 74 seems to provide no case at all.

Mr. Wills: As always, I am happy to consider the argument; we can return to it at some future point. As I have said, I understand the instincts behind amendment 74 and I understand the importance that the hon. Member for Huntingdon attaches to it. I am sympathetic to the argument, but I just think that in this particular case, it would not be effective: it would be a break from precedents and it would not necessarily help in the way the hon. Gentleman imagines—possibly because of the delays and the attendant impact on those subject to appeals.

Mr. Djanogly: There is no precedent, because we are setting up a new system.

Mr. Wills: With all respect to the hon. Gentleman, there is a precedent in respect of electoral law and there is certainly a break from the precedent established by the Regulatory Enforcement and Sanctions Act 2008. Of course what is proposed is not identical, because as the hon. Gentleman says, we are dealing with new law, but in so far as there are precedents, the amendment would constitute a break from them. I hope that I have convinced the hon. Gentleman not to press amendment 74 to the vote and to withdraw it.

I am afraid that I am also going to have to resist amendment 77, which introduces a time period for appeals against discretionary requirements. As I said when we debated similar amendments in Committee, such a provision would reduce the clarity of the Bill for those regulated by the commission. The amendment would introduce a time period for appeals, but it is already in provisions devoted to appeals and representations procedures; that is the proper place for such a time period, where it sits most obviously with other provisions relating to appeals. I think that the amendment is an unhelpful step, which would not aid comprehension of the provisions, so I oppose it on that ground alone.

6.15 pm

In the course of his remarks, the hon. Member for Huntingdon asked whether there was an inconsistency between references to 28 days for appealing against fixed monetary penalties and those for variable monetary penalties. The precise point is that the maximum period for making representations for fixed monetary penalties is 28 days, which reflects the fact that the breach being punished is less likely to be serious. Representations against the decision to impose such a penalty will need less time. Variable monetary penalties are, as I have already said, likely to be higher and will be imposed in more complex cases, so it is right that longer time be given to object. That is why there is a minimum period of 28 days in that case. Both the time scales are based on the Regulatory Enforcement and Sanctions Act 2008, from which we should depart only if there is a compelling reason to do so. In this case, we do not think that there is.

The aim of amendment 75 is, I understand, to encourage the commission to demonstrate good practice to those it regulates by acting quickly. We do not believe that the amendment, particularly in the way it is structured, is desirable. As I explained to the hon. Member for Huntingdon when a very similar amendment was tabled in Committee, we do not want unnecessarily to limit the commission in its application of the new civil sanctions regime. We do not want to depart from the framework set up by the Regulatory Enforcement and Sanctions Act 2008. I have already said that many times already this afternoon and I suspect that I will need to say it many times again before we are through today.

Whatever the circumstances of the case, we expect the commission to act as promptly as it is able to do—a point that will be covered in the final guidance on enforcement. We believe that the commission is well aware of the need for working in a timely fashion. Indeed, in its draft guidance, the commission notes in words that I hope will reassure the hon. Member for Huntingdon:

> "We recognise that it is important to conclude investigations as quickly as possible, in the public interest and in the interests of natural justice for those involved",

which balances with

> "our first priority... to conduct a fair and thorough investigation".

If I may paraphrase, it is precisely those concerns with natural justice and the public interest that lie behind the amendment, so I hope that the hon. Gentleman will be reassured. This is an important point. I understand that the amendment seeks to protect those subject to investigations, but it is precisely the references to natural justice and the public interest that should reassure the hon. Gentleman. In those circumstances, it is best not to put the commission under a legal obligation to act promptly; instead, of course, performance should be monitored and recorded in the annual report to ensure that decisions are taken expeditiously and on all the right evidence. I thus hope that the hon. Gentleman will withdraw the amendment.

Amendment 83 would provide that the Electoral Commission, in its reports on sanctions, is able to publish the names only of those on whom it has imposed a monetary penalty in excess of £5,000. Following the Government amendment on annual reporting of sanctions, the reports referred to will be included in the commission's annual report.

Amendment 83 goes against the core principle of transparency. I believe that it is right for the receipt of a civil penalty to be public, which is an important part of the deterrent effect of the civil sanctions regime. The amendment would exclude a significant range of the potential sanctions available—and most likely the majority—from being reported publicly. For instance, for offences that are triable only in a magistrates court, fines are capped at £5,000, so should this amendment be agreed, the commission's civil sanctions would not be reported.

Failing to report the imposition of such sanctions is also inconsistent with the requirements of article 6 of the European convention on human rights, by which the commission, as a public authority, will be bound. Article 6, as the hon. Member for Huntingdon will know, requires decisions to impose civil or criminal penalties to be made public. I should also say that the commission will be bound by data protection legislation in all circumstances.

Mr. Djanogly: Is the Minister asserting that any fine, no matter how small—very small fines could be imposed for short periods of late fining—should go into the annual report?

Mr. Wills: As I have already said, transparency is absolutely crucial and our approach mirrors the position with criminal prosecutions where a person has been convicted of an offence. That fact is normally known. I remind the hon. Gentleman that an imposition of a civil penalty in this case might, after all, be an alternative to criminal prosecution.

In all circumstances, the commission is required to be satisfied that the criminal standard of proof has been met before it can impose most of its new civil penalties. I understand the hon. Gentleman's concerns, but it is also worth saying that the commission will not report on investigations that have not resulted in an imposition of a penalty or that are still continuing, although it has said that it will provide information in response to specific requests.

It is a fundamental common law principle, underpinning our legal system, that a person is presumed innocent until proven guilty. I do not think that anyone, including the commission, would want the publication of such a formal report to risk intruding upon that. Nothing in this proposal would require the commission to include such detail. I have no reason to think that it would be necessary to do so, although I should say that what the commission ultimately decides to include is a matter for the commission.

Mr. Djanogly: I put it to the Minister that if a company files its report and accounts late it will now be fined. So far as I know, however, such companies do not get listed in an annual report. Why should association officers be treated differently?

Mr. Wills: The hon. Gentleman has already answered his own question in his responses to the hon. Member for Cambridge (David Howarth). He said—I hope I am paraphrasing him correctly, but forgive me if I am not—that most people would agree that regulating the democratic process is different from regulating, for example, commercial life. If that is the case, it is an important principle of transparency—as I have said, it is anyway a fundamental principle that when penalties are imposed they should be made public—that the fact that people have gone through the process, which contains a lot of safeguards as I have just described, and been fined for an offence should be known and made available to the public, whom we serve.

Mr. Djanogly: May I suggest that it is the Minister who has turned the argument on its head? He was arguing that everyone should be treated equally. Now he is saying that they should be treated differently. The more I hear of this, the more I think it is something that we shall have to return to.

Mr. Wills: No. I am afraid that the hon. Gentleman is paraphrasing me incorrectly. If he had listened carefully to what I said, he would know that I said that we should follow the framework set down by the 2008 Act, unless there is a compelling reason not to do so. I have been extremely careful to say that on every occasion that I have made that statement. I hope that that clarifies his confusion.

I hope, too, that we can all agree that full transparency, as far as is possible, ought to be a goal for us in relation to everything we do, and certainly in relation to the subject matter of the Bill. I hope that that can be common ground between us. If someone has been found guilty of an offence or a breach and has gone through the process, with all the safeguards embedded in it, and that process has reached an end, in our view it is right that that should be a matter of public record and the public, whom we serve, should be aware of it. The hon. Gentleman might disagree, but I think that that is the right way to go about it.

In a final effort to convince the hon. Gentleman of my point of view, I shall make one last point: such publicity and going on the public record might serve—in my view, it will—as a deterrent to behaviour of the sort that none of us wants to see. I hope that he will see fit not to press his amendments.

I want now to speak to Government amendments 23, 24, 25, 26, 27 and 28. This is a substantial group of amendments and I shall try to move through them in a logical order. The Government amendments will essentially result in a requirement for the Electoral Commission to include in its annual report details of its use of sanctions. Government amendment 23 will require the commission to include in its annual report details of its use of new civil sanctions. The Bill already contains the requirement for the commission to report on its use of sanctions from "time to time". The amendment confirms that the report must be annual, in response to the constructive debate on the issue that we had in Committee.

The details that must be included in the report are cases where fixed monetary penalties, discretionary requirements or stop notices have been imposed, unless they have been overturned on appeal; cases where fixed monetary penalties have been paid and, therefore, liability accepted; and cases where enforcement undertakings are accepted.

During consideration in the Public Bill Committee, I accepted that annual reporting was acceptable in principle. I have since consulted the commission to confirm that it is content with that approach. It has stated in its latest

[Mr. Wills]

briefing note on the Bill that it supports the amendment, saying that it recognises that transparency is an important part of regulation.

That approach mirrors that which we have already taken in requiring the commission's annual report to contain details on its use of investigatory powers. The commission is already required by the Political Parties, Elections and Referendums Act 2000 to lay an annual report before the House and in the other place. The amendment will result in information relating to the exercise of the new civil sanctions being included in that report. I hope that that additional scrutiny and openness will be welcomed.

Amendments 24, 25, 26 and 27 are all consequential and simply update the language of paragraph 27(1) of schedule 2 to bring it in line with that of paragraph 15(1), which also requires information on the use of investigatory powers to be included in the annual report.

Amendment 28 will ensure that the commission is not required to include in its report information on sanctions where it believes that it would be unlawful to include that information or where to do so would adversely affect any continuing investigation or proceedings. This is complex, so, if I may, I will explain in some detail its effects.

The first part of the provision is intended to cover circumstances where publication of the commission's interest in a particular individual might breach that person's rights under the Data Protection Act 1998 or the Human Rights Act 1998. For example, that could apply to an individual who had been under investigation but had not ultimately been given a civil sanction. The commission has already indicated in its draft enforcement guidance that it will not publish details in those circumstances, stating:

"We do not think it would be reasonable to identify regulated entities that are not sanctioned following an investigation in our reports of investigatory activity."

However, we must be clear about the fact that where a sanction has been imposed, and the periods for representations and appeals have ended, it is consistent with article 6 of the European convention on human rights to make that public. Access to that information is also an important principle of transparent regulation.

That does not mean that the commission is required to publish full details of individuals. Indeed, it has indicated that it intends to publish only information that is essential for transparent regulation. That may be a name and the details of the sanction. The commission's draft guidance invites views on the extent to which information should identify regulated bodies or individuals, and I am sure that it will take on board the views expressed by hon. Members in this debate and elsewhere.

The second part of the provision is designed to ensure that publication of the commission's interest in a person does not jeopardise that person's right to a fair determination of any proceedings that the commission might wish to bring against him or her. It should also help to prevent the commission from being obliged to publish details of an investigation in such a way that would risk undermining operational secrecy of the sort that is often necessary for an investigation to be effective.

Indeed, the commission's draft guidance on enforcement helpfully indicates that it does not intend to identify individuals or organisations subject to continuing investigations, although it is the commission's current policy to respond to questions directly in relation to investigations that are under way.

I hope that the House will welcome those amendments.

Mr. Fabian Hamilton: With the leave of the House, I am grateful to the Minister for his responses to my new clauses 3 and 4. The Government have gone a long way towards meeting some of the criticisms held by me and by many other Members of the House, which were expressed in Committee by various hon. Members.

I have two points to make. First, as I said in an intervention, police time could be better used to pursue criminals in the community, rather than people who have made an unintended breach of this legislation.

Secondly, will the Minister strengthen the safeguards against the use of sanctions on unintended errors in reporting in the context about which he has said so much this afternoon—the flexibility that the Electoral Commission must have, and the proportionality that it must exercise in dealing with such errors?

On the basis of what the Minister has said and with the permission of the House, I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

Schedule 1

INVESTIGATORY POWERS OF COMMISSION: SCHEDULE TO BE INSERTED INTO THE 2000 ACT

6.30 pm

Mr. Djanogly: I beg to move amendment 46, page 16, line 24, leave out 'or has been'.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following: amendment 47, page 16, line 25, at end insert—

'(aa) has been the treasurer or another officer of an organisation to which this paragraph applies within the five years immediately prior to the date of the notice, or'.

Government amendment 11.

Amendment 52, page 17, line 13, at end insert—

'(6) For the purposes of this Schedule a person authorised by the Commission is a person who has express written authority of the Commission to act on its behalf and is one of the following—

(a) an employee of managerial level of the Electoral Commission;

(b) a member of a police force in England and Wales;

(c) a constable of a police force in Scotland; or

(d) a member of the Police Service for Northern Ireland.'.

Government amendment 12.

Government amendment 13, page 18, line 5, leave out from beginning to end of line 9 on page 19 and insert—

'Court order for delivery of documents

3 (1) This paragraph applies where the Commission have given a notice under paragraph 2 requiring documents to be produced.

(2) A county court or (in Scotland) a sheriff may make a disclosure order against a person ("the respondent") if satisfied on an application by the Commission that—

(a) there are reasonable grounds to suspect that a person (whether or not the respondent) has committed an offence under this Act or has contravened (otherwise than by committing an offence) any restriction or other requirement imposed by or by virtue of this Act, and

(b) there are documents referred to in the notice under paragraph 2 which—

(i) have not been produced as required by the notice (either within the time specified in the notice for compliance or subsequently),

(ii) are reasonably required by the Commission for the purposes of investigating the offence or contravention referred to in paragraph (a), and

(iii) are in the custody or under the control of the respondent.

(3) A disclosure order is an order requiring the respondent to deliver to the Commission, within such time as is specified in the order, such documents falling within sub-paragraph (2)(b) as are identified in the order (either specifically or by reference to any category or description of document).

(4) For the purposes of sub-paragraph (2)(b)(iii) a document is under a person's control if it is in the person's possession or if the person has a right to possession of it.

(5) A person who fails to comply with a disclosure order may not, in respect of that failure, be both punished for contempt of court and convicted of an offence under paragraph 13(1).'.

Amendment (a) to Government amendment 13, in sub-paragraph (2), leave out 'A county court' and insert 'The High Court'.

Amendment (b) to Government amendment 13, in sub-paragraph (3), leave out from 'within' to second 'such' and insert

'28 days of receipt of the order'.

Amendment 9, page 18, line 6, leave out from beginning to first 'on' in line 7 and insert

'The Electoral Commission may on notice apply to the High Court for an order, subject to sub-paragraph (1A),'.

Amendment 3, page 18, line 6, after 'may', insert ', subject to sub-paragraph (1A),'.

Amendment 2, page 18, line 15, at end insert—

'(1A) An order may be issued under this paragraph in respect of any premises used by a holder of a relevant elective office.'.

Government amendments 14 to 17.

Amendment 57, page 20, line 42, at end insert

'and leave a copy of such authorisation with that person.'.

Government amendments 18 to 22.

Mr. Djanogly: The amendments deal with the investigatory powers of the Electoral Commission. Let me provide some of the background. The commission was created by the Political Parties, Elections and Referendums Act 2000, which gave it supervisory powers. Its functions are set out in section 145, which stipulates that its role is as a regulator, with attendant responsibility to monitor parts 3 and 4 of the Act. Those parts relate to

"accounting requirements for registered parties and their members"

and the

"control of donations to registered parties and their members"

respectively.

In carrying out its role, the commission is empowered by section 146 of the Act to request information from any of a group of subjects, including political parties and candidates at an election. Additionally, a person authorised by the commission may enter the premises of a registered party, a recognised third party or a permitted participant to inspect financial records. We should therefore appreciate that potent powers are already available to the Commission, as the Minister confirmed in Committee.

We support the existence of effective powers and will not revisit the PPERA powers here, but it is important for political activity not to be discouraged for fear of a heavy-handed, over-zealous and excessively empowered Electoral Commission. Furthermore, as the Minister acknowledged in Committee, the extensive powers that already exist have been used very rarely. Indeed, on Second Reading the Secretary of State for Justice confirmed that

"the existing powers have been used only once since the Electoral Commission was established nearly eight years ago."—[*Official Report*, 20 October 2008; Vol. 481, c.50.]

Above all, let us not forget that the Bill and the Electoral Commission's powers have a common aim: restoration of confidence in the political system through the eradication of unfair and underhand practices. It is against that backdrop that we cautiously welcome the Government amendments, which, in our view, represent a significant improvement on the Bill presented in Committee. In particular, the provisions that empowered the Commission to enter the premises of donees—including MPs—for the purpose of monitoring has been withdrawn, while the ability to apply for a search warrant for the purpose of investigating a suspected offence or legislative breach has been entirely removed. Nevertheless, a number of reservations remain, and there is more work to be done before we can be fully satisfied.

Schedule 1 contains the provisions of a new schedule 19A to the 2000 Act, which is inserted in the Act by clause 2(2). In respect of schedule 1, I reiterate our conceptual support for an enhanced role for the commission as a regulator, but that support is not unqualified, and attention is now required as we address the detail.

Amendments 46 and 47 are intended to inject clarity. In the light of the commission's wide-ranging powers, it is sensible to define the limits of the relevant provisions carefully. The amendments are linked, and introduce a specified time limit for the period in which a retired officer is subject to the disclosure notice provisions. We are keen to avoid a scenario in which long-retired ex-officers of political associations are subject to disclosure notices in relation to some long-forgotten donation or action: it is both unreasonable and impractical to extend this power to very historical actions.

From a more practical perspective, the likelihood of comprehensive records or documents being kept by an officer for more than five years after his tenure is small and the power would be difficult to enforce, especially in view of the limited physical space in which party officials often find themselves working. We must also be aware of the financial and administrative burdens that we place on such individuals and organisations, as well as the fact that many of the individuals concerned will have left such offices altogether and may even have left the country.

What concerned the Minister in Committee was that, given the wording of the amendment that we proposed then, officers of more than five years' standing could be excluded even if they were still serving. That was clearly not our intention. We have taken this opportunity to

[Mr. Djanogly]

hone the earlier amendment, proposing amendments 46 and 47 to address its deficiencies. They address the point made by the Minister by removing the ability to serve a notice on an ex-officer who has been retired from the post for five years or more, while not limiting the ability to serve a notice on any current officer. An additional benefit would be the encouragement of expedient and efficient issuing of notices by the Electoral Commission. If the commission does not find grounds for investigation within five years of an officer's retiring from a post, it is normally the fault of the commission rather than the individual or group.

Let me repeat that we are dealing with unpaid volunteers in our associations who involve themselves in politics because they want to give their time freely for what they hope will be the better of our society. We must, as far as possible, encourage them in that, and not put them off by unnecessary and burdensome liabilities. To that end, I intend to press amendment 47 to a Division.

The background to Government amendments 11 to 22 is contentious. Great concern has been expressed throughout the passage of the Bill about the excessiveness of the new "powers of entry" regime. Prior to the amendments, the Bill would have extended the Electoral Commission's existing powers of entry under section 146 of the Political Parties and Electoral Reform Act to include other bodies and individuals such as donors and MPs. Quite simply, hard-fought personal liberties—specifically privacy—were at stake. Moreover, we were greatly concerned about potential erosion of the willingness of law-abiding citizens to donate to political parties and engage with the political system. A single abuse of the entry powers—perhaps the entering of a suspected but innocent person's home—could have had grave consequences for donations generally, thus damaging the general aims of the Bill.

The Government amendments remove from the Bill the commission's excessive power to enter the premises of regulated donees, regulated participants, candidates at an election and election agents. However, they replace the removed passage with a new paragraph (1A) which retains the commission's ability to enter the premises of a registered party, a recognised third party, a permitted participant, a members' association, or an organisation or individual formerly falling within any of those groups. The Bill will still permit the commission to enter premises other than those excluded by Government amendment 11 for the purpose of carrying out its functions, and it may then inspect documents relating to income and expenditure. Government amendments 12, 18 and 21 are consequential, and ensure that the remaining provisions of the schedule are consistent with the change.

On 11 November last year, in Committee, the hon. Member for Cambridge (David Howarth) expressed concern lest the wholesale removal of entry powers in relation to all donees, as proposed by what was then our amendment 102, would go too far and actually reduce the powers of the commission. In particular, the removal of "donees" from the paragraph would remove members' associations—along with MPs—from the ambit of the provision. Government amendment 11 addresses that concern by including members' associations in new paragraph (1A)(l)(d). The commission itself has also confirmed that the power conferred in Committee was not essential for its purposes.

We are now close to a position that is acceptable to all in terms of entry powers. Accordingly, we welcome this significant Government climbdown and the reduction in the commission's power, and we are pleased that the ability to invade the privacy of MPs and other individuals will be removed. Even with these amendments, the commission will still possess significant powers to ensure it is equipped to tackle offences and infringements of the 2000 Act. Indeed, the drafting essentially preserves the status quo under the Act while removing the contentious provisions. To that extent, these amendments represent a significant retreat from the menacing position proposed in the Bill presented in Committee and return a much-needed balance to the schedule.

As amended by Government amendment 11, schedule 1 would make reference to those people "authorised by the Commission". Such people are very important, and almost all the powers granted to the commission are available to these individuals. Unfortunately, there is no reference in the Bill to what constitutes a person "authorised by the Commission". Considering the great powers placed in their hands, we consider that it would be better if they were a defined group of persons.

Amendment 52 proposes a solution, and defines

"a person authorised by the Commission",

and who may be authorised by the commission to exercise its powers under the schedule. Who such a person can be has been intentionally restricted to high-level employees of the commission. In Committee on 11 November, the Minister expressed concern that this would be too "restrictive and inflexible". However, the Minister went on to address this concern by confirming:

"The commission has no intention of using this power lightly".—[*Official Report, Political Parties and Elections Public Bill Committee,* 11 November 2008; c. 175.]

Reconciling these two statements, I ask this question: is it not sensible that a power that will be rarely used, and employed only to tackle serious cases, is exercised only by the more senior members of the commission? It seems entirely reasonable to expect the commission to send a senior individual, ensuring that both the commission and the subject of the search take the process seriously. As things stand, the commission could theoretically send the cleaner along. Any lack of flexibility caused by this amendment reflects the need to exercise caution when exercising commission powers.

Government amendment 13 represents another progressive development in an area that was hotly disputed in Committee. First and foremost, it removes the power of entry by warrant introduced by paragraph 3 of schedule 1. This is significant, and shows the progress we have made in departing from the draconian provisions of the original Bill. Without this amendment, the Bill would permit entry, by force, on to the premises of MPs and other individuals. Given recent events, I hardly need to remind hon. Members how contentious that power was; it was excessive and had the potential to be used disproportionately. In addition, the amendment replaces the entry by warrant provision with a more acceptable measure: the ability for the commission to apply for a court order that documents be released. The commission may apply for a court order when it has exhausted the request by notice procedure in paragraph 2(2). We support this measure, and believe that it is a helpful last resort when the commission is confronted with a reluctant subject of a proper investigation. The hurdles

in place before an order can be made also seem adequate, and the commission must show that there are "reasonable grounds" to suspect that a person has committed an offence under the 2000 Act.

6.45 pm

Government amendments 14, 15, 17, 19, 20 and 22 are consequential amendments ensuring that the Bill is internally consistent in the wake of the changes. Despite our general support for the removal of the warrant system and the introduction of court orders, we have two concerns and have tabled amendments to Government amendment 13 accordingly.

The first of our amendments has been introduced because we believe that the High Court is a more suitable venue for hearing an application than the county court. A higher judicial threshold places a greater obligation on the commission to ensure that the reasoning behind its application is legally sound. A judge in the High Court would subject any arguments to more thorough scrutiny than could be expected from the county court. It is important that a strong check is placed on the issuing of disclosure orders, ensuring that any such order is proportionate and justified. We remain hopeful that the use of orders will be infrequent, and that this higher threshold will therefore not place any excessive burden on the commission or the High Court. Nevertheless, when such an order is required, the superior scrutiny of the High Court will be beneficial.

Our second amendment to Government amendment 13 addresses our concern that no specific time limit is given for compliance with an order once it is served. The Government amendment simply states that an order will require delivery of the documents

"within such time as is specified in the order".

As we have argued in relation to other provisions in the Bill, we recommend that a minimum 28-day limit should be placed on all compliance requirements in schedule 1. There should be a sufficient and clear period during which those served with a disclosure notice can locate the documents and information specified under the notice, and provide it to the commission. Effort should be made to ensure that individuals do not fall victim to the Bill's penalty regime because of unforeseen delays and an uncertain deadline. With a 28-day limit in place, subjects will know how long they have to comply, and can work to the deadline without fearing that the commission might place them under an unrealistic deadline.

Amendments 2, 3 and 9, tabled by the hon. Member for Leeds, North-East (Mr. Hamilton), deal with the commission's power under the Bill to enter and search premises by warrant. The amendments are an alternative to amendments tabled by the Government, which remove the powers of entry and search by warrant, and I believe they have effectively been superseded.

Amendment 57 would provide that subjects for search are provided with a copy of the authorisation for the search. It is important that individuals or groups who are subject to this power of the commission have the full details of the search. A copy of the authorisation is important for them to decide whether they wish to access avenues of appeal and redress. The amendment fortifies vital safeguards, and helps to prevent the abuse of powers by the commission. Providing copies of the authorisation documentation ensures that the propriety of the search is asserted, and that the subject can confirm the details of the search. Further, leaving a copy allows for cool and considered review of the warrant away from the heat of the moment, and it prevents a simple flash of paper when the recipient is in shock from the entry process. In the heat of the moment, it is possible that the shock of the entrance could counteract any explanation of the search, however thorough and clear the commission believes it to be. Further still, there is no guarantee that a relevant person will be at the premises when it is searched. For example, the cleaner or an office junior might be the only person present, and as such not be qualified to fully comprehend the explanation, let alone communicate it to someone more senior. In Committee on 13 November, the Minister considered this issue and promised to return to it on Report if necessary, so I would be pleased if he were now to give us his views on it.

Dr. Strang: The whole House supports the principle of proper entry and inspection, and, as the hon. Member for Huntingdon (Mr. Djanogly) said, there is a desire for that to be proportionate. The discussion among all the parties currently represented in the Chamber reflects that aim, and it is interesting that the commission itself in its briefing supports the line being taken.

It is right to go down the court order procedure route. I have been a Member of this House for a long time, and I well remember the days before we had the Electoral Commission. Whatever view one takes of the record of the commission—I do not feel qualified to make a judgment on that—the fact is that there is a consensus that we need a commission. It must be an independent body, but it also works within a framework laid down by the House of Commons.

What has been said in this debate, about Government amendments 11, 12 and 13 in particular, reflects the intention to put a measure in place that can be properly enforced by inspecting premises and, if necessary, bringing the individual or individuals concerned to justice.

David Howarth: I, too, welcome the Government amendments in this group. As the hon. Member for Huntingdon (Mr. Djanogly) said, there was widespread concern in the House not only about the extent of the powers being granted to the commission, but about the way in which those powers were to be exercised by a warrant process that did not contain much accountability. From the start of the debate on this matter, the commission has conceded the point; in evidence to us, it said that it would prefer a different sort of procedure. The way in which the Government have introduced the procedure in the amendments reflects well on what the commission asked them to do: to move to a different process whereby an application is made to a court for an order, the court checks that the order has been properly applied for and the circumstances are such that an order should be made, and the sanction is basically the one for contempt of court—rightly, anyone who defies a court order to act in the way that the commission wants is asking for trouble. That is a far more proportionate, accountable and open way of proceeding.

On Government amendment 11, the hon. Gentleman mentioned my concern in Committee that proposals to exclude vast swathes of the people who were affected by the commission's powers would go too far and we

[David Howarth]

would end up with less regulatory coverage than there is now. I am entirely satisfied with the Government's response on that matter, for precisely the reason that he mentioned—the new drafting covers the cases I had in mind.

I can offer the hon. Gentleman some comfort in that, compared with the previous debate, I agree with the Conservatives' amendments 46 and 47. He rightly says that there is a need for some sort of statutory limitations on this sort of regulation; we cannot have people who are long retired still facing the prospect of having action taken against them under these powers. For the sake of certainty and clarity, it is right to have a cut-off point, so I am with him in his principle, which is right, and I will support him in the Lobby if he manages to secure a vote on this particular point. However, I would prefer a time limit of six years, rather than five, simply because—this goes back to the previous debate—that would be more in line with the normal limitation times used in law.

On amendment 52, the hon. Gentleman is also right to say that there ought to be a specific list of people of a specific degree of seniority who can act on behalf of the commission. Simply making provision in respect of anyone to whom the commission might delegate gives too broad a discretion. This ought to be controlled by not only the commission's views as to what is right, but by statute, and I am perfectly happy to support what he said on that, too.

As for what the hon. Gentleman said about the High Court, I do not wish to repeat what was said in a previous debate. His proposal might be putting too much of a burden on High Court judges, but this is a different case from the one in the previous debate; there might be a case for saying that instances of sensitivity would be involved where someone defies a court order and the appeal might, thus, be more appropriately heard at a higher level than a simple fixed penalty notice matter would be.

I am very happy with the way in which this debate has panned out. The starting point was not right, had many difficulties and was inadvertently threatening. Nevertheless, some of the remedies suggested from various parts of the House turned out to be worse than the disease. I am glad that we have ended up at a point where we can all agree that the regulation being proposed is proportionate and right.

Mr. Wills: I commend the hon. Member for Huntingdon (Mr. Djanogly) on his mastery of the thesaurus. So far, he has managed to characterise what I regard as our continuous search for a consensus on, and improvement in, this legislation first as poorly structured and now as a "climbdown". I hope that when he next has recourse to the thesaurus, he will find it in his heart to say that this is a commendable effort to improve the integrity, scrutiny and accountability of our electoral process—that is just a suggestion.

Mr. Djanogly: If it makes the Minister happy, I shall say that as well.

Mr. Wills: That has cheered me up immensely, and I am grateful to the hon. Gentleman. I shall give him some further comfort, but he will have to wait a bit for it, because I wish to deal first with the two sets of Government amendments. As hon. Members have said, they significantly overhaul the commission's powers of entry in schedule 1, and I believe they will be universally welcomed by the House.

Government amendment 11 replaces paragraph 1(5) to new schedule 19A to the Political Parties, Elections and Referendums Act 2000—that new schedule is contained in schedule 1 to this Bill—with new paragraph 1A. The new paragraph differs from paragraph 1(5) by specifying a more restricted list of organisations and individuals to whom the commission's powers of entry and inspection for the purposes of carrying out its functions will apply—the list includes registered political parties, recognised third parties, permitted participants in a referendum, members associations and any former member of any of those categories. The power can be exercised by the commission for the purposes of carrying out its functions, but it does not authorise the use of force to enter premises.

As hon. Members have said, the effect of the amendment is that the commission will not have the power to enter the premises of the following: candidates at an election; election agents; permitted participants; and regulated donees, including MPs—with the exception of members associations. The financial affairs of members' associations are likely to be more complex than those of regulated individuals, so retaining the extension to the existing power in section 146(3) of PPERA in relation to this group will help the commission to ensure transparency in supervising its activity. The provision has been amended to remove Members of Parliament from the scope of the power, but I must make it clear that this does not create any specific exclusion for House of Commons offices, and that reflects the approach towards this power taken by the 2000 Act and the approach taken towards powers of entry more widely in legislation. Should the commission require entry to a parliamentary office—for example, where a party has chosen to keep its records in a Member's office or a member's association has been run from a Member's parliamentary office—it advises that it would seek access only through the appropriate channels, and in the House of Commons, that would be through the Speaker.

We believe that it is important to retain this limited power of entry for the commission to enter premises and inspect documents for the purposes of carrying out its functions. Although the commission has generally relied on voluntary disclosure and consensual meetings to discuss and review financial information, having this supervisory power, in itself, may have been an effective backstop in helping to ensure that supervised individuals comply with regulatory requirements. For the avoidance of doubt, may I emphasise that the commission's power in schedule 1 to the Bill to require the disclosure of documents relating to income and expenditure from all supervised individuals, including regulated donees, will remain?

The amendment will largely restore this power to the equivalent provision in the 2000 Act, although there are two sensible and limited changes to the existing powers. First, the power will be available in relation to members' associations, as I have explained. Secondly, it will be available in relation to organisations or individuals who formerly used to fall within any of the categories that I have mentioned—those listed in new paragraphs 1A(a) to (d). This latter change brings the power into line with

the existing power under the 2000 Act to request documents that applies to former members of the appropriate categories. We see no sensible reason for the existing anomaly between the two powers to seek information.

Our approach will also help to prevent a situation in which the commission has to cease to examine an organisation's affairs midway through a compliance check simply because the organisation has taken steps to remove itself from one of the categories subject to the power. Hon. Members will recall that we took steps in Committee to help to ensure that this power would be exercised reasonably by tabling a Government amendment to prevent the commission from using its routine monitoring powers of entry in connection with an investigation, and that safeguard remains in place. The commission have provided assurances that they expect to use the power very rarely.

7 pm

Amendments 12, 16, 18 and 21 are consequential and simply seek to remove all references to paragraph 1(5) from new schedule 19(a) and replace them with a reference to the new paragraph 1(a).

I hope that the House will agree that these amendments address the concerns raised extensively on Second Reading and in Committee about the commission's powers of entry and inspection. I believe that they do so without compromising the commission's essential ability to carry out its work effectively, and I hope that they will be welcomed by the House.

Government amendments 13 to 15, 17, 19, 20 and 22 make changes to the provisions on the commission's powers of entry by warrant. These amendments are also intended to address concerns that were widely expressed on Second Reading and in Committee, and I hope that they will also be welcomed by the House. The commission has indicated that it would be content to consider an alternative approach to the provision in the Bill that would enable them to apply for a warrant to enter premises provided that it met its objective of being empowered to investigate more effectively. We believe that the proposals contained in Government amendment 13 will meet that objective, but will also meet all the concerns that have been expressed about the existing provisions at various stages of the Bill's progress.

The proposals have been discussed with the commission at all stages of their development. Government amendment 13 would remove the power set out in paragraph 3 of new schedule 19(a), which enables the commission to apply to a justice of the peace for a warrant to authorise entry and search of premises in connection with an investigation. It would replace that power with a power enabling the commission, in cases in which a person has already refused to provide documents, to apply to the court for an order to require disclosure of the previously requested documents in order to enforce the commission's original notice. The court which issues an order may not, when making an order or dealing with any failure to comply with that order, use this power to authorise the commission to enter premises to obtain the documents. This is the key difference between the warrant power and this new proposal, and I want to be as clear as I can about that.

The court order is intended to add an extra and very important layer of compulsion to the commission's power to request documents. It is vitally important that the initial request from the commission is not the end of the story for someone who has documents that are relevant to an investigation. Equally, as Members on both sides of the House have made clear, it is important that we do not go too far in the opposite direction. We have listened very carefully to the concerns that have been expressed about the warrant power, and that is why, on reflection, we have decided to remove the court's ability to issue a warrant to authorise entry of premises by the commission. It is important that the new power is subject to suitable and appropriate safeguards.

A court order would not be issued automatically on an application being made by the commission. The commission's representative must first demonstrate on oath that there are reasonable grounds to suspect that there has been an offence or a contravention under the Act; that there are documents referred to in the disclosure notice that have not been produced; that these documents are reasonably required by the commission for the purposes of investigating the suspected offence or contravention; and that the documents are in the custody or under the control of the person against whom the order is issued. Those are extensive safeguards. When seeking an order, the commission will serve notice on the individual or organisation against whom the order is sought in order to ensure that they are represented at the hearing of the application for the order, and the court will consider the application under ordinary court rules governing applications for court orders, and it will be able to decide whether oral or written evidence is most appropriate in each case.

Failure to comply with a court order would constitute contempt of court. It may be a criminal offence under paragraph 13, but the same breach cannot be penalised by proceedings brought both for contempt and for the paragraph 13 offence. If someone refused to comply with the court order and the commission took the view that it was necessary to obtain the documents for an investigation to continue, it would have no power to seek entry on its own account in order to obtain documents. Instead, in practice, the commission would, if it felt it appropriate to do so, bring the matter to the attention of the police who would consider whether they were willing to use their power under the Police and Criminal Evidence Act 1984 to apply to obtain a warrant. That would be a matter for the police to consider in individual cases.

As now, the commission would not be able to rely on the police to obtain a warrant to search premises in connection with offences that are triable summarily only, as the power to apply for a warrant under PACE does not apply to such offences. Offences under the 2000 Act that are triable summarily only are set out in schedule 20 of that Act. Examples include section 146 offences of intentional obstruction of a person seeking to enter premises on behalf of the commission, and section 148 offences of failing, without reasonable excuse, to provide information reasonably required by the commission.

I have gone into these matters at some length because I know how important they are to the House. I hope that hon. Members will be reassured by the safeguards that I have set out. I am sure, however, that hon. Members will agree that the investigatory powers that are contained in amendment 13 are necessary to enable the commission to regulate effectively. Of course the

corollary of that is that the Electoral Commission must use the investigatory powers at its disposal responsibly. It is for that reason that we tabled several amendments in Committee to require the commission to issue guidance on its use of its investigatory powers and to provide information in its annual report on that usage. Those safeguards remain in place.

Amendments 14, 15, 17, 19 and 22 are consequential, arising from amendment 13. Amendments 14 and 15 replace references to documents taken possession of, as under a warrant, with a reference to documents delivered in compliance with a court order. Amendments 17, 19 and 22 replace references to a warrant with references to an order. Amendment 20 removes the requirement for the commission to provide information about its use of warrants in the guidance that it is required to issue on the use of its investigatory powers.

I will now turn to amendments (a) and (b) to Government amendment 13. Government amendment 13 would remove the powers of search and entry by warrant and replace it with a power for the commission to seek a court order requiring enforcement of its disclosure notice. The effect of amendment (a) would be that consideration of the commission's application seeking a court order to enforce its disclosure notice would rest with the High Court rather than with a county court as Government amendment 13 provides.

I appreciate the reasoning behind this amendment, which is to ensure that applications for court orders are subject to thorough scrutiny at the appropriate level of jurisdiction. As we have discussed, it is standard practice for orders to enforce disclosure notices in civil cases to be issued by a county court, which is why the clauses have been drafted in this way. Although now overtaken by Government amendment 13, I appreciate that in Committee the Government committed to amending the Bill so that the power to issue a warrant to authorise entry and search of premises would rest with the High Court rather than with a justice of the peace. However, orders for disclosure of documents by their nature are more likely to be sought than warrants for entry of premises, and so any changes to standard practice may have an unnecessary impact on the work load of the High Court unnecessarily. If the result of that were to be to prolong the time period between the date on which an application is made and that on which it is considered, I can see two obvious disadvantages. One, it might slow down commission investigations, which could impact on the effectiveness of those investigations. Secondly, there might also be adverse consequences for those under investigation. The longer it takes for an order to be issued, the longer the investigation is likely to be and the greater the uncertainty for the individuals or organisations concerned.

There could be other unforeseen consequences in providing for orders in these cases to be issued by the High Court. I will want to look into that. But, as I say, I understand the reasoning behind this amendment and I am prepared to consider further whether it would be helpful and practicable to accept it. We would need to consult interested parties, including the Lord Chief Justice, before we can make an informed decision whether it would be appropriate for consideration of these applications to rest with the High Court. I agree therefore to consider the amendments, but I cannot at this stage make any firm commitment one way or the other about whether we will be able to take them forward.

I want to resist amendment (b) to Government amendment 13, which would require those served with a disclosure notice made by a county court under the power set out in paragraph 3 of new schedule 19A to comply with the terms of that order within 28 days. I notice that the intent is very similar to that of amendment 50. Of course, I agree that those who are subject to a disclosure order need to be given time to comply with it and that they need to know how long that period is, but that is why Government amendment 13 provides for a disclosure order to specify a reasonable period of time within which the person to whom the notice is given must comply.

I believe that when making a disclosure order, it is appropriate to give the court the flexibility to vary the period of compliance depending on the individual facts of each particular case and the nature of the application made by the commission. For example, the court might need to allow a longer period for the production of documents or the provision of information in some instances than in others. However, when a request is time-critical—particularly when there is concern that the success of an investigation might be prejudiced if it is not obtained speedily—a period of less than 28 days might be appropriate. A longer period might be appropriate when a large amount of documentation is sought. Given the range of documents and information that could be covered by a disclosure notice, I do not think that a one-size-fits-all approach is suitable and therefore I do not think that we should tie the court's hands in the way that the amendment proposes.

I do not think that there should be any concern that failing to accept the amendment will cause uncertainty about the time periods within which a person served with an order must comply. The Government amendment requires that the order itself must stipulate the time for compliance. That will be a specific date and it will be clear to the person served with the order. I hope, for those reasons, that the hon. Member for Huntingdon will withdraw amendment (b).

I now turn to Opposition amendment 57, which is now redundant as we have removed from the Bill the provision that would have allowed the commission to apply to a court for a warrant to search premises in connection with an investigation. Amendment 52 would require a person entering premises under the power of entry set out in paragraph 1 of schedule 1 to be either an employee at managerial level at the Electoral Commission or a police officer. As I said in Committee, authorisation of the use of the power by a manager at the commission would in practice be embedded in the commission's operation of the power.

I would expect entry under the power of entry that the commission is granted in the Bill—it is largely the same as its existing power of entry, which, incidentally, it has never used—to take place very rarely. For that reason alone, I expect that senior management would be fully involved in any decision to use the power. However, to set out in statute that an entry could be carried out only by a senior manager would be unnecessarily restrictive and inflexible. In order to fulfil its duties effectively, the commission must have the ability to delegate entry and inspection duties to staff below managerial level, where appropriate.

The commission, we are assured, has absolutely no intention of using the power lightly. We know that it is aware that entering premises is a significant step and it

will operate the power responsibly, as it has done with the existing power to date. We can be confident, I think, of that. In addition, we must keep in mind that the commission will have to exercise its powers in a way that is compatible with rights under the European convention on human rights—including article 8, which is the right to respect for private life—and that is compatible with general principles of public law.

Mr. Peter Bone (Wellingborough) (Con): I have been listening to the Minister's argument very carefully. He says that the power will be used only in exceptional circumstances, that it will be a senior management decision and that he expects it not to be delegated down. Surely it will be much simpler just to put a provision in the Bill that it will not be delegated down.

Mr. Wills: It might be simpler, but it still might not be the right thing to do. That is the point. The point that I am trying to develop is that we need, as far as we possibly can, to give the commission the flexibility to exercise its powers proportionately. We do not want to fix in statute something that would tie its hands unnecessarily in all circumstances for the foreseeable future. The hon. Gentleman's colleague, the hon. Member for Huntingdon made it quite clear—I agree with him—that we are not legislating just for the commission. We are legislating for the future and we think that it is wrong to proceed on the principle of trying to tie the commission's hands at every point, for the reasons that I already set out at great length when the hon. Member for Wellingborough (Mr. Bone) was not in his place. I am happy to discuss them with him outside the Chamber.

The commission is aware that inappropriate use of the power would leave it open to possible judicial review. It has taken steps to employ suitably skilled staff in the fields of enforcement and compliance to ensure that they are all equipped adequately to carry out their functions within the confines of the law. I have confidence, and I hope that the House will have confidence, that the commission will only authorise staff with the appropriate skills and expertise if it feels, on those rare occasions, that there is a justification to use this power of entry. I hope that hon. Members will feel sufficiently reassured.

7.15 pm

I now turn, finally, to amendments 46 and 47, which seek to amend paragraph 1(2) of proposed new schedule 19A, which sets out the commission's power to issue disclosure notices. I shall deal with them together. They are largely identical to amendments tabled in Committee. Together, they seek to place a time limit on the commission's powers to issue a disclosure notice. The hon. Member for Huntingdon set out his concerns very cogently and in Committee I agreed to consider the issue further. We have now done so in close and careful consultation with the Electoral Commission, which has confirmed that a time restriction on the power to issue a disclosure notice under paragraph 1 of proposed new schedule 19A is not likely to be a problem in practice.

The paragraph 1(2) power to issue a disclosure notice relates to the commission's supervisory role so it is very unlikely that it would need to issue a disclosure notice to a person who more than five years previously had been a person to whom paragraph 1(2) applied. I resisted the amendment in Committee on the basis that it was unlikely that the commission would need to go back further than five years, but we could not rule out the possibility and we were reliant on the commission's exercising its powers reasonably and having regard to the general principles of public law before issuing disclosure notices. I still believe that there is not a real problem to be solved and that as a matter of principle we should not place unnecessary constraints on the commission's powers. However, I listened carefully to what the hon. Gentleman said and I take his point that keeping audit trails for more than five years might be unduly onerous on people who are often volunteers and who might have moved on from the period of their life in which they took part in such voluntary activity.

We have received a reassurance from the commission that placing a restriction on the paragraph 1(2) powers such as that suggested by the hon. Gentleman is unlikely to be a problem in practice, and so I am happy to consider with parliamentary counsel what amendments could and should be made to the Bill properly to reflect the intention of the amendment. The hon. Gentleman will understand that because of the significant number of Government amendments, we have not been a position to do that job of work just yet. However, we will do so at the next available opportunity. I hope that he will understand that we felt it necessary to seek and secure the commission's views before proceeding.

For the avoidance of doubt, I am only agreeing to consider an amendment to the power under paragraph 1(2) that enables the commission to issue a disclosure notice in relation to its supervisory role. I think that that is what the amendments seek. The commission has emphasised—I want to make this clear—that any such time bar on requests for information under paragraph 2 in relation to a suspected offence or contravention could cause difficulty, so we are not considering any changes to that power. I hope that on that basis and with those assurances, the hon. Gentleman will withdraw amendments 46 and 47.

Mr. Djanogly: We welcome the Government's significant shift on many of the provisions to a position that we basically support. I appreciate the Minister's agreement this evening to review the role of the High Court.

However, there remain issues that we will want to look at in detail when the Bill goes to the other place. The Minister has just addressed the main one; we are pleased that he now sees that there is a case for offering protections to non-serving association officers, who normally will have served on a voluntary basis. We had great concerns that ongoing liability would be unfair to such people. Having heard the Minister's explanation, and his promise to table an amendment in the other place, I will not press amendment 47 to a Division. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendments made: 11, page 17, leave out lines 5 to 13 and insert—

'*Powers of entry and inspection*

1A (4) This paragraph applies to the following organisations and individuals—

(a) a registered party or, in the case of a registered party with accounting units—

(i) the central organisation of the party;

(ii) an accounting unit of the party;

[Mr. Djanogly]

(b) a recognised third party (within the meaning of Part 6);

(c) a permitted participant (within the meaning of Part 7);

(d) a members association (within the meaning of Schedule 7);

(e) an organisation or individual formerly falling within any of paragraphs (a) to (d).

(5) A person authorised by the Commission may, for the purposes of the carrying out by the Commission of their functions—

(a) at any reasonable time enter premises occupied by an organisation to which, or an individual to whom, this paragraph applies, and

(b) having entered the premises, inspect any documents relating to the income and expenditure of the organisation or individual.

(6) This paragraph is subject to paragraph 2(6).'.

Amendment 12, page 18, line 1, leave out 'paragraph 1(5)' and insert 'paragraph 1A'.

Amendment 13, page 18, line 5, leave out from beginning to end of line 9 on page 19 and insert—

'Court order for delivery of documents

3 (1) This paragraph applies where the Commission have given a notice under paragraph 2 requiring documents to be produced.

(2) A county court or (in Scotland) a sheriff may make a disclosure order against a person ("the respondent") if satisfied on an application by the Commission that—

(a) there are reasonable grounds to suspect that a person (whether or not the respondent) has committed an offence under this Act or has contravened (otherwise than by committing an offence) any restriction or other requirement imposed by or by virtue of this Act, and

(b) there are documents referred to in the notice under paragraph 2 which—

(i) have not been produced as required by the notice (either within the time specified in the notice for compliance or subsequently),

(ii) are reasonably required by the Commission for the purposes of investigating the offence or contravention referred to in paragraph (a), and

(iii) are in the custody or under the control of the respondent.

(3) A disclosure order is an order requiring the respondent to deliver to the Commission, within such time as is specified in the order, such documents falling within sub-paragraph (2)(b) as are identified in the order (either specifically or by reference to any category or description of document).

(4) For the purposes of sub-paragraph (2)(b)(iii) a document is under a person's control if it is in the person's possession or if the person has a right to possession of it.

(5) A person who fails to comply with a disclosure order may not, in respect of that failure, be both punished for contempt of court and convicted of an offence under paragraph 13(1).'.

Amendment 14, page 19, line 11, leave out from beginning to first 'for' in line 12 and insert

'The Commission may retain any documents delivered to them in compliance with an order under paragraph 3'.

Amendment 15, page 20, line 29, leave out from 'documents' to end of line 30 and insert

'delivered to them in compliance with an order under paragraph 3;'.

Amendment 16, page 20, line 37, leave out from 'exercising' to end of line 39 and insert

'a power under paragraph 1A in relation to any premises'.

Amendment 17, page 20, line 40, leave out 'or warrant'.

Amendment 18, page 22, line 28, leave out 'paragraph 1(5)' and insert 'paragraph 1A'.

Amendment 19, page 22, line 32, leave out 'a warrant' and insert 'an order'.

Amendment 20, page 22, leave out lines 33 to 36.

Amendment 21, page 23, line 11, leave out 'paragraph 1(5)' and insert 'paragraph 1A'.

Amendment 22, page 23, line 15, leave out from 'which' to end of line 23 and insert 'an order under paragraph 3—

(i) was applied for;

(ii) was made.'.—*(Mr. Wills.)*

Schedule 2

CIVIL SANCTIONS: SCHEDULE TO BE INSERTED INTO THE 2000 ACT

Amendment proposed: 74, page 25, line 22, leave out 'a county court' and insert 'the High Court.'—*(Mr. Djanogly.)*

Question put, That the amendment be made.

The House divided: Ayes 148, Noes 332.

Division No. 31] **[7.21 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howell, John
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui

Lancaster, Mr. Mark
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Spelman, Mrs. Caroline
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Willetts, Mr. David
Winterton, Ann
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Philip Dunne and Bill Wiggin

NOES

Ainger, Nick
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Colley, Ann
Cohen, Harry
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hayes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Macleod, Mr. Angus
Macteggart, Fiona
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary

McNulty, rh Mr. Tony
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, Mr. Alan
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Trussell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, rh Keith
Walley, Joan
Watts, Lynda
Ward, Claire
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wills, Mr. Phil
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Steve McCabe and
Mr. Dave Watts

Question accordingly negatived.

Amendments made: 23, page 36, leave out lines 39 and 40 and insert—

'( ) Each report by the Commission under paragraph 20 of Schedule 1 shall contain information about the use made by the Commission of their powers under this Schedule during the year in question.

( ) The report shall, in particular, specify—'.

Amendment 24, page 36, line 42, leave out 'has been' and insert 'was'.

Amendment 25, page 36, line 44, leave out 'has been' and insert 'was'.

Amendment 26, page 36, line 45, leave out 'has been' and insert 'was'.

Amendment 27, page 37, line 1, leave out 'has been' and insert 'was'.

Amendment 28, page 37, leave out lines 3 to 6 and insert—

'( ) This paragraph does not require the Commission to include in a report any information that, in their opinion, it would be inappropriate to include on the ground that to do so—

(a) would or might be unlawful, or

(b) might adversely affect any current investigation or proceedings.'.—*(Mr. Wills.)*

New Clause 13

Control of donations to holders of elective office: compliance officers

'(1) In Schedule 7 to the 2000 Act (control of donations to individuals etc), at the end there is inserted—

"Part 7

Compliance officers

Functions and liabilities of compliance officers

17 (1) A regulated donee who is the holder of a relevant elective office (the "office-holder") may, by giving a notice to the Commission which complies with paragraph 18(1), appoint an individual as compliance officer for the office-holder.

(2) Where a notice under this paragraph is for the time being in force—

(a) any duty imposed on the office-holder by virtue of paragraph 8, or under paragraph 10, 11 or 13, may be discharged either by the office-holder or by the compliance officer;

(b) section 56(3), (3B) and (4) as applied by paragraph 8, and paragraph 12(1) and (2), apply to the compliance officer as well as the office-holder (so that either or both of them may be charged with any offence under those provisions);

(c) if the compliance officer makes a declaration under paragraph 13, paragraph 13(4) applies to the compliance officer instead of the office-holder.

(3) The compliance officer for an office-holder cannot be guilty of an offence under paragraph 12(1) or (2) in respect of any controlled donation received by the office-holder at a time when the notice under this paragraph was not in force.

(4) A person commits an offence if, at a time when a notice under this paragraph is in force in relation to an office-holder, the person knowingly gives the compliance officer any information relating to—

(a) the amount of any controlled donation made to the office-holder, or

(b) the person or body making such a donation,

which is false in a material particular.

Notices of appointment, removal, alteration and termination

18 (1) A notice under paragraph 17—

(a) must be signed by the office-holder, and

(b) must contain a statement signed by the individual to be appointed as compliance officer confirming that the individual is willing to be appointed.

(2) A notice under paragraph 17 must state—

(a) the full name of the office-holder,

(b) the relevant elected office that the person holds,

(c) the office-holder's home address in the United Kingdom, or (if there is no such home address) the office-holder's home address elsewhere, and

(d) if the office-holder is a member of a registered party, the party's registered name and the address of its registered headquarters.

(3) A notice under paragraph 17 must also state—

(a) the full name of the individual to be appointed as compliance officer,

(b) if the individual holds a relevant elected office, what that office is,

(c) the individual's home address in the United Kingdom, or (if there is no such home address) the individual's home address elsewhere, and

(d) if the individual is a member of a registered party, the party's registered name and the address of its registered headquarters.

(4) Subject to the following provisions of this paragraph, a notice under paragraph 17 ("the original notice")—

(a) shall be in force as from the date on which it is received by the Commission, but

(b) shall, subject to sub-paragraph (5), lapse at the end of the period of 12 months beginning with that date unless the office-holder or the compliance officer gives a notice to the Commission that they both wish the original notice to remain in force.

(5) A notice under sub-paragraph (4)(b) (a "renewal notice") must either—

(a) confirm that all the statements contained in the original notice, as it has effect for the time being, are accurate; or

(b) indicate that any statement contained in that notice, as it so has effect, is replaced by some other statement conforming with the relevant provision of sub-paragraph (2) or (3).

A renewal notice must be signed by the office-holder and the compliance officer.

(6) A renewal notice must be received by the Commission during the period of one month ending with the year referred to in sub-paragraph (4)(b).

(7) The office-holder or the compliance officer may, at any time after giving the original notice, give the Commission a notice (a "notice of alteration") indicating that any statement contained in the original notice, as it has effect for the time being, is replaced by some other statement—

(a) contained in the notice of alteration, and

(b) conforming with the relevant provision of sub-paragraph (2) or (3).

A notice of alteration must be signed by the office-holder and the compliance officer.

(8) A notice under paragraph 17 ceases to have effect on receipt by the Commission of a notice terminating it (a "notice of termination") given by the office-holder or the compliance officer.

A notice of termination must be signed by the person giving it (but may be signed both by the office-holder and the compliance officer).

(9) Where a notice of termination is signed by the office-holder alone or by the compliance officer alone, the Commission must inform the other person as soon as is reasonably practicable.

Register of compliance officers

19 (1) The Commission shall maintain a register of all notices given to them under paragraph 17 which are for the time being in force.

(2) The register shall be maintained by the Commission in such form as they may determine and shall contain, in the case of each such notice, all the information contained in the notice as it has effect for the time being in accordance with paragraph 18.

(3) Where any notice is given to the Commission under paragraph 17 or sub-paragraph (5) or (7) of paragraph 18, they shall cause all the information contained in the notice, or (as the case may be) any new information contained in it, to be entered in the register as soon as is reasonably practicable.

(4) The information to be entered in the register in respect of any individual shall, however, not include the individual's home address."

(2) In Schedule 20 to the 2000 Act the following entry is inserted at the appropriate place—

"Paragraph 17(4) of Schedule 7 (knowingly giving compliance officer false information about donations)	On summary conviction in England and Wales or Scotland: statutory maximum or 12 months. On summary conviction in Northern Ireland: statutory maximum or 6 months. On indictment: fine or 1 year."".—*(Mr. Wills.)*

Brought up, and read the First time.

Mr. Wills: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: amendment 5, in schedule 3, page 38, line 21, at beginning insert—

'(A1) In paragraph 1 of Schedule 7 to the 2000 Act (prohibition on accepting donations from impermissible donors), at the end of sub-sub-paragraph (7)(c) there is inserted ", or a compliance officer appointed by the holder of a relevant elective office to act on his behalf."'.

Government amendments 29 and 30.

Mr. Wills: The House will recall that we discussed the purpose of the new clause at some length in Committee—*[Interruption.]*

Mr. Deputy Speaker: Order. I am sorry to interrupt the right hon. Gentleman. Will the House please be quiet? This debate may be short and sweet, but it should be heard in silence.

Mr. Wills: The new clause will be of interest to Members because it is designed to make their lives a little easier. After the discussions about whether a compliance officer should be able to be appointed, we do not think the new clause will allow a holder of elective office to appoint a person to act as a compliance officer for the purpose of ensuring compliance with controls in the 2000 Act. There is nothing in that Act to prevent the appointment of an individual to help with compliance, but the clause ensures that such appointments can be made on a statutory basis.

We do not consider it appropriate to compel holders of elective office to appoint a compliance officer. That would be an unnecessary burden on Members, where there may have been no need in the first place. However, as I said in Committee, we recognise that some will wish to make such an appointment. The clause as drafted is permissive and allows a holder of elective office to notify the Electoral Commission that they have appointed a compliance officer.

We have set out the details of what is required in proposed paragraph 18. It is self-explanatory, so I will not deal with it in detail—*[Interruption.]* The hon. Member for Huntingdon (Mr. Djanogly) will be even more relieved when I tell him that the clause adopts a

[Mr. Wills]

common-sense approach. It does not absolve office-holders from responsibility for compliance with their obligations under schedule 7 of PPERA. The question of who will be liable for a breach of the requirements for reporting on and handling donations will depend, as so often, on the facts of the case, but both the office-holder and the compliance officer may be subject to criminal sanction where there has been a failure to comply with their reporting requirements. The only exception—

7.39 pm

Three hours having elapsed since the commencement of proceedings on the programme motion, the proceedings were interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question necessary for the disposal of business to be concluded at that time (Standing Order No. 83E). Question put, that the Clause be added to the Bill.

The House divided: Ayes 328, Noes 146.

Division No. 32] **[7.39 pm**

AYES

Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg

Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Ayes:
Helen Jones and Steve McCabe

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howell, John
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Spelman, Mrs. Caroline
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Willetts, Mr. David
Winterton, Ann
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Mr. Philip Dunne and Bill Wiggin

Question accordingly agreed to.
New clause 13 added to the Bill.

Clause 5

FOUR ELECTORAL COMMISSIONERS TO BE PERSONS PUT FORWARD BY PARTIES

Pete Wishart (Perth and North Perthshire) (SNP): I beg to move amendment 86, page 4, line 2, leave out from '3A' to end and insert 'Nominated Commissioners'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: amendment 87, page 4, line 3, leave out from beginning to 'be' and insert 'A "nominated Commissioner" shall'.

Amendment 88, page 4, line 5, leave out '(a "nominated Commissioner")'.

Amendment 89, page 4, line 7, leave out from 'with' to 'at' in line 8 and insert '15 or more parliamentarians'.

Amendment 90, page 4, line 9, leave out from 'appointment' to 'whose' in line 13.

Government amendments 31 and 32.

Amendment 91, page 4, line 19, at end insert—

'( ) In subsection (2) a "parliamentarian" means a Member of the European Parliament, a Member of the House of Commons, a Member of the Scottish Parliament, a Member of the Welsh Assembly or a Member of the Northern Ireland Assembly.'.

Government amendment 33.

Amendment 92, page 4, line 26, leave out subsection (7).

Amendment 93, in clause 6, page 4, line 46, leave out 'nine or ten' and insert

'one or two more than the number of nominated Commissioners multiplied by two.'.

Pete Wishart: The amendment, which unites all the minority parties in this House, stands in my name and that of my hon. Friend the Member for Moray (Angus Robertson) and other colleagues across the House, and it should also include signatures from the Democratic Unionist party. We, the minority parties of this House, are in effect and in fact the Governments of the different legislatures across the United Kingdom. The amendment is self-explanatory. We want the Electoral Commission, in regulating across the United Kingdom, to recognise the new reality of the UK in 2009: the multi-party, multi-legislature UK that we currently experience. It is no good for it simply to reflect this House—the old tired Westminster solution of the two main parties, with the Liberals acting as a sop for all the other minority parties. The amendments try to define that new system.

Let us take a cursory look around the United Kingdom. In this House, we have a majority Labour Government; in Scotland, we have a minority SNP Government and in Wales and Northern Ireland, we have coalitions of different parties. Different parties are in power throughout the United Kingdom. In fact, the only two parties involved in this debate who are not in power anywhere in the UK are the Conservative and Liberal parties, yet they will have a political commissioner nominee for the new commission. That is totally unacceptable to us.

If the Bill were just about this House, I would accept that what it proposed was the right way to proceed, given that we in the SNP are seven Members out of 646 Members of this House and all the minority parties combined amount to little more than 28 Members. If it were just about this House, having one political commissioner between the four parties would seem to be fair and reasonable, but the Electoral Commission has a remit beyond these green Benches. It serves all the legislatures, Parliaments and Assemblies throughout the United Kingdom, and the appointment of those political commissioners should adequately reflect and represent that.

Let us look at the situation in Scotland a little more carefully. We are described as a minority party in this House, and I accept that with seven Members out of 646, that is the case. However, it is not the case in Scotland. We are the largest party in Scotland by seats and by votes. We are the Government of Scotland. If we look at the last two by-elections in Scotland, we find that the Labour party won one—I see that the hon. Member for Glenrothes (Lindsay Roy) is in his place—and the SNP won one. The Conservatives narrowly held on to their deposit in one seat but lost it in the other. The Liberals lost both their deposits. Those parties are quickly becoming minority parties in Scotland, yet they will have a nominated political commissioner, who will be involved in regulating electoral law for the Scottish Parliament, while the party of Government in Scotland will not have such an appointee.

That is clearly absurd, unfair and bizarre, and it is totally unacceptable to us. It is as if we were to say to the Labour party, "Let's have politically nominated commissioners, but you can't have one." That would be totally unacceptable to the Minister and his colleagues. I would wager that it would be unacceptable to the Conservatives were they to be told, "We're going to have politically nominated commissioners. The Labour party can have one, but sorry, Conservative party, you can't have one." I am sure that had the Labour and the Conservative parties been allowed to have politically nominated commissioners and the Liberal party had not, that would be totally unacceptable to the Liberals. They would be standing with me, full of indignation about what had been suggested. This debate is about fairness and what is right.

I want to dispel the notion—we debated this in Committee at some length; I remember discussing it with the hon. Member for Epping Forest (Mrs. Laing), who I am sure is paying attention to everything that I am saying—that these politically nominated commissioners have nothing to do with the parties that are nominating them. What a lot of nonsense to suggest that they are somehow above politics and will be nominated by political parties only to give us the benefit of their experience and of their years in this House—"Aye, right", as we say in Scotland. They are there as political nominees from those political parties, and they will have a role to play for those parties.

Mrs. Eleanor Laing (Epping Forest) (Con): I am indeed paying close attention to every word that the hon. Gentleman is saying, many of which he said when we considered the matter in Committee. He is right to reiterate his argument now, but that does not make it any more correct than it was then. The fact is that if people of seniority, experience and wisdom are appointed to a body such as the Electoral Commission, they are not there to serve narrow party political interests, and to suggest that they are is to suggest that the entire political class is incapable of rising above party politics and acting for the common good and for the sake of democracy, which is what we really want.

Pete Wishart: I am grateful to the hon. Lady for that intervention. We have been round the houses on this issue. I challenged her on that point in Committee, and I challenge her again, because this is the key choice for all the political parties in the House. If it does not matter whether or not it is a Conservative Member who is nominating these political commissioners, I am sure that she will bypass her opportunity to nominate. I am

sure that Labour Members will say, "If it's just a bit of experience they want, we'll not bother nominating anybody", and the Liberals will do the same. I offered them that opportunity in Committee, and—surprise, surprise—they were not prepared to take up my generous offer, because they know, as I do, that we are talking about party political representatives on the Electoral Commission. They will all have one; we will not. That is the key to this issue. It is about fairness and ensuring that all the political parties get their right to nominate a political commissioner.

What is being proposed—I note the amendment also tabled by the hon. Member for Gosport (Sir Peter Viggers)—is that all the major political parties, Labour, Conservative and Liberal, will be allowed to nominate two candidates for political commissioners, who will all have, as is right, a place on the new commission. There is a fourth place reserved for all of the minority parties. How on earth the Social Democratic and Labour party and the SNP—Plaid Cymru and the Democratic Unionists cannot be with us tonight—can decide about how we should nominate one commissioner for the Electoral Commission is beyond me.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): These other minority parties are not only very different but happen to form the Governments of Wales, Scotland and Northern Ireland.

Pete Wishart: I am grateful to my hon. Friend for reminding me of that fact. I will come to that point, which is a good and powerful one.

I would not know how to organise and delegate for one commissioner from all those four very diverse political parties from different legislatures throughout the United Kingdom. Thankfully, however, it will not be left to me but to the hon. Member for Gosport, and I have no idea how on earth he intends to do it. According to the Bill, each of these four political parties—any party with more than two Members is constituted as a political party within the House—will be allowed to nominate two potential commissioners and then pass those nominations to the hon. Gentleman's Committee—the Speaker's Committee—to decide who that one commissioner will be. I have no idea what the criteria will be, or how that commissioner will be determined. I am interested to see how that matter will be resolved.

Mr. Francis Maude (Horsham) (Con): Is the hon. Gentleman really saying that his party is incapable of working with other parties in order to achieve a single nomination?

Pete Wishart: We have absolutely no problem whatsoever about working with the other minority parties in this House. In fact, we work together very effectively on a number of issues, but when it comes to the regulation of elections in Scotland, Northern Ireland and Wales, how on earth can a political commissioner from Northern Ireland have the knowledge, background and experience to look after elections in Scotland? It is just not possible.

8 pm

Stewart Hosie (Dundee, East) (SNP): Is it not the case that the electoral systems may be different? I am not sure whether the electoral law is identical, but the level of knowledge that would be required to cover at least three, possibly four, different legislatures would be extraordinary.

Pete Wishart: My hon. Friend is right. Northern Ireland has a very different political system of proportional representation from Scotland, and any political commissioner representing all the minority parties would have trouble ensuring that the different systems were represented effectively.

I come back to the issue of how the fourth commissioner will be decided upon. I do not envy the hon. Member for Gosport in that task, and I look forward to him giving even a scintilla of a hint of how the matter will be determined. If a former Member from Northern Ireland, for example, was to be a political commissioner, what on earth would they know about the Scottish parliamentary system and Scottish politics? I would have very little knowledge of what happens in Northern Ireland if that task were ever to fall on me, so I look forward to learning how the matter will be determined. It is almost an impossible task, so we have a serious problem.

Bob Spink (Castle Point) (Ind): Does the hon. Gentleman not agree that the key issue is how the matter will be perceived by the public? We know that the public hold Parliament and parliamentarians in contempt at the moment—[Hon. Members: "Some of them."] In general, as a collective body—not as individuals, of course. Each of our constituents love us as MPs and trust us, but they hold the body of Parliament in contempt. They have never before held us in such low regard in my lifetime. We have to look at how this matter is perceived by people out there, because that is the issue, but, yet again, we are failing to do so.

Pete Wishart: The hon. Gentleman makes a good point, and I am sorry to disappoint him, but UKIP does not qualify. It has only one Member in this House.

Bob Spink: I am an independent.

Pete Wishart: The independents are not even recognised as a political party in this House, and that also applies to the hon. Member for Bethnal Green and Bow (Mr. Galloway), whose Respect party would not qualify for the arrangement for appointing a political commissioner.

The process is nonsense and is unworkable, given that there is no clear method of determining who will be the fourth commissioner. We must address that issue as a priority, which is why I have introduced what I consider to be an elegant solution to this problem and conundrum. It takes us beyond the green Benches and the shadow of Big Ben to all the other legislatures in the United Kingdom, because that is the basis on which we should start. It takes account of the fact that there are not just parliamentarians in Westminster, but in the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly. The Electoral Commission must recognise that reality.

I have put forward what I consider to be measured and sensible amendments, even if I do say so myself, which set a threshold of 15 parliamentarians across the United Kingdom, which means that if a party has 15 parliamentarians, it should be entitled to nominate a

[Pete Wishart]

party political commissioner to the Electoral Commission. The number of 15 parliamentarians is not excessive, and it is fair.

Mr. Alan Reid (Argyll and Bute) (LD): I support the principle behind the hon. Gentleman's amendment, but I do not think that the solution is as elegant as he makes out. His threshold of 15 is too low because in practice it would mean four electoral commissioners for Northern Ireland, and five for the whole of Great Britain. If he wants our support on amendment 89, he would have to increase the threshold.

Pete Wishart: I am grateful to the hon. Gentleman for that intervention. I can see that 15 may seem a bit of a low threshold, but I am a reasonable guy and I would be prepared to reconsider it. We have to establish the principle that all Parliaments and all legislatures are important, and that they should be counted when it comes to determining such important tasks and roles. It is not good enough for the Electoral Commission to be the plaything of this House, because it belongs to all the legislatures of the United Kingdom. The amendment that I intend to press to a vote would put in place a system that involved parliamentarians from all the political parties. I would be grateful for the hon. Gentleman's support for that.

Mr. MacNeil: Does my hon. Friend agree that if his proposal is not taken up, it will, sadly, look like a shoddy carve-up from Westminster once more?

Pete Wishart: I am grateful to my hon. Friend who, as usual, makes an important and powerful point. The legitimacy of the Electoral Commission is at stake, not just as a thing of Westminster, but as a proper organisation that reflects all the legislatures in the United Kingdom. That legitimacy will be put to the test by my amendments. The commission has to be seen to be serving every single Parliament and Assembly in the United Kingdom, and it is not good enough for it just to serve this House. That is why we have to vote this evening; we have to acknowledge that all the other legislatures and Parliaments are important and that they should be taken into account when the political commissioners are appointed.

Hywel Williams (Caernarfon) (PC): An example of that complexity is that the legislative competence of the Welsh Assembly is determined by this place, by devolving individual powers through the wonderfully named legislative competence order arrangements. If the Minister gives me a concise, 100-word explanation of the legislative competence order provision and the 27 steps thereof, I will happily support the Government if the amendment is pressed to a vote; otherwise, I shall support my hon. Friend the Member for Perth and North Perthshire (Pete Wishart).

Pete Wishart: I am grateful to my hon. Friend. I can see the Minister itching to get to his feet to explain that, and waving to his civil servants to assist him in that task.

We are in a difficult situation and I do not envy the position of the hon. Member for Gosport. I would, perhaps, give him one little bit of advice, if he does not mind. The largest minority party in this House is the Democratic Unionist party, with nine Members of the House of Commons. Next, comes the Scottish National party with seven, then we have the SDLP and Plaid Cymru with three each. If I were the hon. Gentleman, my first port of call when deciding who the fourth commissioner should be would be the largest party. I know, as an SNP Member that if I were in the largest minority party and it was passed over for that role, I would be very disappointed. We would expect it to be a job for the largest party.

What is likely to happen? If the hon. Member for Gosport is approaching this matter as I know he will—diligently and with due care and attention—that position should be given to the Democratic Unionist party. There is no other way to deal with the matter than to award the role to the largest party. But what a shoddy way to do it—to award it to that party just because it is the largest. We would expect a member of the Democratic Unionist party, from another Parliament, to be our representative on the Electoral Commission. That is not good enough. It is nonsense, and an alternative must be addressed as a priority by the Minister.

At stake is the credibility of the Electoral Commission to do a job that reflects not just this House, but the reality of a multi-party, multi-legislature United Kingdom. That is the task and the test of these amendments. We will press the matter to a vote, and we encourage hon. Members who believe in fairness and who think that the whole UK should be recognised to support us. I am sure that if hon. Members consider the matter properly and carefully, we will get that support.

Dr. Strang: As the hon. Member for Perth and North Perthshire (Pete Wishart) knows, the commission has resisted the idea of any political party making nominations to the commission. However, like the Government and others in this House, I think that the commission got that wrong. It is right in principle that we include people with experience of political parties. They do not have to have been Members of Parliament, but such people should be members of the commission. I do not accept the hon. Gentleman's point that because someone on the commission is a Labour or Liberal appointee, they will act as a Labour or Liberal party person. That is not how the system will operate in practice.

Mr. MacNeil: Perhaps I have stopped the hon. Gentleman in mid-flow, but would he be happy to see a commission without a Labour representative or a Labour appointee?

Dr. Strang: Quite frankly, if there were only two or three, it would not be earth-shattering. Having said that, I think that the hon. Member for Perth and North Perthshire made a good case about the difficulty in appointing the fourth commissioner. There is no question about that. I must confess—perhaps this is a dangerous thing to say—that I had assumed that the fourth commissioner might well be a nationalist, either Scottish or Welsh. However, it is obviously not intended that it always would be, and the hon. Member for Perth and North Perthshire made that case very well. Obviously Northern Ireland is a very important part of the UK, and inevitably it must be represented. He has encouraged us to consider the matter, and I hope that the Government

will listen. There could be a commissioner from Northern Ireland, which is very different from the mainland in some respects.

There is a case for considering the fourth commissioner, because with due respect to the hon. Member for Gosport (Sir Peter Viggers), who will state his position shortly, if Labour, the Conservatives and the Liberals are going to have representatives, it seems difficult to imagine how one person can represent the minority parties. An interesting case has been made about that.

Mr. Jim Devine (Livingston) (Lab): As my right hon. Friend knows, I was my predecessor's election agent from 1983. I was astonished by the lack of knowledge of electoral law at the Electoral Commission. Not one of its representatives had stood as a candidate, been an agent or understood the basics of local funding of political parties. Not one of them understood how returns were filled in or the need to complete them within 28 days. I saw a shambles in Bathgate on the night of the electoral count, when we had to abandon the count at 5.30 am and recommence it at 12 o'clock. That was totally under the control of the Electoral Commission. Surely it is time that we got some real political knowledge and insight on the commission.

Dr. Strang: My hon. Friend makes a powerful point. We could go over the history of the matter, and as I said earlier, if we go back far enough it was all under the auspices of the Home Office. As has been said, we now have a hotchpotch of electoral systems in Scotland and elsewhere, with different ways of voting in different elections. There is considerable merit in being prepared to consider the matter constructively. As we know, power devolved is power retained, and this is not just about the House of Commons. As my hon. Friend says, it is about practicalities and how we conduct our democratic affairs. We do that, of course, through the parties.

Stewart Hosie: The point made by the hon. Member for Livingston (Mr. Devine) about the lack of real life experience in the Electoral Commission is all the more important because the election he mentioned was won by Angela Constance of the SNP. Likewise, the Scottish Parliament counterpart of the hon. Member for Glenrothes (Lindsay Roy) is Tricia Marwick of the SNP, and that of the right hon. Member for Edinburgh, East (Dr. Strang) is Kenny McAskill of the SNP. That is all the more reason to back up the suggestion of the hon. Member for Livingston that there should be a proper, fair distribution of experience as well as of party. The example that he gives from the May election is absolutely right and justifies what my hon. Friend the Member for Perth and North Perthshire (Pete Wishart) said.

Dr. Strang: We had an unfortunate experience in Edinburgh, East, too. We had the highest number of spoiled papers, and various difficulties arose. I hope that we can consider the matter constructively, because it is not just about the Westminster Parliament. It is about Parliaments throughout the UK.

David Howarth: As I said in Committee, I have a great deal of sympathy with the position taken by the hon. Member for Perth and North Perthshire (Pete Wishart). The fundamental difficulty results from the lack of devolution of powers on electoral matters. There is a Boundary Commission for Scotland—that matter is devolved—but no Scottish Electoral Commission that covers the electoral law that applies to the Scottish Parliament. The situation is similar in Wales and Northern Ireland. The long-term solution is further devolution of those matters. In the meantime, we have to agree about what to do about the various anomalies that the hon. Gentleman mentioned.

Mr. MacNeil: I am listening to the hon. Gentleman's long-term hopes, goals and ambitions. As we know, in the House of Commons "long term" really can mean long term. In the meantime, for the practical purposes of the debate, does he not agree with my hon. Friend the Member for Perth and North Perthshire (Pete Wishart)? We need fairness, that is all. We do not want a system that is cooked up in Westminster; we want fairness.

8.15 pm

David Howarth: I do agree that that is necessary, and that the Electoral Commission's credibility in carrying out its task, which covers elections to the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly, depends on its having a spread of people with intimate knowledge of what is going on in those elections. Not only fairness but effectiveness is needed.

The point about electoral systems has been well made. The systems used in Northern Ireland, Wales and Scotland are entirely different from those used for this House—more's the pity, in the case of the Northern Ireland system. That shows the variety of problems that the commission faces. More than that, we are dealing with different political cultures. It is not just how people are elected that is different in this House from the Scottish Parliament, Wales or Northern Ireland. The multi-party nature of those assemblies makes politics different. We cannot understand a place's electoral politics unless we understand the culture of its politics. That point is fundamental.

We must therefore consider how to deal with the current situation, which I hope is temporary. The principle suggested by the hon. Member for Perth and North Perthshire is right: the law must recognise the existence of the other parliamentary assemblies. We in this House are not the only relevant people. I am absolutely with him on that, and I am glad that he wishes to press to a Division the amendment that makes precisely that point, but I am afraid that I am with my hon. Friend the Member for Argyll and Bute (Mr. Reid) on the exact mechanism and numbers that the hon. Gentleman has chosen. If we were to require an unweighted number of 15 parliamentarians for a party to be represented, we would end up with nine political commissioners, four of whom would represent Northern Irish parties. One of those would be Sinn Fein, and it would be interesting to see whether it took up its position.

Mr. MacNeil: I am listening carefully to the hon. Gentleman, and I hope that this is not an example of the Liberal Democrats slipping away from fairness on a technicality.

David Howarth: Not at all. On the basic principle proposed by the hon. Gentleman's party, we will be with him in the Lobby. However, we must consider the practicalities of the numbers involved and the balance between the various parts of the UK. We need to find a

[David Howarth]

practical way forward that recognises the principle of producing an Electoral Commission that is not excessively weighted in one direction or another.

As the hon. Member for Perth and North Perthshire said, we must recognise the multi-party, multi-parliamentary nature of our country. The Government's proposal harks back to the days before the radical policy of devolution, of which the Labour party ought to be proud. They now need to understand the consequences of that policy right across the board, including in the Bill.

Sir Peter Viggers (Gosport) (Con): I wish to speak about amendments 31, 32 and 33, which I tabled as the hon. Member who speaks on behalf of the Speaker's Committee on the Electoral Commission. The Justice Secretary then signed them, which technically makes them Government amendments, and the Minister needs to move them formally at the end of the debate.

The purpose of the amendments is to reduce from two to one the minimum number of candidates that the leader of one of the three major UK-wide parties is required to put forward in order to nominate a commissioner with a political experience. They have been tabled on behalf of the Speaker's Committee, which, under clause 4, will be responsible for the procedure for appointing all electoral commissioners, including the four commissioners whom the leaders of political parties nominate.

The Speaker's Committee is of the view that it should not be required to choose between names put forward by the three main parties, for two reasons. First, a party's leader is the person best placed to choose who should represent that party. Secondly, the choice between two candidates might prove to be a false choice, with the dice deliberately loaded in favour of one candidate. If a party leader wishes to nominate more than one person, nothing in the amendments would prevent that, but the Speaker's Committee sees no reason for requiring multiple nominations. The Speaker's Committee takes the view that its role should be to assess a nominee's suitability to be an electoral commissioner and, on that basis, to approve or reject him or her.

The amendments do not affect the position on nominations made on behalf of parties other than the three main parties. In any case, it differs from the position on the main parties. It is greatly hoped that the other parties' leaders can reach agreement between them on a single nominee. If they cannot, each one will have the right to put forward one or more names and, in circumstances in which more than one leader of a minor party chooses to exercise that right, the Speaker's Committee will have to choose between the nominees.

Mr. MacNeil: I am listening carefully to the hon. Gentleman, but from where I am sitting—I am sure that it applies to many other people, not only in Scotland but throughout the UK—the proposals look like Westminster games as usual. I am sorry to say that.

Sir Peter Viggers: All I can say to the hon. Gentleman is that, knowing from my membership of the Speaker's Committee that it represents a range of parties and that the majority is not Government controlled, I believe that it tries to work impartially and fairly.

Mr. Devine: We should be clear about what the Electoral Commission is. It is a practical application of electoral law and it requires expertise. Does the hon. Gentleman agree?

Sir Peter Viggers: The Speaker's Committee agrees. That is why it has concurred with the Government's proposals to have electoral commissioners with political experience. It believes that the best way of appointing such people is for party leaders to nominate a person who would be approved or not by the Electoral Commission. The hon. Gentleman makes a fair point and the Speaker's Committee has shared the view for some time that the Electoral Commission would benefit from direct party political input.

Andrew Mackinlay: How does the Chairman personally envisage the Committee going about making the choice? Let us assume that all the numerically minor political parties nominate sensible, qualified people. It beggars belief that there is some fair way of choosing. Frankly, a lottery would be fairer and it would have some logic. How does the hon. Gentleman envisage approaching the matter? I am genuinely bewildered and fascinated to know how, under his stewardship, he would choose between the Democratic Unionist party, the Social Democratic and Labour party, the Scottish National party, Plaid Cymru and so on. How would he do it?

Sir Peter Viggers: First, the Chairman of the Speaker's Committee is technically the Speaker. He is not always present, but he is technically the Chairman of the Committee. The Electoral Commission was created with the intention of its being independent, but it has to be responsible for pay and rations to somebody. The House decided that the "somebody" would be the Speaker's Committee on the Electoral Commission, and that it would seek to carry out its duties fairly and responsibly. To date, I have heard no criticism that the Speaker's Committee is partial or unfair. Yes, a heavy duty is placed on the Speaker's Committee, and it will fulfil it as fairly and properly as possible.

Andrew Mackinlay: We have every confidence in the desire of our friends and colleagues to be impartial—no one has suggested otherwise—but how do they demonstrate that? The hon. Gentleman has avoided that question. He has not said how, under his stewardship or direction, or through working with the Speaker, the Committee would embark, in the little garret room in which they meet late at night, on resolving the matter. Would members discuss the person's qualities? Would they have a secret ballot? Would they say, "Well, it's the DUP's turn, and the DUP represents quite a different electoral tradition from that in Scotland, England and Wales"? That is true, incidentally—they have some strange practices over there, which are accepted by custom and practice—

Mr. Deputy Speaker (Sir Michael Lord): Order. I think that the hon. Gentleman has made his point and asked his question.

Sir Peter Viggers: There are two main theories to which human beings subscribe. I think that the hon. Gentleman subscribes to the conspiracy theory. I personally subscribe to a constructive theory of life. The Speaker's Committee has not yet had the duty placed upon it. As

and when that happens, I am confident that it will try to carry it out as fairly and impartially as possible. I am not trying to avoid answering the hon. Gentleman's question, but it is hypothetical at this point.

Chris Huhne (Eastleigh) (LD): On the substantive points in the amendments, I understand that the key attribute of people that the parties nominate should be expertise, but surely there is a case—I am open minded about it—for other parties having some say over a choice. We know that there are people in all parties who, although they have expertise, may be tribalist or partisan, and that others would find it easier to work with members of other parties. Perhaps members of the Speaker's Committee could reach a judgment about that, which would elude a party leader.

Sir Peter Viggers: Much of the legislation that deals with the Electoral Commission is not clear. Several matters have been left incomplete in specifying how exactly it and the Speaker's Committee will operate. It has been necessary over the years for the Speaker's Committee to be a little creative in its operation. I am sure that the Committee will listen carefully to everything that has been said in the House and will take account of it.

With those few words, I ask hon. Members to support the amendments.

Dr. Whitehead: I am concerned by the way in which we appear collectively to portray what the political commissioners will do on the Electoral Commission. I hope that no one envisages that the politically nominated electoral commissioners—not politicians on the Electoral Commission, because they cannot be that—will fervently bat for their side all the time they serve on the commission. If that were so, it would appear not only to undermine what the Electoral Commission is about, but further to undermine—if anybody wanted to do this—how members of the public perceive those who hold political office generally. As far as I understand it, the whole idea behind putting political nominees on to the Electoral Commission is to do with the nature of the democratic process and all that goes with it, which includes how the Electoral Commission responds, and the idea that that body should have serving on it a number of people with political experience in general who can relate that experience to how it works.

Stewart Hosie: I am listening to the hon. Gentleman and I am with him so far, but he mentioned the electoral process. Is not the whole point that there are in fact electoral processes? That is the fundamental point that is at stake, not the partisan nature of appointments—I agree entirely with the hon. Gentleman: I do not want to see that either. However, the point is that we have a multiplicity of processes, not a single electoral process.

8.30 pm

Dr. Whitehead: If the hon. Gentleman had waited for one minute, he might have heard me address that issue. When I talk about the electoral process, I of course embrace within that term the electoral process in Westminster elections and the process in parliamentary and Assembly elections throughout the UK. They are all part of the process. The Electoral Commission should be concerned to ensure that those processes, as well as everything that happens between those elections, are undertaken in a fair, non-partisan, clean and transparent way. Having political nominees on the Electoral Commission adds to that process and, as far as I am concerned, it should add to it.

Pete Wishart: I actually agree with the hon. Gentleman. I have the same hope and aspiration that the political nominees will serve the commission in that way. However, does he not understand the point about people's perception? To take the example of Scotland, the Scottish election will be determined by the Electoral Commission, on which the Labour, Liberal and Conservative parties will be represented, but there will be no Scottish National party representation. That will bring the legitimacy of the Electoral Commission into question and introduce a flavour of doubt that something is not quite right.

Dr. Whitehead: I understand the hon. Gentleman's concern. However, all of us, both in this House and in the Parliaments and Assemblies in the UK, are in the difficult position between, being perceived on the one hand, as perhaps acting unfairly in respect of how those people are placed on the Electoral Commission in the first place and, on the other hand, as simply pursuing party, partisan advantage, by placing people on the Electoral Commission in order to fight the corner of our parties. That is completely against what we should be trying to do, as far as political appointments to the Electoral Commission are concerned.

I would be with the hon. Gentleman more, on the basis of the logic that perhaps all the Parliaments and Assemblies of the UK should nominate a number of people to the Electoral Commission to serve as political representatives. Under those circumstances, if it so happened that the outcome was that there were no Labour representatives from among those who had been nominated, I for one would not be unhappy, because they would have been nominated by the Parliaments and Assemblies of the UK. As matters stand, it appears that we are nowhere near what I would consider to be an ideal outcome, which relates to what the job to be done should be and how it ought to be perceived as being done. I do not believe that the hon. Gentleman's formulation would overcome the problem of what it might look like to have politically partisan representatives on the Electoral Commission, rather than those who will be there for the advancement of the commission.

Andrew Mackinlay: Surely the case for representation from Northern Ireland, by way of an example, is demonstrated by the Bill itself, because as you will have noticed, Mr. Deputy Speaker, it amends the system of elections to the European Parliament in Northern Ireland, which is contrary to the Electoral Commission's proposals. Rightly or wrongly, the Government have been persuaded by Northern Ireland politicians to discard the commission's advice. In a sense, that is a compelling case for Northern Ireland politicians to be represented on the commission, because their view prevailed. Their view was: "We deal with elections, so let's give the advice, rather than these nitwits on the Electoral Commission who've never fought an election in their lives."

Dr. Whitehead: By referring to the word "representation", my hon. Friend has, if anything, underlined the problem

[Dr. Whitehead]

that we face of how to make the appointments. The hon. Member for Gosport (Sir Peter Viggers), who represents the Speaker's Committee on the Electoral Commission, drew attention to the fact that the Committee does not have a Labour party majority and the fact that not every party is represented on it. The Standards and Privileges Committee does not have majority Labour representation—it has more than Labour, Conservative and Liberal Democrat Members; it has a Welsh nationalist Member, too. But do we consider the purpose of all those people on the Standards and Privileges Committee to be to fight the corner for their party? Clearly not, as far as what they do for this House is concerned.

Mr. MacNeil: The hon. Gentleman is talking the talk of fairness, but I am afraid that he is not walking the walk. He is looking at this from a Westminster perspective. The Standards and Privileges Committee is a Westminster body, but the Electoral Commission is UK-wide: it hits Belfast, Cardiff and Edinburgh. We are looking for fairness. He is grasping at fairness, and I can see him struggling to find it. Will he please walk the walk as well as talking the talk?

Dr. Whitehead: I hope that the hon. Gentleman has been following closely what I was saying. As far as this House and the other Assemblies and Parliaments of the UK are concerned, we need to make it clear that the way in which we nominate people is not seen simply as people wishing to fight their party political corner in the Electoral Commission. In order to make that clear, we need to confront the question of how we can have adequate representation and fairness in the nomination process.

The hon. Member for Perth and North Perthshire (Pete Wishart) has made a suggestion that could, as other hon. Members have pointed out, lead to what would broadly be perceived as an unfair outcome. That seems to be the way we are going. My suggestion is that we either seek nominations from all the Parliaments and Assemblies or go with the proposal from the Speaker's Committee to find a system whereby the fairness of the nomination can be underpinned by the way in which the nominations are made.

Bob Spink: The hon. Gentleman's hopes are laudable, and we can all follow his arguments. He is right to look for fairness, but that ain't what we have got on the amendment paper tonight. Instead, we have a Scottish amendment that is not perfect—it is not what I would want—but that is fairer than the alternative that would pertain if we do not accept it. We should therefore support it and vote for it, and force the Government to look again at this matter. This electoral system—our democracy—does not belong to us; it belongs to the public. The important thing is how the public perceive these things. The people in Scotland, just like the people in Castle Point, are not going to see this as fair. They are going to see it as another Westminster carve-up between the three main parties.

Dr. Whitehead: The hon. Gentleman makes my point precisely. How the public perceive what we do is very important, and there must be no implication that who puts whom on a Committee has anything to do with party political advantage, or that the people sitting on that Committee are simply there to fight their own party's corner.

Mr. MacNeil: I am listening very carefully to the hon. Gentleman, who is making some very good points. He is presenting his own personal utopia, and I do not disagree with him. However, I want to echo the hon. Member for Castle Point (Bob Spink) and say that we have a choice tonight between the Government's proposal and that of the Scottish National party. Which of those options is closer to the hon. Gentleman's personal utopia? I would wager that it was the SNP's proposal, and I ask him again to walk the walk in regard to fairness.

Dr. Whitehead: The hon. Gentleman puts forward two options. One would result in about four out of nine commissioners being from parties involved in the Northern Ireland Assembly. The alternative does not appear to go down that route, and would not necessarily involve the membership of the Electoral Commission reflecting an exact replica of the party membership of the Assemblies and Parliaments across the UK. I accept that this is a conundrum and a continuing problem. I also accept that it is not easy to resolve. My personal view is that something like what we have had before, as now, is probably the best way to proceed. My desired outcome would allow the Assemblies and Parliaments of the United Kingdom collectively to choose who the nominees would be, but that proposal is not on the table tonight. We need to choose between a proposal that looks fair and representative but whose outcome would not be, and one that does not look so fair or representative but whose outcome might be workable for the next stage of the Electoral Commission.

Mrs. Laing: Commissioners with direct political experience will enhance the work of the Electoral Commission, so Conservative Members support the Government's intentions on this part of the Bill. As the right hon. Member for Edinburgh, East (Dr. Strang) and the hon. Member for Livingston (Mr. Devine) both said, the commission will work better if people who have been through elections, who have been candidates, who have gone into every detail of electoral law in fighting an election and who have experienced the processes and problems that occur and the solutions that are found are actually in there either advising or as part of the Electoral Commission. They will have the experience, knowledge and wisdom that comes from fighting elections, which people who have not fought them simply will not have.

The hon. Member for Thurrock (Andrew Mackinlay) said that he would consider nominating himself to become a commissioner, and I would support such a nomination 100 per cent. *[Interruption.]* The Minister might not, but I would. The hon. Member for Thurrock is, of course, independent-minded, fair and very experienced, having been in this place for many years—*[Interruption.]* I will give way to the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) later, but he really must stop shouting. I repeat that the hon. Member for Thurrock has experience and knowledge that people who have never fought elections do not have. I honestly believe—I mean this as a sincere compliment to the hon. Member for Thurrock—that he and others like him would be

able to rise above the party political process. If he were an electoral commissioner, he would be able to act in an honest, straightforward and trustworthy fashion—regardless of the political party that he had represented for much of his life. He is not alone in that, as many others would, through their experience and their wisdom, be able to serve the Electoral Commission and thus the democratic process very well indeed.

Mr. MacNeil: I am grateful to the hon. Lady, and I am wondering whether the hon. Member for Thurrock (Andrew Mackinlay) is going to be the Conservative nominee to the Electoral Commission. What we are witnessing here yet again is the Westminster old boys' carve-up; the pals come together and in a few years' time after further headlines, we will be back yet again to the same position—with more legislation necessary to hide their blushes.

Mrs. Laing: Well, I am not an old boy, and I never will be. The fact is that the hon. Member for Thurrock, in view of what he proposed this evening, could indeed be the Conservative nomination—of course he could, because we are talking about cross-party co-operation for the good of democracy.

Mr. Devine: I am disappointed that the hon. Lady has not nominated me. It is, however, a sad indictment of parties in this place that they think that the people of Britain are sitting around tonight watching this debate to find out who will be the nomination to this body of electoral administration. People are not going to be saying that we are unfair: we are giving a say to parties that represent 20-odd out of 650, which I think is fair. Does the hon. Lady agree?

Mrs. Laing: Yes, I do, and I see no reason why the hon. Gentleman, despite being a member of the Labour party, could not also be a fair-minded, trustworthy and experienced member of the Electoral Commission. Being a member of the Labour party does not necessarily make someone a partisan person who is unable to take decisions in a cross-party or reasonable way. I am beginning to think, however, from evidence over the last half an hour, that being a member of the Scottish National party does make one partisan and narrow-minded—*[Interruption.]* In fact, I have held that view for some time. However, that is not the point. Unfortunately, the amendments tabled by the hon. Member for Perth and North Perthshire (Pete Wishart) are a bit of a red herring compared with what the Bill is actually about, while the amendments tabled by my hon. Friend the Member for Gosport (Sir Peter Viggers) are absolutely correct. They will bring clarity to the Bill and to the process, and we totally support them.

8.45 pm

That makes my point to Scottish National party Members: the amendments to which I have just given wholehearted support were tabled by none other than the Lord Chancellor himself, and they have my 100 per cent. support because they are right and right for democracy. I will not stand here and say that, because they were tabled by a member of the Government, I must oppose them. That would be absurd. That is the whole point of our parliamentary process, which SNP Members are misinterpreting and rather warping in their remarks tonight.

What the hon. Member for Perth and North Perthshire has said is not relevant because the people who will be appointed to the Electoral Commission under this system will not be acting in party political interest. It is not a question of their knowing in detail the particular precise workings relating to any particular part of the UK, any particular area of the democratic process or any particular electoral system. The point is that the whole spectrum of experience is what matters.

Mr. Alan Reid: The hon. Lady is right about the whole spectrum of experience, but does she not accept that fighting elections under proportional representation is a different experience from fighting elections under first past the post? Amendment 91, which I support, defines a parliamentarian as somebody from any of the devolved Assemblies, as well as from here. Surely, to get that wide spectrum of experience, she should be supporting that amendment.

Mrs. Laing: There is a better way to ensure fairness, which is to get rid of elections under any system other than first past the post. That is the fair and straightforward way.

Let me make three quick points, because this argument has dragged on for rather too long. The point is that the political appointees to the Electoral Commission will always be a minority. If I may, I shall quote Sir Hayden Phillips, who gave evidence to the Public Bill Committee on 4 November 2008:

> "I think that this will help the Electoral Commission, and will help political parties to feel more comfortable with the Electoral Commission. Those four people will be in a minority, and will never be a majority."—[*Official Report, Political Parties and Elections Public Bill Committee*, 4 November 2008; c. 34, Q83.]

They will never have power on the Committee; they will have only influence. That is the whole point.

Dr. Strang: The hon. Lady is making a constructive speech and clearly we support her on the role that these commissioners are to play. However, while I am not suggesting that one support the SNP amendment, is there not a problem in that three of those commissioners will essentially have been put forward by the leader of a political party whereas the fourth commissioner will be something rather different?

Mrs. Laing: That is the whole point of the spectrum of experience. It is likely that one of these four people will have more experience of government than of opposition and another will have more experience of opposition than of government and that one will be from one part of the country and one from another part. It is very possible that—*[Interruption.]* The Scottish National party, Mr. Deputy Speaker—

Mr. Deputy Speaker: Order. Hon Members have had more than enough opportunities to put their points and make interventions; the very least that they should do now is hear others make their points.

Bob Spink: It is rubbish.

Mr. Deputy Speaker: Order. People's opinions of what is rubbish vary.

Mrs. Laing: Thank you, Mr. Deputy Speaker. I am very pleased that I entirely disagree with the hon. Gentleman about what is rubbish, and I am very pleased that he disagrees with me.

The point about the amendment tabled by the hon. Member for Perth and North Perthshire is that it is elegant, it is arithmetically clever, and it would make the commission far too big. It would make it unwieldy and unworkable. Furthermore, as I have said, it is wrong to consider this whole matter along party political lines. *[Interruption.]* The hon. Member for Na h-Eileanan an Iar has nothing whatever to say. He is just laughing. That makes me realise that my earlier remarks about the Scottish National party are sadly becoming all the more true.

The point is that no member of the Electoral Commission would be acting in the interests of any political party. That would be entirely wrong.

Mr. Mike Weir (Angus) (SNP): Will the hon. Lady give way?

Mrs. Laing: No, I cannot give way again. We really must make progress.

The basis of the argument advanced by the hon. Member for Perth and North Perthshire is completely unfounded and irrelevant. No one will be acting for any political party. No one will be representing a political party. We will have a broad spectrum of people who can enhance the democratic process.

There is one final point which the Scottish National party, of course, ignores. This Parliament is the Parliament of the United Kingdom. We are talking about the Electoral Commission, which deals with the whole of the United Kingdom. Although the Scottish National party would have it otherwise, it is still the case that this Parliament makes rules for the United Kingdom, and it is from the authority of this Parliament that all devolved legislatures take their own power and authority. The Scottish Parliament would have no authority had it not been given it by this Parliament. It is absolutely right that this law should be made tonight in this Parliament—not for any particular sector and not for any particular party, but for the whole of the United Kingdom.

Mr. Wills: I am extremely grateful to the hon. Member for Gosport (Sir Peter Viggers) and the Speaker's Committee for all the work that they do. We will, of course, accept the amendments tabled by the hon. Gentleman.

We have had a long discussion and I do not want to detain the House for longer than necessary, but I want to make one point. As the hon. Gentleman said, the question of how the so-called minority parties would have their commissioner selected is a matter for consideration by the Speaker's Committee if and when the House decides that the amendments should be incorporated in the Bill, but we should all be clear about the fact that we ought to have the utmost confidence in the Committee. It is constituted as part of the House, and it is answerable to the House. If my hon. Friend the Member for Thurrock (Andrew Mackinlay) has concerns about that, he will have plenty of opportunities to scrutinise the Committee and the way in which it makes its selection. I have every confidence that it will do so in accordance with due process, and that the selection will be conducted fairly, effectively and in a way that is completely compatible with the great traditions of this House.

As for the other amendments, let me say first how grateful I am to the Members who sought to educate the Government on the consequences of their own legislation. That is much appreciated. We are proud of the legislation, we passed it for specific purposes and we think it is working extremely well, but there are limits to it.

Let us not beat about the bush any longer. What underlies amendments 86 to 93 is a fundamental and profound dissatisfaction with the current constitutional arrangements of the United Kingdom. I think we can agree on that, and on that basis we will resist all the amendments. Not only are they wrongly founded in principle, but as the hon. Member for Epping Forest (Mrs. Laing) explained so cogently, this is the United Kingdom and it remains the United Kingdom. We do not have a federal structure of governance; we have a devolved structure, whereby authority and power flow from this House. All hon. Members are adornments, but the House of Commons is the fount of power in this country—this United Kingdom.

Of course hon. Members are fully entitled to disagree with that and campaign democratically to change the arrangements, and I am sure they will continue to do so. In the meantime, however, this must be the starting point for measures that we take. It is appropriate for this Parliament, the Westminster Parliament, to be the basis on which nominations are put forward for commissioners with political experience.

Mr. MacNeil: Will the Minister give way?

Mr. Wills: I want to make a few more points. After that I shall be happy to give way to the hon. Gentleman, although I suspect that I have already heard what he wishes to say.

In trying to right what they see as this fundamental wrong in our constitutional arrangements, Scottish National party Members are opening the door to unwelcome consequences. Unfortunately, their amendments are predicated on premises that feed public cynicism about politicians. It is profoundly wrong to base our legislation on the premise that political parties are incapable of nominating people with political experience who will not then act in the public interest.

Mr. Weir *rose—*

Mr. MacNeil *rose—*

Mr. Wills: I give way to the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil), who wanted to intervene on me earlier.

Mr. MacNeil: Unfortunately, the right hon. Gentleman's words will be construed as high-handed in many other places. That is disappointing. When we are developing rules, we should aim ultimately to uphold the principle of fairness, rather than allow the seeking of party political advantage or carve-ups, with the necessity of returning to this matter in a few years' time. I ask him to

remove the party labels and have in mind the principle of fairness. In fact, might it not be better to remove the three main parties so that we have the breadth of knowledge of the minority parties represented on the Electoral Commission, as that might prevent any more carve-ups?

Mr. Wills: I have heard the hon. Gentleman's views on fairness many times in this short debate, and I point out to him that it is very interesting how the definition of fairness varies according to who is speaking about it. There are different perspectives on it; it is not an absolute value, and there are differences of perception. It is not to his advantage to pray it in aid; there are powerful arguments in other directions using precisely the same abstract nouns. When we strip away the abstract nouns and get down to the practicalities, however, we find that they are unwieldy, as has been pointed out.

The hon. Member for Perth and North Perthshire (Pete Wishart) described his own solution as elegant, and it may well be, but it is also unwieldy and impractical. These commissioners are appointed on the basis that they will bring their expertise and experience to the conduct of the Electoral Commission, not on the basis that they will bring their party loyalties or tribal partisanship. That would be quite wrong, and I have every confidence that they will not be selected on that basis.

We have spent a long time discussing these issues. I fear there will be no meeting—

Mr. Weir: Will the right hon. Gentleman give way?

Mr. Wills: I am sorry; of course I will give way to the hon. Gentleman.

Mr. Weir: I thank the right hon. Gentleman for giving way. He has not addressed the important point that there are different electoral systems. In the last few minutes, both the Justice Secretary from a sedentary position and the hon. Member for Epping Forest (Mrs. Laing) have decried proportional representation, but that system is in operation in Scotland, Wales and Northern Ireland—and even, I believe, in London—so it is an important part of the electoral system in the UK. However, that is being dismissed in the carve-up, at least between the two main parties. It is important that, as things stand, no one on the commission will be representing these important systems.

Mr. Wills: I am grateful to the hon. Gentleman for making that point, because it was this Government who brought in that pluralism in our electoral arrangements. If he has not already read it, I commend to the hon. Gentleman the review of voting systems published by this Department under the able stewardship of my right hon. Friend the Justice Secretary, which sets out a detailed examination of how these different electoral systems operate. We think that pluralism is desirable; that is why we introduced it. The fact is that the three largest parties in the Westminster Parliament have the largest collective pool of experience to draw upon in bringing knowledge of all these different electoral systems to bear on the work of the Electoral Commission. That is precisely the point. Far from dismissing this pluralism, we brought it in and we intend to draw on it to the best effect in the Electoral Commission.

Mr. Weir: But does the right hon. Gentleman not accept that proportional representation has delivered different forms of government? The SNP is in government in Edinburgh; Plaid Cymru is in coalition in Wales; and the Democratic Unionist party is in government in Northern Ireland. Should not those Governments of three of the nations of the United Kingdom have an input into the Electoral Commission, because of the differences in the nations of the United Kingdom?

Mr. Wills: With all due respect to the hon. Gentleman, I must inform him that it is not those Governments who will be represented, any more than this Government will be, in the work of the Electoral Commission.

Mrs. Laing: Can the Minister answer this simple question: is there anything to prevent the leader of any of the political parties from nominating a Member of the Scottish Parliament, the London assembly or the Northern Ireland Assembly? There is nothing to stop that, is there?

Mr. Wills: Of course not; the hon. Lady is right. What lies behind her comments is a point that has been made over and again, and which the hon. Members who tabled the amendments seem incapable of understanding: politicians serving on public bodies are capable of operating in the public interest, rather than merely in their own narrow, tribal, party political interests. I am sorry that the tablers of the amendments seem incapable of believing that, but all practical experience tells us that it is so. Unfortunately, we are unlikely to agree on this issue, and we will resist the amendments.

Pete Wishart: This has been a good and interesting debate, containing some valuable contributions—until we reached those from the Government and Opposition Front Benchers, when it started to get disappointing. We have a situation in which the largest party in Scotland, by votes and seats awarded, will have no input on electoral regulations for elections in Scotland, and that is totally unacceptable to our party.

9 pm

Mr. Wills: Does the hon. Gentleman understand that that is not necessarily the case? That is not the way in which the amendments proposed by the hon. Member for Gosport (Sir Peter Viggers) operate.

Pete Wishart: To be fair to the Minister, I should say that that is not how it seems from our Benches. This arrangement is all right for him, because he has his political commissioner and he will be able to nominate somebody to serve on the Electoral Commission, and it is all right for the hon. Member for Epping Forest (Mrs. Laing) and for the Liberals, because they will be able to nominate somebody to serve on it. The provisions are not all right and acceptable for us, because we will not be able to nominate someone to serve on the Electoral Commission to run and regulate elections in our nation. That is the heart of the matter; this is about fairness, democracy and ensuring that people are properly represented in this House.

I listened carefully to the hon. Member for Gosport (Sir Peter Viggers), who is in an impossible situation. To be fair to him, there is no way that he could begin to

[Pete Wishart]

come close to defining the criteria on which this fourth commissioner will be determined, because he does not know what they will be—he has no clue as to how this will be determined. I, too, have no idea, and neither does the Minister or the hon. Member for Epping Forest. What will be the arrangements for the fourth commissioner? How will the decision be made? The Minister does not seem to know. If he does know, will he please get up and tell me?

Mr. Wills: I genuinely suggest that the hon. Gentleman examines the proposals before he starts getting emotional and wrought up when there is no need to be.

Pete Wishart: The Minister will know that that was not an answer and that he does not know how the fourth commissioner will be determined—nobody knows. This is a total mess, but I propose a solution. I get the sense from the rest of the House that a threshold of 15 parliamentarians will not be acceptable, so I shall ask leave to withdraw the amendment containing that proposal. However, I hope that other hon. Members will support the principle that the other legislatures in the United Kingdom are important and must be taken into account. That is a challenge to hon. Members here this evening. I know about the support of the Liberals, who believe that the other Parliaments are important, that we live in a multi-party democracy and that we are now in a different type of United Kingdom. The challenge is for other hon. Members: do they recognise that or do they not? Are we to have the stable, closed-door Westminster wheelings and dealings? Is it all about the green Benches here or is it all about the new reality of the United Kingdom?

Mr. MacNeil: Does my hon. Friend agree that this process is beginning to throw into question the legitimacy of the Electoral Commission?

Pete Wishart: My hon. Friend is entirely right in what he says, because he describes the challenge; the Electoral Commission will be questioned in the nations of the United Kingdom if we do not get our proposal through. It is in place to serve all the legislatures, but unless our proposal is passed this evening it will fail in that task and its very legitimacy will be brought into question. That is what is at stake.

I know that there is a desire to get on to the next set of amendments, but this is an important principle. I wish to press amendment No. 91 to a Division, and I urge hon. Members to support me. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendments made: 31, page 4, line 15, leave out 'two' and insert 'one'.

Amendment 32, page 4, line 17, leave out 'persons one of whom' and insert 'a person who'.—*(Steve McCabe.)*

Amendment proposed: 91, page 4, line 19, at end insert—

'( ) In subsection (2) a "parliamentarian" means a Member of the European Parliament, a Member of the House of Commons, a Member of the Scottish Parliament, a Member of the Welsh Assembly or a Member of the Northern Ireland Assembly.'.—*(Pete Wishart.)*

Question put, That the amendment be made.

The House divided: Ayes 44, Noes 375.

Division No. 33] **[9.05 pm**

AYES

Barrett, John	MacNeil, Mr. Angus
Beith, rh Sir Alan	Mulholland, Greg
Browne, Mr. Jeremy	Price, Adam
Bruce, rh Malcolm	Pugh, Dr. John
Burt, Lorely	Reid, Mr. Alan
Carmichael, Mr. Alistair	Rogerson, Dan
Davies, Mr. Dai	Rowen, Paul
Farron, Tim	Russell, Bob
Featherstone, Lynne	Smith, Sir Robert
Gidley, Sandra	Spink, Bob
Goldsworthy, Julia	Stunell, Andrew
Hancock, Mr. Mike	Swinson, Jo
Harris, Dr. Evan	Taylor, Dr. Richard
Heath, Mr. David	Webb, Steve
Hemming, John	Weir, Mr. Mike
Holmes, Paul	Williams, Mark
Horwood, Martin	Williams, Mr. Roger
Hosie, Stewart	Williams, Stephen
Howarth, David	Willott, Jenny
Huhne, Chris	Wishart, Pete
Lamb, Norman	
Laws, Mr. David	**Tellers for the Ayes:**
Leech, Mr. John	**John Mason and**
Lloyd, Mr. Elfyn	**Hywel Williams**

NOES

Ainger, Nick	Brennan, Kevin
Ainsworth, Mr. Peter	Brokenshire, James
Alexander, rh Mr. Douglas	Brown, Lyn
Allen, Mr. Graham	Brown, rh Mr. Nicholas
Amess, Mr. David	Brown, Mr. Russell
Ancram, rh Mr. Michael	Bryant, Chris
Anderson, Mr. David	Buck, Ms Karen
Arbuthnot, rh Mr. James	Burden, Richard
Armstrong, rh Hilary	Burgon, Colin
Atkins, Charlotte	Burnham, rh Andy
Austin, Mr. Ian	Burrowes, Mr. David
Austin, John	Burt, Alistair
Bacon, Mr. Richard	Butler, Ms Dawn
Bailey, Mr. Adrian	Byers, rh Mr. Stephen
Baird, Vera	Byrne, rh Mr. Liam
Baldry, Tony	Campbell, Mr. Alan
Banks, Gordon	Carswell, Mr. Douglas
Barron, rh Mr. Kevin	Cash, Mr. William
Battle, rh John	Caton, Mr. Martin
Bayley, Hugh	Challen, Colin
Beckett, rh Margaret	Chapman, Ben
Begg, Miss Anne	Chaytor, Mr. David
Bellingham, Mr. Henry	Chope, Mr. Christopher
Benyon, Mr. Richard	Clapham, Mr. Michael
Bercow, John	Clappison, Mr. James
Beresford, Sir Paul	Clark, Ms Katy
Berry, Roger	Clifton-Brown, Mr. Geoffrey
Betts, Mr. Clive	Coaker, Mr. Vernon
Binley, Mr. Brian	Coffey, Ann
Blackman, Liz	Cohen, Harry
Blackman-Woods, Dr. Roberta	Cooper, Rosie
Blears, rh Hazel	Cousins, Jim
Blizzard, Mr. Bob	Crausby, Mr. David
Blunkett, rh Mr. David	Cryer, Mrs. Ann
Bone, Mr. Peter	Cummings, John
Borrow, Mr. David S.	Cunningham, Mr. Jim
Boswell, Mr. Tim	Cunningham, Tony
Bradshaw, Mr. Ben	David, Mr. Wayne
Brazier, Mr. Julian	Davidson, Mr. Ian

Davies, Philip
Davies, Mr. Quentin
Davis, rh David
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Djanogly, Mr. Jonathan
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorrell, rh Mr. Stephen
Drew, Mr. David
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farrelly, Paul
Field, rh Mr. Frank
Field, Mr. Mark
Fisher, Mark
Fitzpatrick, Jim
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Fox, Dr. Liam
Francis, Dr. Hywel
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gapes, Mike
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Gilroy, Linda
Goggins, Paul
Goodwill, Mr. Robert
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hague, rh Mr. William
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hammond, Stephen
Hands, Mr. Greg
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Mr. Tom
Havard, Mr. Dai
Hayes, Mr. John
Heald, Mr. Oliver
Healey, rh John
Heathcoat-Amory, rh Mr. David
Hendrick, Mr. Mark
Hendry, Charles
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hoey, Kate
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hope, Phil
Hopkins, Kelvin
Horam, Mr. John
Howarth, rh Mr. George
Howell, John
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Iranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkin, Mr. Bernard
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Mr. Kevan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Mr. Greg
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lammy, rh Mr. David
Lancaster, Mr. Mark
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Linton, Martin
Lloyd, Tony
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Luff, Peter
Mackinlay, Andrew
Maclean, rh David
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Maude, rh Mr. Francis
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McLoughlin, rh Mr. Patrick
Meacher, rh Mr. Michael
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Miller, Mrs. Maria
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
Olner, Mr. Bill
Osborne, Mr. George
Osborne, Sandra
Ottaway, Richard
Owen, Albert
Paice, Mr. James
Palmer, Dr. Nick
Pearson, Ian
Penning, Mike
Penrose, John
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prisk, Mr. Mark
Pritchard, Mark
Prosser, Gwyn
Purchase, Mr. Ken
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rosindell, Andrew
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Scott, Mr. Lee
Seabeck, Alison
Selous, Andrew
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Simpson, Mr. Keith
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stanley, rh Sir John
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr. Graham
Sutcliffe, Mr. Gerry
Swayne, Mr. Desmond
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Mr. Ian
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Tredinnick, David
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Andrew
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Vaz, rh Keith
Viggers, Sir Peter
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walley, Joan
Waltho, Lynda
Ward, Claire
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Whittingdale, Mr. John
Wicks, rh Malcolm
Widdecombe, rh Miss Ann
Wiggin, Bill

Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, Ann
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony

Tellers for the Noes:
Helen Goodman and
Steve McCabe

Question accordingly negatived.

Amendment made: 33, in page 4, line 23, at end insert—

'( ) In the case of an appointment of a nominated Commissioner, the reference in section 3(2)(c) to being selected is to be read, where appropriate, as a reference to being recommended.'.—*(Mr. Wills.)*

New Clause 17

LIMITATION OF PRE-CANDIDACY ELECTION EXPENSES FOR CERTAIN GENERAL ELECTIONS

'(1) In the Representation of the People Act 1983 (c. 2) ("the 1983 Act"), after section 76 there is inserted—

"76ZA Limitation of pre-candidacy election expenses for certain general elections

(1) This section applies where —

(a) a Parliament is not dissolved until after the period of 55 months beginning with the day on which that Parliament first met ("the 55-month period"),

(b) election expenses are incurred by or on behalf of a candidate at the parliamentary general election which follows the dissolution, and

(c) the expenses are incurred in respect of a matter which is used during the period beginning immediately after the 55-month period and ending with the day on which the person becomes a candidate at that election.

For the purposes of this section, section 90ZA(1) has effect with the omission of the words "after the date when he becomes a candidate at the election".

(2) Election expenses incurred as mentioned in subsection (1) must not in the aggregate exceed the permitted amount, which is the relevant percentage of the following sum—

(a) for a candidate at an election in a county constituency, £25,000 plus 7p for every entry in the register of electors;

(b) for a candidate at an election in a borough constituency, £25,000 plus 5p for every entry in the register of electors.

(3) The relevant percentage is—

(a) 100% where the dissolution was during the 60th month of the Parliament;

(b) 90% where the dissolution was during its 59th month;

(c) 80% where the dissolution was during its 58th month;

(d) 70% where the dissolution was during its 57th month;

(e) 60% where the dissolution was during its 56th month.

For the purposes of this subsection, the "56th month" of a Parliament is the month beginning immediately after the 55-month period; and so on.

(4) In subsection (2) above "the register of electors" means the register of parliamentary electors for the constituency in question as it has effect on the last day for publication of notice of the election.

(5) Where election expenses are incurred as mentioned in subsection (1) in excess of the permitted amount, any candidate or election agent who—

(a) incurred, or authorised the incurring of, the election expenses, and

(b) knew or ought reasonably to have known that the expenses would be incurred in excess of that amount,

shall be guilty of an illegal practice.

(6) The candidate's personal expenses do not count towards the permitted amount."

(2) The amendments made by this section do not apply in relation to any expenses—

(a) incurred before the commencement of this section, or

(b) incurred in respect of any matters used before 1 January 2010.'.—*(Mr. Wills.)*

Brought up, and read the First time.

Mr. Wills: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: amendment (a) to Government new clause 17, in proposed new subsection (1)(a), leave out first '55' and insert '50'.

Amendment (b) to Government new clause 17, in proposed new subsection (1)(a), leave out second '55' and insert '50'.

Amendment (c) to Government new clause 17, in proposed new subsection (1)(c), leave out '55' and insert '50'.

Amendment (d) to Government new clause 17, at end of proposed new subsection (3)(e), insert—

'(f) 50% where the dissolution was during its 55th month;

(g) 40% where the dissolution was during the 54th month;

(h) 30% where the dissolution was during its 53rd month;

(i) 20% where the dissolution was during its 52nd month;

(j) 10% where the dissolution was during its 51st month.'.

Government amendment 38.

Amendment 10, in clause 11, page 9, line 36, at end insert—

'(6) No act or statement made before the commencement of this section shall be taken into account in deciding whether a person has become a candidate.'.

Government amendments 39 to 43.

Mr. Wills: This group of amendments will overhaul and refine the provisions in the Bill relating to candidate expenditure. I think that it is true to say that the provisions have attracted a great deal of comment, not to mention controversy and criticism. We have listened to those criticisms, as we always do. The group of amendments are intended to address the various concerns raised by hon. Members. I shall begin by setting out the points on which I think that we are on common ground. I believe that we can all agree that changes to the legislation on party funding should, as far as possible, be made on the basis of a broad consensus of support between the political parties. We cannot allow party funding to become—or, just as importantly, to be perceived to have become—a partisan issue. That would be hugely destabilising to our democracy. All of us on both sides of the House have a duty to ensure that legislation on party funding supports a strong, fair and open democracy that commands the trust and respect of the electorate.

Inevitably, election campaigning requires money to be spent, but it is a long-established and, I believe, well-supported principle that first and foremost, elections are a contest of ideas and policies. Excessive election

spending devalues the integrity of our democratic system. I hope we can all agree on that. It is for this reason that the law on party funding has, since the late 19th century, set strict limits on the amount of money that can be spent in pursuing election.

In the first instance, the law limited only the amount that a candidate could spend on election campaigning. However, in recognition of the increasingly important role of national campaigning conducted by political parties, the law has, since the passage of the Political Parties, Elections and Referendums Act 2000, also limited the amount that can be spent nationally.

Both the candidate and the national campaign spending limits must operate in recognition of the fact that we do not have fixed-term Parliaments. I do not wish to enter into that debate today—indeed, Mr. Deputy Speaker probably would not let me do so. I mention it merely because a consequence of that is the uncertainty over whether and when an election will be held. That is a difficulty when we try to specify the length of any regulated period for election expenses.

In the case of the national spending limit, the starting point for the regulated period is counted back 365 days from the date of the election. This means that parties can face some uncertainty in accurately planning their campaigning expenditure. In practice, however, most parties will closely monitor their campaigning expenditure at all times, and employ staff to ensure compliance with legislative requirements.

The same cannot be said of campaigning expenditure that specifically seeks to advance the electoral prospects of a candidate. Campaigning at the local level is often sustained by volunteers. We can all agree that those dedicated people are the lifeblood of our political system, and whatever we do to make sure the system is open and transparent and commands the trust of the electorate, we must also take great care to ensure that legislation does not impose undue burdens on those volunteers.

For many years, the law on candidate spending deliberately did not impose a fixed point from which the limit on election expenditure would apply. Rather, the limit applied from the point when an individual began behaving and campaigning as a candidate—a system that is often referred to as "triggering". This led some to seek to avoid the limits by referring to themselves as only prospective candidates. The 2000 Act sought to reduce uncertainty for candidates and agents by setting a clearly defined point in legislation from when an individual could be regarded as a candidate. In the majority of cases, this is the date of the Dissolution of Parliament.

Candidates have thus had certainty about the point from which to begin counting their election expenses. However, the wholly undesired, and to some extent unforeseen, effect of this has been the potential for significant levels of unregulated candidate expenditure to take place prior to Dissolution.

We have sought to address the issue before. The Electoral Administration Bill of 2005 contained proposals recommended by the Electoral Commission for a regulated period for candidate expenditure counted back four months from the date of the election. The measure was criticised on all sides of the House, however, in view of the uncertainty that it would create for candidates and the volunteers who work to help them. The proposal was consequently removed from that Bill. But the potential for high levels of unregulated spending before Dissolution remains.

We said in the White Paper that we would consider a return to the principle of candidate spending regulation that existed before 2000, whereby the purpose for which expenditure is used would determine whether it is counted against the spending limit.

Mr. Alan Reid: In general, I support the new clause. However, if a national political party were to deluge a constituency with target mail urging people to vote for that party in that constituency without mentioning the candidate, surely that should count as expenditure against the candidate of that registered party. That is surely a loophole in the clause.

Mr. Wills: I will come to that point later. This is an extremely complex area. It is highly contentious, as we discovered yet again during the passage of the Bill. If the hon. Gentleman will forgive me, it is important that I go through the sequence of arguments about how we ended up where we have now ended up.

Before I go any further, I should say that no one would regard the measure as the end of the story. We always search for perfection, but sometimes we have to recognise that is somewhat further out of reach in some cases, such as this, than in others.

As I said, we said in the White Paper that we would consider returning to the principle of candidate spending regulation that existed before 2000—that is, the purpose for which expenditure is used determines whether it is counted against the spending limit. Colloquially, that is called "triggering". It is worth noting that that principle was specifically and clearly endorsed by the Committee on Standards in Public Life in its far-reaching report of 1998. In this Bill we have therefore proposed a spending limit that would regulate all spending for the purposes of a candidate's election, including that used before he or she is formally defined as a candidate.

Unfortunately, debate on that point was curtailed in Committee; however, I am clear that the measure does not enjoy the support of Opposition parties. I am disappointed that we have not been able to secure agreement to the proposal. Nevertheless, in our characteristic spirit of openness and co-operation, we have listened to the views put forward by hon. Members and tabled this group of amendments, which will retain the existing consideration of the purpose for which expenditure is used and, additionally, introduce a fixed point in time from which that expenditure is regulated for certain elections. I believe that that will achieve more effective regulation of spending and minimise uncertainty for candidates.

Although there is usually uncertainty about whether a general election will be called at any particular point, the one point of absolute certainty is the last possible point by which a Parliament must be dissolved; when a Parliament enters its final months, we can be certain that a general election is imminent. In those circumstances, those intending to stand as candidates will have formed their intention and many prospective or already declared candidates will be likely to begin campaigning well in advance of Dissolution. We believe that in those circumstances it is possible and desirable to provide for a longer regulated period for candidate expenses.

Bob Spink: I congratulate the parliamentary draftsmen on how they have tackled this complex area, and I am delighted that this is not necessarily the final word on the issue. The Minister will agree that elections in this country have often been held six months before the final date at which an election must be called; that is the aim of any Prime Minister and generally the sensible thing to do. Why can the restricted period not be longer than the five months? If it were a 10-month period, it would take account of the real period during which candidates would be expected to start to push, particularly in marginal seats?

Mr. Wills: The hon. Gentleman has tabled an amendment to that effect, and no doubt we will get on to it in due course.

We have come to our position because we think that the current situation, in which in effect spending is regulated only for the month or so after Dissolution, is not desirable. It is an unintended consequence of previous legislation and we need to improve on it; we believe that the amendments would do that. Under current legislation, an individual generally becomes formally regarded as a candidate only on the date of the Dissolution of Parliament, the result being that campaigning expenditure is limited only from that period onwards. The amendments introduce a second regulated limit for candidate expenses. It would only regulate candidate expenditure between the point at which 55 months of a Parliament had elapsed and the date at which an individual formally became a candidate. As that is generally the date of Dissolution, in most cases we refer to it as the "pre-Dissolution limit". At that point, the existing candidate spending limit will come into force.

The new proposal contains a key aspect of the previous triggering proposal, in that it is capable of applying to what people do before they are formally regarded as candidates. The proposed new limit would apply only if a Parliament ran for more than 55 months. When that happens, there is no doubt that an election will take place shortly, so any uncertainty about whether an expense is really an election expense is greatly reduced. The proposed new limit would not apply for shorter Parliaments. In those cases, the uncertainty about when an election will take place makes specifying a longer regulated period more difficult. In those circumstances, only the current post-Dissolution limit would apply.

It is our intention that the new limit will regulate the same types of expenditure as the current limit. As with the current limit, it will regulate all spending on specified matters which are used

"for the purposes of the candidate's election."

As with the current limit, the new limit will regulate all expenditure that is used during the regulated period, even where that expenditure is incurred beforehand. That means that it will not be possible for an individual to seek to avoid the limit by stockpiling campaign material shortly before the regulated period begins for use afterwards. However, the new limit will not have retrospective effect; that is to say, it will not apply to any expenses that are incurred before commencement of the clause and then used at a time when the new limit applies. As with the current limit, the level of the spending limit will vary from constituency to constituency according to the number of electors and the nature of the constituency.

9.30 pm

Andrew Mackinlay: I am truly trying to follow this, but I am a little bewildered. In a situation such as that in 1964 or February 1974, what is the regime as regards expenses in the period where it is unlikely that a Parliament is going to run for the duration? If there were a hung Parliament, surely all the big battalions would have been trying to pour money into what was an uncertain period of a few months.

Mr. Wills: I understand my hon. Friend's concern, and as a matter of common sense I can see the force of what he says. However, this measure is predicated on the one thing that we can be absolutely certain about. Of course he is right that as in 1964, with a very small majority, or 1974, with, essentially, a hung Parliament, the likelihood is that there would be an imminent general election. However, we do not know—that is the difference. We know, because of statute, when a Parliament must end, but in those circumstances, although it is likely that there would be an imminent general election, we do not know that. We do not know what deals will be cobbled together; ingenuity and hunger for power are extraordinary things. The whole basis of this proposal is that it is predicated on what we know for a fact, taking into account all the concerns that people have raised about uncertainty. I hope that that clarifies the position for my hon. Friend.

In general, although the level of the spending limit will vary from constituency to constituency, it will amount to around £30,000. The specified sum may in future be increased by order because of inflation or following a recommendation from the Electoral Commission. It may be that a Parliament runs for over 55 months but does not run to its full term. In that event, the amendments provide for a pro-rating of the limit. We are open to views on the appropriate fraction of the limit that should apply in those circumstances. We have made our best guess of what would be a sensible and reasonable approach, and we are open to representations on that. However, we have provided that the pro-rating should be staggered to take account of certain fixed costs incurred as part of campaigning.

David Howarth: I have come across this point about fixed costs before, but I ask the Minister to list what he thinks they are. In most campaigns, the fixed costs will have been incurred long ago and all that one has in the run-up to the election, five months before, are variable costs.

Mr. Wills: As I say, we are open to representations on this. We want to take a view that as far as possible commands consensus. If the hon. Gentleman wants to come forward with an alternative proposal, I can absolutely assure him that we will consider it with an open mind, as we have done with all the representations that we have received.

We propose that the new clause and associated amendments will be commenced by order following Royal Assent. The exact date of commencement is to be determined and will in part hinge on the timetabling of a debate to consider the appropriate use of parliamentary allowances during the longer regulated period. Regardless of the date of commencement of the new clause, for the sake of clarity and simplicity we have provided that

should the new limit be needed for the current Parliament, it would only begin to regulate expenses used after 1 January 2010. That is slightly later than the 55- month point, but we do not consider that this significantly undermines the purpose of the provisions.

Mr. Maude: Will the Minister be a little more specific about the proposal that the Government plan to bring before the House on the use of Members' allowances during this equivalent period? He will know from previous discussions that we are concerned about symmetry in this case. Members of Parliament have large allowances available that can be used for pro-active communication with their electors. When candidates are affected by this measure, which we support, to control spending during the last few months of the Parliament, the House must put in place rock-solid arrangements regarding the use of allowances, whether for communications or for incidental expenses, to do stuff that promotes Members of Parliament in a way that is equivalent to a candidate's campaigning. I am grateful to him for the indication that new clause 17 will not commence until such matters have been decided, but it is crucial that the House understands exactly what is proposed, and that there is no intention to commence the provision until that happens.

Mr. Wills: The right hon. Gentleman knows that we understand his concerns about symmetry, which is why we have said what we have said on this matter. We heard such concerns expressed forcefully on Second Reading and we are taking them into account. Some of the issues are complicated, but we accept the point about symmetry. I can give the right hon. Gentleman the assurance that he wants on commencement. The House will know exactly what we will propose in due course.

Martin Linton: In view of the complete absence of Conservative Back Benchers during this debate—I cannot think why—would my right hon. Friend care to comment on the common-sense view that many Conservative candidates, without any constraints on their spending, are more likely to start their campaigns in September and run them for six months until the expected date of the election, rather than in January? It would be more valuable to have these commendable controls in place, not from the 55th month, but from the 50th, in order to give a good six-month run, thus preventing the distortion to the result of the election that could be caused by the fact that very rich candidates are able to put huge amounts of their own money into their election campaigns.

Mr. Wills: I understand my hon. Friend's concerns. I suspect that the hon. Member for Argyll and Bute (Mr. Reid) may be able to make a similar point, so I shall give way to him.

Mr. Alan Reid: If the Government are considering the communications allowance used by Members of this House, can they also look at similar allowances used by those in devolved Parliaments or Assemblies? For example, at the last general election, my opponent was a Conservative list MSP, and it would be unfair if a candidate in such a position were allowed to use the Scottish Parliament equivalent of the communications allowance. All the Parliaments' communications allowances need to be looked at.

Mr. Wills: I understand all of those concerns. We have done our best to reach a consensus on the agreements. They are not ideal, and it may well be that there is no such thing as an ideal solution. Wherever we strike the balance, there will be problems, but we regard the provisions as a significant improvement on what exists already, and on that basis, I hope that the House will be able to support the new clause.

Mr. Maude: I warmly welcome the Government's climbdown on this issue; it is a long-overdue return to an attempt to reach consensus. The Minister is completely right that it is not possible to reach perfect agreement. The Justice Secretary said last summer that he believed that there was a consensus about reintroducing a trigger. When I heard him say that, I looked at what I said in response to his statement on 16 June last year, to see whether I had been at all ambivalent about it. I found that I had said that it would be

"an atrocious abuse of power for the Government to force through restrictions on what parliamentary candidates can spend from money they have raised privately, while sitting MPs can spend ever-more taxpayers' money on promoting themselves".—[*Official Report*, 16 June 2008; Vol. 477, c. 694.]

I can see that that was most equivocal, and did not make it at all clear that we had reservations. I must resolve to stop speaking in code and say exactly what I mean.

The Government's decision is a welcome return to consensus. The proposal to return to triggering was universally condemned as a return to an unworkable, unwieldy rule that had long outlived its usefulness. It was an attempt to appease Labour Members who were feeling the hot breath of their electoral nemesis on their necks, convinced that their salvation lay in controlling the wall of money that seemed to be heading their way.

I know that the hon. Member for Battersea (Martin Linton) has been a long-time campaigner on the subject and is deeply concerned about it. I can reassure him that the amount of support being given by the central party to the excellent candidate against whom he will be fighting the election, whenever it comes, is actually very small. He is right to be concerned about his electoral future, not because of the amount being spent but because there is an outstanding Conservative candidate in Battersea who has a brilliant, enthusiastic team that she has inspired locally. That is where his nemesis lies, and his salvation does not lie in provisions such as he seeks.

Martin Linton: I can assure the right hon. Gentleman that I campaign not for myself in any way—I am totally confident about the result in my constituency—but for the principle that candidates' spending should not be unlimited. The Conservative party has subscribed to that principle for the past 100 years, but as the result of an unintended change in the law, it has suddenly embraced the freedom to spend as much money as it likes. Many of my colleagues of all parties will bear the brunt of such unrestricted spending, and it is an insult and an affront to democracy that the House should support it.

Mr. Maude: If the hon. Gentleman says that his campaigning was entirely high-minded and selfless, of course I accept that—it is obligatory that we must. I note, however, that a dispassionate viewer would say that the matter has a considerable effect on his constituency. I reassure him that it is not what is causing him a problem in his constituency. That is entirely to do with the fact that there is an outstanding candidate there, who is campaigning night and day with a brilliant team of enthusiastic volunteers.

Mr. David Winnick (Walsall, North) (Lab): Is the right hon. Gentleman familiar with Lord Ashcroft's words? He said:

"We haven't been wasting our time or our resources. Of the 33 candidates who won seats from Labour or the Liberal Democrats"

at the last election,

"no fewer than 25 had received support from the fund that I had set up with Leonard Steinberg and the Midlands Industrial Group".

Many of us would consider that an abuse of the electoral system.

Mr. Maude: Frankly, it is very hard to see how it is an abuse for candidates to raise money to fight their campaigns. Why is that any more of an abuse than the hon. Gentleman and his colleagues raising large amounts of money from the trade unions in a way that is much less transparent?

Mr. Winnick *indicated dissent.*

Mr. Maude: The hon. Gentleman seems to think that that is different, but it is not. The argument is completely bogus.

Mr. Gordon Prentice (Pendle) (Lab) *rose—*

Mr. Maude: I give way to the hon. Gentleman, another Member with a very marginal seat and an outstanding Conservative candidate hot on his heels.

Mr. Prentice: The candidate whom I defeated last time was Jane Ellison, who is standing in Battersea this time. Does the Gentleman feel comfortable about taking barrel loads of money from the self-confessed tax exile, Lord Laidlaw?

Mr. Maude: I shall simply cite the Justice Secretary when that matter was raised in a debate a little more than a year ago. He said that what mattered was that a donor was legal and permissible under legislation that he had piloted through Parliament. He also said that an individual's tax status was a matter for that individual.

9.45 pm

I welcome the Government's death-bed conversion and I am grateful for it. I stress the point that I made in my intervention on the Minister. It is essential that the House should provide for preventing the use of allowances by incumbent Members of Parliament to promote themselves proactively, whether through newsletters or direct, unsolicited mail, to constituents during an election period. If the provision is to be fair and democracy is to work properly, there must be absolute symmetry. It would be outrageous to place statutory constraints on candidates' spending out of money that they have raised privately while Members of Parliament continued to be able to spend taxpayers' money on promoting themselves in their constituencies.

I did not hear from the Minister with the clarity that I sought the commitment that the new clause would not commence without a cast-iron resolution of the House to prevent the use of the allowances for such proactive purposes.

Mr. Wills: I am sorry that the right hon. Gentleman did not hear a clear commitment. I thought that I made it clear that the two matters were linked—one depends on the other—but that, first, we must get broad cross-party consensus on what needs to be done about parliamentary allowances. We are not quite there yet.

Mr. Maude: That is the bit that I did not hear clearly. I heard the commitment not to commence the provision without a resolution of the House, but I did not hear what the Minister proposed to put before the House as a constraint on the use of allowances. It is crucial—the Minister must understand that. I believe that he does understand it, and I know that the Justice Secretary understands how unfettered—or any—use of taxpayers' money to promote a Member of Parliament's activities when statutory constraints, with criminal penalties, were placed on candidates' ability to promote themselves would be unfair, and would be seen to be unfair. Symmetry is essential.

We are not remotely convinced that the new clause is necessary. However, we believe that it is acceptable and we happily acquiesce in it, but there must be symmetry in its introduction. We want an election whereby challenging candidates can contest with incumbents on the same footing.

I assume that amendment 41 applies to the late selection of a candidate simply to prevent previously incurred expenses from escaping the net. If the Minister has a chance to reply—he probably will not—I would be grateful if he confirmed that the expenses that the new, earlier period of 56 months plus catches will be defined in the same way as expenses in the election period. It would be hugely complicated if there were any difference in the definition of expenses for those purposes.

With those observations, we support the amendments.

Martin Linton: I shall not take up much of the House's time because I do not want to stand in the way of amendments being moved. However, I have campaigned for the past seven years to close the Ashcroft loophole. I appreciate that Lord Ashcroft did not invent it, but he has made more use of it than anybody. It was an unintended consequence of earlier legislation, and the House agreed that it was undesirable. During that time we have had one attempt to close that loophole.

Mr. Maude: Could the hon. Gentleman just explain why it is a loophole for a legitimate donor of any sort to be willing to support a candidate in his constituency? What is that a loophole in, for heaven's sake?

Martin Linton: It is a loophole in the controls on candidates' spending that have existed for 128 years in this country, which are supported by all parties. It was only as an unintended consequence of the Political Parties, Elections and Referendums Act 2000 that that loophole was created.

The original Bill proposed a return to triggering. We never regarded that as an ideal solution, but it would have brought back the controls that existed before 2000, for which there were a lot of legal precedents, and it would have worked. In its place, the Government have proposed a 55-month period, which in theory would come into force on 10 December. However, my right hon. Friend the Minister said that he would commence it on 1 January, which will restrain candidates' spending in the three months before the last possible date for a dissolution.

It is certainly true, as shown by the evidence from Lord Ashcroft and from Peter Bradley, the former Member for The Wrekin, that most spending happens

in the pre-campaign period between January and March and is done both by candidates locally—that was the evidence from the 2005 election—and by the national parties. The 55-month period that my right hon. Friend proposes would have the salutary effect of restraining spending during that pre-campaign period. I would regard that as far better than the status quo, which is to have no controls at all.

My hon. Friend the Member for Southampton, Test (Dr. Whitehead) and I suggested a 50-month period in Committee, because the key period is not just the January-to-March period, but from September onwards. The last six months before the last possible date for dissolution is when it is most important to have controls on candidates' spending. I stick by the view that that would be the best control that we could introduce at this stage.

In fact, we would have preferred a 36-month period, which would automatically introduce candidate controls after three and a half years of any Parliament, so that whether an election was held after four or five years, there would be controls on candidates' spending in the last six months. I welcome the fact that my right hon. Friend said that what we have now is not the end of the story. New legislation will have to be introduced in the next Parliament, and I hope that it will propose a 36-month period.

I end by reminding hon. Members that controls on candidates' spending were introduced in 1880, as a result of outrageously high spending in the election of that year, when candidates spent a total of £2 million. In today's terms, that would be £171 million. Indeed, if we use the earnings index, which is a fairer measure, we realise that the amount would be £2.2 billion. That is even more than the $2 billion spent by all the candidates in the recent US election, which was the most expensive election in recent history. Britain was even worse than that before we had controls on candidates' spending. If we want to return to having candidates being able to buy their way into Parliament, all we have to do is to have no laws on candidates' spending at all. I welcome new clause 17, but I hope that hon. Members are with me in preferring spending to be controlled from the start of the 36-month period or, at the very least, for the last six months of a Parliament.

David Howarth: I am very glad to welcome the demise of clause 11, as it did not produce the answers, which many hon. Members were looking for, to a number of problems. Basically, there are two problems, although they are different. One is the Lord Ashcroft problem, which the hon. Member for Walsall, North (Mr. Winnick) mentioned. It arises when money is thrown at constituencies from a centrally raised fund. The second problem is what might be called the Zac Goldsmith problem, which is where a very wealthy candidate spends money on promoting himself. These two separate problems cannot be solved using the same provision. All through this debate, we have been dogged by the problem of trying to achieve two different things with one suggested mechanism.

The mechanism now being proposed in place of triggering is certainly better than triggering, which never really worked. It simply resulted in a lot of angry letters being exchanged between agents, with one accusing another of having started election expenses and then getting a letter back—*[Interruption.]* The hon. Member for Thurrock (Andrew Mackinlay) says that it did work. It worked in one sense, in that it represented a kind of background threat, but people who were brazen just got away with it anyway.

The triggering mechanism also led to a number of straightforward evasions, such as calling oneself a prospective parliamentary candidate, a parliamentary spokesperson or the editor of the newsletter—[Hon. Members: "Who would do that?"] I have no idea who would do that kind of thing, but those were all well-known evasions. The process became a laughing stock. The attempt to bring it back was an attempt to solve both the problems that I have just mentioned but, in the end, it was not going to work. A number of meetings took place between experts and the Electoral Commission, and the commission tried to put forward draft guidance, but it became very clear that, as a practical matter, this was not going to work.

We have now come back to the suggestion, which I think was originally made by the hon. Member for Battersea (Martin Linton), of having a fixed date from which there would be a period of pre-election control on candidates' spending, and having a second period of controlled candidates' spending following the Dissolution of Parliament. That is workable. I do not think that it causes the problem that triggering has—namely, that it cannot be made to work in practice—but it has serious flaws that will have to be thought about as the Bill goes through the House of Lords.

Bob Spink: The hon. Gentleman supports Government new clause 17, but does he agree that it should be even tougher, and that it should involve a 50-month period rather than a 55-month period? If so, will he allow me a moment to speak to my amendments (a) to (d)?

David Howarth: I hear what the hon. Gentleman says, but those amendments are technically deficient in an important way, and would not achieve what he wants, because he has not changed the start date. Unfortunately, they would keep the start date of 1 January in the Bill. Although there is a lot of merit in what his amendments say about spreading out the period, and about making things smoother in regard to the number of months, they would not work as a practical suggestion—*[Interruption.]* Does the Secretary of State want to intervene?

I want briefly to go through the defects in the existing proposal. It deals only with individual spending and not with party spending, and it gives the governing party, which knows the date of the general election, an unfair advantage. That really needs to be sorted out. The percentages in the Bill sort of deal with that point, but they do not go far enough.

Finally, and most importantly, the proposal does not deal at all with third-party expenditure. It deals only with expenditure by candidates and agents, and not with third-party spending on behalf of candidates. I hope that the Minister will at least have time to deal with that last point.

Mr. Wills: In the few remaining seconds, I want to pick up on some of the points that have been raised in this important discussion. Regulated matters will be treated in exactly the same way in the pre-Dissolution and post-Dissolution periods. We considered the 50-month

[Mr. Wills]

period that has been proposed by various Members, but we rejected it because we believe that it would increase uncertainty for candidates to an unacceptable extent. Interestingly, the Electoral Commission has clearly stated its support for a start point of 55 months. It does not support amendments proposing a start point of 50 months because it, too, believes that that would increase uncertainty to an intolerably high level.

My hon. Friend the Member for Battersea (Martin Linton) has made important contributions today and in Committee. He said that he assumed that new legislation would come forward in the next Parliament, but he would be rash to make such an assumption. It is absolutely fundamental that any action at all in this area should proceed on the basis of cross-party consensus. We believe that this Bill has now reached that point, and we hope that hon. Members will support the new clause.

10 pm

Debate interrupted (Programme Order, this day).

The Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E). That the clause be read a Second time.

Question agreed to.

New clause 17 accordingly read a Second time, and added to the Bill.

The Speaker then put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Clause 11

ELECTION EXPENSES INCURRED FOR PERSON NOT YET A CANDIDATE

Amendment made: 38, page 9, line 15, leave out Clause 11.—*(Mr. Wills.)*

Bill to be further considered tomorrow.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

NORTHERN IRELAND

That the draft Northern Ireland Arms Decommissioning Act 1997 (Amnesty Period) Order 2009, which was laid before this House on 3 December, be approved.—*(Mr. Blizzard.)*

Question agreed to.

COMMITTEES

ADMINISTRATION

Ordered,

That Mr. Thomas McAvoy be discharged from the Administration Committee and Claire Ward be added.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

Mr. Speaker: With the leave of the House, we will take motions 6 to 8 together.

FINANCE AND SERVICES

Ordered,

That Mr Crispin Blunt and Mr Thomas McAvoy be discharged from the Finance and Services Committee and Mr Brooks Newmark and Mr John Spellar be added.

PUBLIC ACCOUNTS

That Mr Philip Dunne be discharged from the Committee of Public Accounts and Mr Douglas Carswell be added.

TREASURY

That Mr Stephen Crabb be discharged from the Treasury Committee and Mr Andrew Tyrie be added.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

MEMBERS' ALLOWANCES

Ordered,

That Liz Blackman, Mr Alistair Carmichael, Mr Nigel Dodds, Mr Michael Jack, Mr Thomas McAvoy, Dan Norris, Mr John Randall and Mr Don Touhig be members of the Committee on Members' Allowances.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

Neighbourhood Renewal Funding (Peterborough)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Blizzard.)*

10.1 pm

Mr. Stewart Jackson (Peterborough) (Con): I am delighted to have secured this debate on neighbourhood renewal funding in the Millfield and New England areas of Peterborough. These older city residential areas existed before Peterborough was designated as a new town and before the Peterborough development corporation was established in 1968, and they have a proud working class heritage, having been home to many families working on the railways or at Perkins Engines—skilled craftsmen, artisans, practical people and their kith and kin.

It was the 1850 opening of the Great Northern railway's main line from London to York that transformed Peterborough from a market town to an industrial centre. Relatively little urban development took place to the west of the railway, but the marshalling yards and other installations were labour-intensive and housing for railway workers and their families spread from the vicinity of the North station almost to Walton. The Great Northern built an entire community here, which provided much of the labour for the enormous marshalling yard and associated engine sheds close by.

For almost 55 years the North ward on Peterborough city council has been represented by the indefatigable Charles Swift, OBE, who lives in Scotney street in New England and was once the Labour leader of the city council, but is now robustly independent, and his colleague, Councillor Keith Sharp. Only two weeks ago, Charles featured in the Peterborough *Evening Telegraph* bemoaning the state of his home area, under the headline "Peterborough is decaying in front of our eyes."

My constituents living in the Millfield and New England areas of Peterborough have been witness to the steady decline of their neighbourhood for a number of years, but the increased pressures of the current economic climate—in particular, the recent spate of job losses in the city, business closures, crime and, among other things, the increased pressures of immigration—have highlighted the very real difficulties these communities are facing. In particular, the huge and unprecedented influx of EU migrants into the city since May 2004, estimated by the East of England regional assembly two years ago at more than 16,000 individuals, most of whom have congregated in this area, has put significant strain on the delivery of public services.

The situation has been exacerbated by heavy job losses across Peterborough over the last 12 months in good-quality, blue-chip companies—400 jobs at Hotpoint, 450 jobs at Perkins Engines and 500 at Freemans Catalogues. In particular, in the area east of the north-south Lincoln road—from the junction with Dogsthorpe road up to the A47 Soke parkway, and including the northern third of the Central ward—the environmental deterioration of what were once pleasant streets of owner-occupied properties, well tended and demonstrating an obvious element of neighbourhood pride, has unfortunately given rise to an increasing number of often scruffy, unkempt properties in multiple occupation with neglected gardens at front and back, physical deterioration and environmental blight including noise nuisance, neighbour disputes over matters such as refuse collection, and more general antisocial behaviour.

I understand that last Thursday the Minister, in his capacity as Minister for community cohesion, was due to visit the New Link centre in Lincoln road, at the heart of the area. Had it not been for the inclement weather, he would have seen at first hand what I have described. When Charles Swift and I undertook a comprehensive walkabout across the North ward before Christmas, he showed me what he has labelled "grot spots". He has described the area and its ambience as "bedraggled and worn".

Although Peterborough is to benefit from a number of regeneration projects—they include the redevelopment of Cathedral Square, the "carbon challenge town" on the south bank, the new North Westgate retail and housing development and the development of the station quarter over the next 10 years, and the opening of the new university centre later this year—a number of residents in Millfield and New England fear that the well-established residential areas outside the city centre will be overlooked rather than receive their fair share of both private and Government regeneration funding.

It is appropriate to set these two specific localities within a wider economic and social context in the Peterborough sub-region. The Peterborough city council area has the highest unemployment among the nine sub-regions in the eastern region. The unemployment rates are, respectively, 7.3 per cent., with 1,847 male claimants, and 3 per cent., with 588 female claimants. The overall rate in the Peterborough constituency was 5.4 per cent. in December 2008.

A lower proportion of people than across the other sub-regions have five GCSE passes at grades A to C, 11 per cent. lack basic literacy skills, 56 per cent. lack basic numeracy skills and 57 per cent. lack basic information and communications technology skills. The sub-region contains 10 "super output areas" that are among the most deprived in the region, suffering from education deprivation and low adult skills. We have the third highest proportion in the region of adults with no qualifications, and the third lowest proportion with degree-level qualifications. Our NEETs count—the number of young people not in work, education or training—is above the county and regional average. Our sub-region contains the greatest number of individuals receiving incapacity benefit, and half of them have been claimants for more than five years.

The city ranks high when it comes to health problems such as diabetes, heart disease and asthma, and has the highest incidence in East Anglia of chronic obstructive pulmonary disease. Life expectancy in Peterborough is four years less than in Cambridge, just 31 miles away.

The local area agreement and the Investing in Communities business plan for the city—the latter was published in 2007—focus on key target groups: people with disabilities, lone parents, those who are otherwise economically inactive owing to long-term illness, migrant workers and NEETs.

Before I deal with the specific issues in the wards that make up Millfield and New England, it would be wise for me to record the efforts made by community-minded people locally to improve their own community. The city council is pioneering a neighbourhood management

[Mr. Stewart Jackson]

and renewal programme first developed in the Dogsthorpe ward, using money from the Stronger and Safer Communities programme. Greater Dogsthorpe Partnership has done excellent work under the leadership of Adrian Chapman and, subsequently, Graeme Clark to empower local residents to improve the quality of their lives through active participation and engagement.

Last year the city council established the Millfield and New England task force. It is now developing an action plan geared towards housing and environmental issues, involving the use of legislation to improve problematic properties, issuing penalty notices for littering, investigation of fly-tipping, and proactive work regarding houses in multiple occupation. The urban regeneration company Opportunity Peterborough is taking the lead in trying to ensure the viability and long-term future of the Millfield local district shopping centre.

I have the honour of serving on the Salvation Army good neighbours board of management, which is overseeing investment of formerly objective 2 moneys and now Investing in Communities funding. I pay tribute to Carol Bailey and Des Davis and all the staff, helpers and volunteers at the Salvation Army citadel at Bourges boulevard for their hard work and dedication in helping vulnerable people, particularly the large number of elderly people in New England.

The Millfield and New England economic regeneration partnership—MANERP—under the chairmanship of Hema Patel is a grass-roots organisation that fights hard to ensure that the area is not overlooked, by campaigning for city council days of action and appointing street leaders, and by monitoring houses in multiple occupation, the problems of unscrupulous landlords exploiting newcomers to the area and the challenges of living in a diverse population, as well as serious crime-related issues such as the growth of brothels and cannabis factories in the locality.

Why is this area so deserving of attention? Not only does the area—the North ward west of Fulbridge road and the west of Park ward—suffer from endemic social problems as a result of the decline in manufacturing and manual trades and the growing culture of benefit dependency, but it has the feel of a community expiring on its feet. In the last year, HSBC has announced the closure of its branch in Millfield, the New England post office has been earmarked for closure and even St. Paul's church at the junction with St. Paul's road has been downgraded and will soon be forced to share a minister with St. Mark's church, which is much nearer the city centre, despite the sterling work of its stand-in priest in charge, Rev. Ron Watkinson, who provides both spiritual leadership and pastoral care to the parish.

The North, Central and Park wards rank particularly highly in respect of the indices of deprivation in super output areas, many of which are ranked in the top 25 per cent. in the country. One super output area in the north of the Central ward is ranked in the top 16 per cent. most deprived in the UK.

Mass and uncontrolled migration has had a major impact in damaging community cohesion, as well as leading to the physical degradation of parts of these residential areas as the character of the neighbourhoods has changed. It has had a negative effect on what is a low-skill and low-wage economy, affecting indigenous residents, and has, regrettably, caused welfare dependency to become even further entrenched. The number of working-age claimants on benefit across the city council area remained static at 15 per cent. between 2002 and 2007, and in the same period—a period of economic growth—the proportion of those in employment has declined from 77 to 74 per cent. For those in work, *median gross weekly wages are falling, and they fell* between 2006 and 2008. One in four of those living in the North ward suffers from a long-term illness, almost a quarter of residents are pensioners and one in 10 residents are unpaid carers for others.

Let me now turn to the issue of crime, which is often linked to economic downturns and recessions. The most recent figures provided on a ward-by-ward basis by the northern division of Cambridgeshire constabulary—those for January 2009—show that in the North ward serious acquisitive crime is up 23 per cent. compared with the same period last year, and is up 10 per cent. in Park ward; violent crime is up 12 per cent. and 16 per cent. respectively and antisocial behaviour is up 11 per cent. and 6 per cent. respectively, while alcohol-related incidences are up by a staggering 156 per cent. in North ward and 159 per cent. in Park ward.

I hope that the Minister understands the picture I reluctantly paint of a part—not, I hasten to add, a majority—of my constituency. I believe that owing to its unique set of circumstances—low skills, low educational attainment, worklessness, unprecedented mass immigration, struggling public services, declining housing stock and deprivation, poor health outcomes and welfare dependency—local agencies such as the East of England Development Agency, the primary care trust, the urban regeneration company and the local authority are, through lack of capacity, simply not able to deploy the financial and other resources they would like in order to tackle the intractable problems to which I have alluded.

For that reason, New England and Millfield merit the Minister's serious consideration for funding under the auspices of the working neighbourhoods fund. In their November 2007 report, which was unimaginatively entitled "The Working Neighbourhoods Fund", the Department for Communities and Local Government and the Department for Work and Pensions made the point that the fund

> "is not just about money. It is about new ways of working...targeting areas of high worklessness by devolving and empowering communities".

Peterborough's new and developing neighbourhood management model would complement that approach.

I contend that Peterborough will now meet the WNF funding criteria—particularly those relating to the benefit claim rate and employment rate—in a way that it may not have done under the previous criteria attached to neighbourhood renewal funding prior to April 2008, which focused on district-wide measures of deprivation indices. It was never equitable or sensible to exclude many authorities, such as Peterborough's, that have pockets of very severe deprivation at super output area level but fell short of the criteria. Peterborough's eligibility will be enhanced by the decision to include both jobseeker's allowance and incapacity benefit in the funding criteria. I think those on both sides of the House welcome the greater devolution of this funding programme to local councils.

Furthermore, in the interim, I ask the Minister to give his support to Peterborough city council's undertaking a neighbourhood renewal assessment of the distinct neighbourhoods of New England and Millfield—such an approach has been taken in respect of Barrow, Burnley, Liverpool and Rugby, for instance—on the specific basis of housing stress and multiple deprivation *under the Local Government and Housing Act 1989* and subsequent regulations.

The Minister has had to take in an awful lot of information. Clearly, he would have had the opportunity to make a visit last week to see things for himself—that might have assisted my case. The situation has become ever more pressing recently as a result of the redundancies that I mentioned. They have certainly had a considerable impact on the already difficult circumstances facing many of my constituents in these difficult economic times.

The chairman of MANERP's cohesion sub-group, Marlene Coussell, said in 2007 that she felt saddened at how her neighbourhood had declined in the past 25 years. She said:

"When I used to say I lived in Millfield, it was mentioned reverentially. But now, I get looks of pity. We are here to try to change those perceptions."

I am realistic about the challenges we face and the chances of turning things around quickly, but I believe that if we can harness the energy and local knowledge of people in the community in developing their own solutions, we really will be able to improve the quality of life of individuals living in the deprived neighbourhoods of which I have spoken, many of whom live in a half life of benefit dependency, crime, ill-health and worklessness. Such a situation is both unfair and economically wasteful. It is socially destructive but it is not inevitable. I concede that this Government have done the right thing in refocusing regeneration moneys at the most local level, and I ask the Minister to do all he can to make sure that in my constituency the funds are directed where they are so desperately needed.

10.18 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): I thank the hon. Member for Peterborough (Mr. Jackson) for raising this important issue. The debate provides an opportunity to discuss not only the issues and the real challenges facing his constituents in the Millfield and New England areas of Peterborough, but the work under way to address those as part of a more coherent approach by local partners in the city.

The hon. Gentleman talked about the working neighbourhoods fund and made a plea for its money to be provided to those two areas. The WNF is targeted at 65 local authorities, all of which score more highly than Peterborough on the indices of multiple deprivation. The Government decided to focus these funds more tightly in light of the recommendations of the sub-national review of economic development and regeneration. There are no plans to revise the eligibility criteria or to increase the number of eligible authorities.

I wish to add a couple of things, as we are on the WNF. Under the formula grant—the hon. Gentleman did not mention this in his short contribution—Peterborough received an increase of 6 per cent. in funding in 2008-09 and will receive more than generous inflation increases in 2009-10 and 2010-11. If one examines all the grants that Peterborough will receive in 2009-10, one will discover that an additional £11.5 million is being provided. The point is that, as important as the working neighbourhoods fund is to those deprived parts of the country—the 65 authorities that receive it—it is a fraction of the funding that Peterborough receives in the generous payments from the Government to the council and other key agencies.

Peterborough is benefiting from a range of other Government policies, related interventions and funding to support the delivery of local ambitions. I pay tribute to the hon. Gentleman for having the generosity to mention some of the work going on locally as a consequence of the Government providing local authorities with the tools and funding, all of which play a significant part in supporting the regeneration of neighbourhoods, through greater collaboration between local partners. Some important examples include £21.5 million growth area funding over the three years to 2010-11. There is £1.6 million funding as part of the neighbourhood element of the safer and stronger communities fund. In Peterborough this will help Welland, Old Dogsthorpe, Bluebell, and part of the New England areas—about which the hon. Gentleman is rightly concerned. An additional £21 million from the East of England Development Agency for regeneration projects in Peterborough will contribute to projects worth £100 million in total since 1999.

The sum of £16.6 million from the region's Urban II programme is focused on nine wards in Peterborough city centre with high levels of unemployment linked to a lack of skills. On the Labour Benches, we appreciate the contributions made by Europe, and the European regional development fund finance has provided just over £7.8 million to help the hon. Gentleman's constituents. In addition, there have been funds for cohesion and preventing violent extremism for the period 2008-2010, the latter totalling almost £765,000.

Mr. Jackson: The Minister will concede that there are difficulties in measuring the robustness and veracity of population statistics. He will also know that the transitional arrangements between neighbourhood renewal funding and working neighbourhood funding have thrown up some difficulties. Unless we get the population data right and make them topical, deserving authorities will lose out, even under the new programme.

Mr. Khan: The hon. Gentleman is right to raise the issue of the robustness of the statistics. A combination of migration and growth has affected Peterborough recently, and we simply cannot wait for a census every 10 years. The hon. Gentleman will be aware of the excellent work that is being done to improve the robustness of the figures and ensure that they reflect the real situation, rather than lagging behind.

The issue is not only money, as important as that is. The new local area agreement has already benefited Peterborough by bringing about a more co-ordinated and collaborative approach to tackling the challenges facing the city, from delivering growth to reducing inequalities—and a wider ambition to be the UK's environment capital. Tools provided by a Labour

[Mr. Khan]

Government are being used by a Conservative local authority to benefit the residents.

The planned growth of the city will bring significant opportunities for Peterborough to help bring about transformation, including within neighbourhoods. The city is blossoming, despite the tough economic climate. Considering the circumstances—including the recession—things are going well. The leader of Peterborough city council since 2003, John Peach, says that there is more going on now than ever. He should know as he has been on the council ever since the unitary council came under Conservative control.

It was not the hon. Gentleman's intention—and he was careful to emphasise that he was talking about part of Peterborough, not the whole city—to talk down Peterborough. The regional spatial strategy for the east of England identifies Peterborough as a key centre for development and change. I am sure that the hon. Gentleman will agree that the successful growth of the city is an important factor in tackling deprivation and regenerating areas such as Millfield and New England. Knitting together those two important agendas requires a strong partnership between all sectors and we believe that that can happen in Peterborough.

I do not want to pretend that there are no challenges, and the hon. Gentleman was right to stress some that face Peterborough, which is growing faster now than at any time in the past 50 years. It faces two significant challenges: first, to close the gaps between the worst and best neighbourhoods; and, secondly, to deliver its ambitious plans for growth. The debate today, in my opinion, should be about how we collectively maximise the resources already available in the city to deliver an ambitious agenda for the future. By pooling intelligence and capacity between partners, engaging and empowering local communities and providing real opportunities for them to be a part of the future plans for transforming the city, we can make a difference. It is happening on the ground. Peterborough city council and its partners, including the business community and the public, through the Greater Peterborough partnership, drew up the sustainable community strategy with the vision of

"A bigger and better Peterborough that grows the right way"—

through substantial and "truly sustainable" growth.

We need to strengthen the capability within Peterborough to secure additional funding, whether by attracting private sector investments through growth or improving its potential bidding credentials for competitive funding. It is right to focus on Millfield and New England. Many Labour Members entered politics to help those who were the most deprived in communities, and that is what social justice is about. The hon. Gentleman was right to draw attention to the ongoing challenges in Millfield and New England. I firmly believe that greater collaboration between service providers to tackle the underlying social and economic issues, continued education and awareness raising, ongoing enforcement and investigation work to deal with unscrupulous landlords and linking the growth plans with those for regeneration are more likely to secure a sustainable solution for the area.

I am pleased to say that such an approach is already being used in Millfield and New England by Conservative Peterborough city council, through its neighbourhood approach across the city. I understand that that city council has led with a restructure of its services and that the new neighbourhood management model that is being implemented includes multi-agency delivery teams, which will be tasked with responding to local priorities identified by neighbourhood partnerships. That is an example of Government devolving power with additional funding devolved to communities, turning subjects into citizens and citizens into active citizens.

Millfield and New England will form part of the central and east neighbourhood management area of Peterborough, which I think is a good thing. I would not want you to think, Mr. Speaker, that it has become a habit of mine to defend Conservative councils, but Peterborough city council is using the tools that we have given it and is working with appropriate partners to try to help neighbourhoods such as those identified by the hon. Gentleman, including Millfield. The scope of the work is also being expanded to cover New England.

I am afraid that there is no time left for me to deal with all the housing issues referred to by the hon. Gentleman, but there are now city-wide grants available for assistance with repairs and to disabled residents. We are working to address the issues about houses in multiple occupation. The council has a city-wide tenancy relations officer and a private landlord accreditation scheme. The city council has submitted an application for additional licensing for houses in multiple occupation, too.

The council is using the tools provided by the Government, and it is using the extremely generous record levels of investment that the Government have given it. I look forward to a bright future for Peterborough. Legislation based on the community empowerment White Paper will soon be considered in this House, after leaving the other place. There will soon be a joint inspectorate comprehensive area assessment, which will hold local authorities and, more widely, public sector partners to account on the delivery of local priorities.

To summarise, let me reiterate the benefits of collaboration, alignment, and the targeting of resources by key partners in a way that engages local residents in making a difference to their areas. I am sure that the hon. Gentleman will wish to join me in congratulating the local authority and the many other partners and people who are working hard to improve the quality of life for those who live in Peterborough. I am sure that you, Mr. Speaker, will agree that the Government are supporting partners with a range of policies and initiatives geared towards greater flexibility, which will enhance delivery and enable Peterborough to realise its ambitions. Never in the history of this country have a Government done more during a recession or economic downturn than this Government. I hope that the people of Millfield and New England will see the fruit of that soon.

Question put and agreed to.

10.29 pm

House adjourned.

House of Commons

Tuesday 10 February 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

QUEEN'S SPEECH (ANSWER TO ADDRESS)

THE VICE-CHAMBERLAIN OF THE HOUSEHOLD reported Her Majesty's Answer to the Address, as follows:

I have received with great satisfaction the dutiful and loyal expression of your thanks for the Speech with which I opened the present Session of Parliament.

APPOINTMENT OF CHAIR OF ELECTORAL COMMISSION

THE VICE-CHAMBERLAIN OF THE HOUSEHOLD reported to the House, That the Address of 17 December, praying that Her Majesty will appoint Jennifer Watson to the Office of Chairman of the Electoral Commission with effect from 1 January 2009 for the period ending on 31 December 2012, was presented to Her Majesty who was graciously pleased to comply with the request.

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

District General Hospitals

1. **Mr. David Kidney** (Stafford) (Lab): What recent assessment he has made of the contribution that district general hospitals make to improving the health of the public in their local communities. [255395]

The Minister of State, Department of Health (Mr. Ben Bradshaw): District general hospitals provide a vital range of services for local people, and the level and range of their activities have expanded significantly in recent years. At the same time, some treatments that used to be provided in hospitals can now be provided in the community and smaller local hospitals, GP practices or even people's homes, while some specialisms and acute treatments are best provided in specialist centres, which can offer the necessary round-the-clock professional and technical expertise and capacity.

Mr. Kidney: After last year's scare stories from some quarters about mass closures of district general hospitals, I thank the Minister for a reassuring answer. Does he agree that to be truly effective in serving their public in future, those hospitals need very strong links with their primary health care, social services, housing providers and the third sector, and that that is especially important against the background of an ageing and growing population, if they are to keep to a minimum admissions to hospitals in the first place and re-admissions after discharge into the community?

Mr. Bradshaw: My hon. Friend is right, although a hospital's role is, of course, mainly to help deal with people when they fail to prevent an illness for one reason or another. It is important that hospitals work closely with primary care trusts, social services and others on the public health agenda, and one of the things that the next stage review published by my noble Friend Lord Darzi made clear last year is that we now expect every primary care trust in the country to commission comprehensive well-being and prevention services based on local needs, but including delivery on a number of important issues, such as mental health, obesity, alcohol, smoking and sexual health, which I hope are being provided for in my hon. Friend's constituency.

Mr. Simon Burns (West Chelmsford) (Con): Can the Minister please explain to my constituents what positive contribution there can be to improving health care from the Mid-Essex Hospital Services NHS Trust receiving about £1 million a year in car park fees, which many of my constituents regard as a tax on health care?

Mr. Bradshaw: The hon. Gentleman should be aware that the shadow spokesman on health supports the freedom of hospitals in England to levy acceptable charges to help cover the cost of hospitals; if they did not levy those amounts, they would have to take them away from patient care. I often get questions on the subject from hon. Members such as "What about Scotland?" or "What about Wales?" In Scotland and Wales, people wait much, much longer for their operation. If the hon. Gentleman has a particular problem with his local hospital's policy, he should take that up with the hospital, which is supposed to offer concessions to people who need to visit regularly. If he is suggesting that everyone at his local hospital should be able to park freely, regardless of what they are doing there, that is a very foolish approach and it would take money away from essential medical need.

Mr. Eric Illsley (Barnsley, Central) (Lab): One of the issues that is affecting district general hospitals such as mine in Barnsley is their inability to attract sufficient numbers of doctors. The postgraduate dean at the Yorkshire and the Humber NHS Deanery has done some work on the issue, which shows that in certain areas of the country, including Yorkshire and Humberside, we are under-provided for in almost every discipline in health. I have written to my right hon. Friend the Secretary of State for a meeting to discuss this, but will my hon. Friend look into the matter to try to determine what we can do to redress the balance between Yorkshire and Humberside and other areas of the country, such as London and the south-east?

Mr. Bradshaw: We have record numbers of doctors, health care professionals and health services, as my hon. Friend knows. I will certainly look into the concern that he raises about Barnsley and his local area. I would find it surprising, however, if it was even more challenging for Barnsley and the surrounding area to attract good doctors and staff than it is in London, where attracting

them can be a particular challenge, for a number of reasons which most hon. Members understand. I will have a word with the strategic health authority covering Barnsley, which is responsible for ensuring that work-force planning is carried out effectively and that the needs of local hospitals, including his own, are fully appreciated.

Ann Winterton (Congleton) (Con): Does the Minister acknowledge the excellence of our local district general hospital at Macclesfield? It has retained superb maternity and accident and emergency units and is applying for NHS foundation status. Does he recognise that it serves not only the towns of Macclesfield and Congleton, but a huge rural area? Patients come from Derbyshire and Staffordshire as well as Cheshire. Such district general hospitals must be retained for the future health care needs of a very large area.

Mr. Bradshaw: I am pleased to acknowledge the very good work done by Macclesfield hospital and I wish it all the best with its application for foundation trust status.

Alan Simpson (Nottingham, South) (Lab): One under-recognised aspect of the role that district hospitals can play is nutritional standards and food procurement policies. In that context, will the Minister add his own congratulations to those given to the Nottingham University Hospitals NHS Trust on the award that it is to receive from the Soil Association on 20 February in relation to the Food for Life programme? The trust has won the award because it threw out the external food contractors and sourced its food supply from local farms, generating 300 jobs in the local food supply industry. Will the Minister also inquire into how he could assist the hospitals in making the next step to developing a sustainable community kitchen that would put £6 million of investment into raising nutritional standards and supporting the local food infrastructure?

Mr. Bradshaw: My hon. Friend raises an important point, and I congratulate Nottingham on the work that it has done. Such work is replicated in a number of other hospitals around the country, including the Royal Brompton hospital and including in Cornwall. In those hospitals, good local food procurement policies have not only saved money but—the evidence gives this impression—helped to improve recovery rates and general patient satisfaction. We are working actively in the Department and the NHS to see whether that good practice can be spread. We are also consulting on the registration requirements for NHS providers, including hospitals. It is likely that those requirements will include good performance on nutrition.

Dan Rogerson (North Cornwall) (LD): Further to the Minister's initial answer, will he give a little more detail on what is being done to encourage primary care trusts and district general hospitals to work together to provide more services closer to where people live? He will be aware that in my very rural constituency, people live some distance from a district general hospital. What is being done to ensure that people can be treated closer to home?

Mr. Bradshaw: Rather than reel off a long list, I shall give the hon. Gentleman a concrete example from my own area. Until recently, people in the area needing renal dialysis had to come to the Royal Devon and Exeter hospital in Exeter to have it done. The service has now been devolved out to the community hospitals, including one in Honiton. People who used to have to travel into Exeter no longer have to travel such distances. That is just one example of a range of services, including in Cornwall. People in Cornwall used to have to access such services by going to Plymouth or Torbay; now they can stay in Cornwall and get them. That is the direction of travel in the health service, and it is absolutely right that it should be. Where possible, people should be treated in their home or community, but when a specialist or acute need can best be met in the safety of a specialist and centralised environment, that is where it should happen.

Obesity (Physical Activity)

2. **Mr. Andy Reed** (Loughborough) (Lab/Co-op): What steps he is taking to increase levels of physical activity to tackle obesity. [255396]

The Secretary of State for Health (Alan Johnson): The Government strategy document "Healthy Weight, Healthy Lives" sets out the steps that we are taking to tackle obesity. In addition, tomorrow the Government will publish a new national plan for the delivery of physical activity alongside sport for the period leading up to the London 2012 Olympic and Paralympic games, and beyond. The plan is part of the wider cross-Government strategy, including the flagship Change4Life campaign, to increase participation in physical activity and to reduce obesity.

Mr. Reed: I congratulate the Secretary of State on the strategy to be launched tomorrow. It is vital that there should be a co-ordinated approach to the issue locally. As he knows, and as the National Institute for Health and Clinical Excellence clearly explains, physical activity is the best way to tackle obesity in the long term and one of the most cost-effective ways of doing so. There is a great deal of experience in county sports partnerships. Will he ensure that there is a co-ordinated approach with primary care trusts and CSPs locally, so that there is no duplication? Over time, will he ensure that there is an increase in funding from the Department of Health to cross-match what is coming through sport and other physical activity through local government as well?

Alan Johnson: My hon. Friend is an expert in this area, and he will be delighted to learn that one of the aspects of the plan to be launched tomorrow is energising the existing regional and local delivery structure. He knows about this because he is chair of Leicestershire county sports partnership. He will be pleased to hear that the plan recognises the important role that CSPs can play in local delivery, and that we are investing new money to enable them to continue the seamless co-ordination of physical activity and sport at a local level. To complete his afternoon of happiness, he will also be delighted to hear that crucially, for the first time, we are setting out the financial costs to local authorities of inactivity. That is an important driver in getting the few recalcitrant local authorities—and perhaps, in some rare cases, NHS trusts—to work together to tackle these issues.

Nadine Dorries (Mid-Bedfordshire) (Con): I am sure that the Minister agrees that the main way to increase levels of physical activity is to foster and garner a love of sport in the young. Unfortunately, many teachers in

my constituency tell me that owing to the number of Government-led educational targets they have to meet, the first subject to give way to allow them to do so is sport and physical activity. Should not the Minister be cross-referencing with the Department for Children, Schools and Families to guarantee that children from a very young age get the love of sport that we, at our age, had in our schools?

Alan Johnson: I do not know whether we did have it in our schools. The amount of time, money and effort going into school sports is in a different dimension from when we came into government in 1997; we are not just getting to four hours a week of sport and physical activity in every school, but moving towards getting six hours by 2010-12. Another myth that arises concerns school playing fields. Ten thousand school playing fields were sold off between 1979 and 1997. *[Interruption.]* "Still selling them off", says an Opposition Member. That compares with 192 sold off since 1997. Ninety-one of those schools had closed, and every one of the rest had to invest the money in better sports and educational facilities. I am very pleased to set the record straight.

Keith Vaz (Leicester, East) (Lab): The Secretary of State will know that 58 per cent. of type 2 diabetes cases come from obesity. He took a diabetes test when he came to Leicester, and the Minister of State, Department of Health, my hon. Friend the Member for Exeter (Mr. Bradshaw), will take one at 3.30 pm today. Does my right hon. Friend agree that one way of dealing with this issue is to have preventive work, not just exercise—on Sunday, he suggested that people should start dancing more—and that people should have these tests so that they can deal with the issue of diabetes and take the necessary medication?

Alan Johnson: I pay tribute to my right hon. Friend for the work that he has done in Leicester. I did indeed have the test at the splendid centre in the middle of Leicester. I was fine, by the way; for the record, I scored five. My right hon. Friend did the work to get that centre built in his constituency and to have a mobile testing centre that goes out to workplaces; indeed, it came down to the House of Commons a few months ago, and it is here today. He is absolutely right to talk about the importance of these tests. As he knows, they are part of a concerted effort, backed by Diabetes UK, to ensure that physical activity, proper diagnosis and early treatment are regarded as essential; they should be of the quality that they are in Leicester everywhere else in the country.

Sir George Young (North-West Hampshire) (Con): With the imminent arrival of Lent and the associated resolutions to lose weight, is this not a good time to have a gentle campaign to encourage people to walk or cycle to work?

Alan Johnson: I completely agree with the right hon. Gentleman. The Change4Life campaign is encouraging people to take small steps—not necessarily to seek to be Olympic athletes or champion dancers, but to build activity into their lives. It is helping them to make those small steps, such as walking to work or, if they have to get the bus, getting off a stop earlier. He will have seen the London underground map that Change4Life has refocused to say how long it will take someone to get to their destination if they get off the tube a stop earlier. Those small ways of ensuring that people can change their lives include cycling, dancing, of course—my hon. Friend the Member for Loughborough (Mr. Reed) did ask me what steps we were taking—and all aspects of physical activity, with a recognition that according to the statistics, if more people engaged in physical activity, we could reduce the number of premature deaths by about one in 10.

Mary Creagh (Wakefield) (Lab): Wakefield PCT has allocated more than £1 million to local and voluntary sector community groups to help them participate in the Change4Life campaign to help people to change their lives. May I press my right hon. Friend on when we can expect the announcement of a final decision on food labelling, which is essential for parents and consumers if they are to make clear decisions in making the choices that they face in supermarkets? May I also press him on the point that, as part of Change4Life, we should educate parents about the dangers of sweet, sugary drinks and the hundreds of calories that they contain, with zero vitamins or benefits for children?

Alan Johnson: My hon. Friend has done sterling work in this field. I cannot give her a date on which we will make a final statement on food labelling, because the Food Standards Agency has been asked to carry out that work for us, and until it is complete, we cannot make a statement. I will say, however, that this country is well ahead of other countries in the world because retailers have voluntarily adopted food labelling systems. We would like one system, because that would be less baffling and less complex for consumers, but we admire the work that has taken place in this country to put voluntary food labelling at the forefront of these campaigns.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I must say to the Secretary of State that after getting slapped down by Lord Mandelson the week before, it was good to see him get one up on Lord Mandelson this Sunday by having his own "Strictly Come Dancing". No doubt he will invite the noble Lord Mandelson to be a participant in that.

I welcome the announcement of the Active England strategy, but it has taken a year to get there. I am afraid that the Secretary of State has got it wrong about school sports. The Government are not meeting their commitment to ensure that all pupils get two hours of sport a week in schools. In the school sport survey last October, the number of 11 to 16-year-olds getting two hours of exercise had gone down from 88 per cent. to 83 per cent. in a year. Will the Secretary of State, with his colleagues at the Department for Children, Schools and Families, ensure that the commitment to a minimum of two hours of exercise in schools is achieved, and will he tell us when will it be achieved?

Alan Johnson: From memory, the proportion of young children getting two hours of exercise in schools was about 24 per cent. when we came into government, so a drop—*[Interruption.]* Incidentally, I am not sure about the statistics that the hon. Gentleman just quoted. If there has been a slight drop, it should be seen in that context. Sport in our schools is essential to the sort of message that we seek to deliver, which is why we have pledged not just effort and time, but a huge amount of finance to meet those targets. And we will meet the target in 2010, just as I am absolutely sure we will move on to meet the extended target in 2012.

GP-led Health Centres (Battersea)

3. **Martin Linton** (Battersea) (Lab): What plans he has to introduce GP-led health centres in Battersea. [255397]

The Minister of State, Department of Health (Mr. Ben Bradshaw): My hon. Friend's local NHS, like those in the rest of England, is planning a new GP-led health centre, open from 8 am to 8 pm, seven days a week. I understand that the proposal is to locate it near to Clapham Junction station.

Martin Linton: I thank my hon. Friend for recognising the health needs of Battersea in that new proposal, and in various other proposals to extend GP-led health centres. Will he assure my constituents that the range of facilities that can be offered in the new GP-led health centre will be far greater than can currently be provided in the Bolingbroke hospital, which is held in great affection, but is an old and impractical building?

Mr. Bradshaw: I can assure my hon. Friend that the range of services provided in the new health centres will be big, and will meet the needs of the local population, which is one of the criteria we have laid down. I can also tell him that plans for the expansion of health services in his area are not restricted to this particular GP-led health centre. I understand that there are also plans to expand services at Doddington, Bridge lane and St. John's, including primary care services.

Mark Simmonds (Boston and Skegness) (Con): In Battersea, the provision of primary care is vital to the health of the community, but according to the Royal College of General Practitioners, seeing a doctor who knows the patient and their medical condition personally is important to more than 75 per cent. of patients. Yet the Secretary of State recently said that he "could not care less" which GP he sees. That is totally out of touch with patient needs both in Battersea and elsewhere. Can the Minister confirm that continuity of care is important to the vast majority of patients, particularly those with long-term conditions? If so, why are he and the Secretary of State centrally imposing polyclinics, against patients' needs and wishes?

Mr. Bradshaw: Yes, I am happy to confirm what the hon. Gentleman asks me to confirm. However, what he says is another of the myths that were peddled by both the Opposition and the British Medical Association, at the time, in their opposition to new GP health centres. I do not know whether he has now abandoned the Conservative party's opposition to the centres. I suspect that the Conservatives will quietly abandon that opposition, because where the new centres are opening, they are incredibly popular, not least with local Conservative councillors and Conservative MPs who want theirs to open as quickly as possible.

Of course continuity of care is important for many patients, particularly those with long-term conditions. However, many people, such as professionals who are otherwise healthy and who are juggling work and family life, find it very difficult to see their GP, because of opening times. They warmly welcome the opportunity to see a GP, and they do not particularly mind whether it is always the same GP.

Influenza (2008-09)

4. **Mr. Andrew Pelling** (Croydon, Central) (Ind): What estimate he has made of the incidence of influenza in the winter of 2008-09. [255398]

The Minister of State, Department of Health (Dawn Primarolo): Information on the incidence of influenza-like illnesses is collected by the Royal College of General Practitioners. The rate of influenza-like illness started increasing in late November and peaked at 69 GP consultations per 100,000 people in mid-December. The rate of ILIs decreased to 13 consultations per 100,000 people by early February.

Mr. Pelling: I thank the Minister. Winter-prevalent diseases such as influenza and bronchitis lead to increased morbidity. I am told by two local undertakers in Croydon that that has led to a call on undertakers to take as many bodies as possible from south London mortuaries. I am told also that some south London hospitals have found it necessary to hire extra equipment for the cooling of deceased bodies. Is that a normal situation in the NHS, or is it peculiar to south London hospitals? Does it mean that additional support might be appropriate?

Dawn Primarolo: I do not know the exact details that the hon. Gentleman mentions, and I shall certainly examine the situation in his area specifically. The peak rate this year was a quarter of the level experienced in 1999-2000, which was the last severe flu season. The connection that he suggests between flu and early death is not showing up in the statistics at the moment, but I shall certainly give his points closer consideration and write to him.

Rob Marris (Wolverhampton, South-West) (Lab): Can my right hon. Friend tell me what steps her Department takes to encourage primary care trusts to contact all older people—those in the influenza bracket, at over 60—and ensure that they are told about the availability of an influenza jab that would increase their chances of surviving the winter?

Dawn Primarolo: I can assure my hon. Friend that all primary care trusts have active policies with their GPs and make information available to those over 65 and others who are entitled to the free flu jab. The rate of patients being immunised with the influenza vaccine is increasing, and it is currently 74.1 per cent. That clearly needs to continue to rise to the 75 per cent. level we aim at.

Foundation Hospitals

5. **Mr. Peter Bone** (Wellingborough) (Con): What criteria are used by NHS foundation hospitals when deciding on the location of their facilities. [255399]

The Minister of State, Department of Health (Mr. Ben Bradshaw): The criteria are the same as those used by non-foundation trust hospitals. Any changes to be made to services must be for the benefit of patients locally and led by doctors and health care professionals locally.

Mr. Bone: In Rushden, an out-patients facility is being closed. Some 6,000 constituents have written to me demanding that a replacement facility be built in Rushden. The NHS's weighted criteria state that it

should be built in Rushden, but in fact it is being built in an adjoining constituency, in a small town. That constituency already has a minor injuries unit and is getting a new hospital. What is the difference between the two constituencies? One is the Conservative marginal seat of Wellingborough, and the other is the Labour marginal seat of Corby. Are not this miserable Government making decisions about health facilities based not on need, but on political advantage?

Mr. Bradshaw: I am advised that no such decision has been made. The hon. Gentleman has been involved in detailed discussions with health care managers on the ground, who are considering the matter. I am sure that he recalls that we had an Adjournment debate on the subject. Kettering hospital and Northamptonshire primary care trust want to expand the out-patient provision in his constituency or for his constituents because they believe that the current provision in Rushden does not cover the numbers that they want to serve. Ultimately, what they are trying to achieve will mean that tens of thousands of people who must currently travel from the hon. Gentleman's constituency to Kettering hospital for treatment will no longer have to travel so far. I therefore urge him to continue his discussions with his local health service managers. I understand that they have not ruled out alternative locations if one can be found that provides his constituents with the health care that they deserve in the 21st century.

Paddy Tipping (Sherwood) (Lab): Will the Minister be careful when he imposes criteria and regulations on foundation trusts? Clearly, local managers and professionals need to develop local solutions to local problems. That is important.

Mr. Bradshaw: My hon. Friend is right. People who should know better often misunderstand—I hope accidentally—how the system works. Any changes to services, whether to a foundation or a non-foundation trust, are matters for the local health service. If the proposals are sufficiently significant for local authorities' democratically elected overview and scrutiny committees to think that they should be consulted, they must be consulted. If those committees remain unhappy, they can refer the proposals to the national independent reconfiguration panel. My right hon. Friend the Secretary of State has made it clear that he will respect and has respected all the IRP's recommendations, which include two recent ones in Conservative areas, where the IRP recommended against the local health service's proposals and its recommendations were upheld.

Acute Sector Staff (Assaults)

6. **Anne Main** (St. Albans) (Con): What progress his Department has made in reducing the number of assaults on NHS staff in the acute sector in the past 12 months. [255400]

The Parliamentary Under-Secretary of State for Health (Ann Keen): The NHS constitution recognises that staff have the right to work in a safe environment, free from violence. Staff are saying that they will not accept violence or abuse as part of the job, and they are demonstrating that by reporting violence. In 2007-08, the number of criminal sanctions following cases of assault in the acute sector increased by 13 per cent.

Anne Main: I thank the Minister for her response. She referred to an increase of 13 per cent. What are the exact figures for the number of prosecutions made in the past five years? If she has not got those figures, will she supply them to me?

Ann Keen: The NHS security management service has signed a memorandum of understanding with the Association of Chief Police Officers. It encourages trusts to agree a protocol with their local police on how they can work together. The SMS has also signed a memorandum of understanding with the Crown Prosecution Service to ensure the effective prosecution of cases that involve violence and abuse against NHS staff. This is a matter for local management, but the hon. Lady shows great concern about the issue which I believe is felt across the House. I am happy to supply her with as much information as I can.

Mr. Kevin Barron (Rother Valley) (Lab): Does my hon. Friend have figures to show how many assaults on NHS staff are fuelled by alcohol? What are the costs of such assaults to the NHS as opposed to law enforcement agencies?

Ann Keen: We are aware of the concern that alcohol causes staff, especially in accident and emergency units, and of how it infringes on their management of other patients as well as of the patient who has the alcohol problem at the time. Continual work is being done on the matter with the SMS, which continues to consider figures on that troubling subject.

Mark Pritchard (The Wrekin) (Con): The number of violent attacks on Shropshire ambulance crews continues to increase, as does the number across the west midlands, so much so that Shropshire crews have had to resort to buying their own stab-proof vests. I have written to the chief executive of West Midlands Ambulance Service NHS Trust asking for the vests to be provided by the service. The reply is that the service is currently reviewing the situation. That review has been going on for some months. Is it not time that the Government spoke to West Midlands Ambulance Service NHS Trust and ensured that stab-proof vests are made available, in order that ambulance crews can do their duties and feel safe and their families know that they are safe?

Ann Keen: The hon. Gentleman raises a serious issue. It is up to the service to look at that, but I believe that the local and national standards that we, the police and all the agencies concerned are applying in respect of the worrying vulnerability of all our public sector workers will result in the correct policy, which will be managed locally, because that is how all such matters must be looked at in local decision making.

Mr. Jim Devine (Livingston) (Lab): As my hon. Friend knows, the Scottish Parliament introduced the Emergency Workers (Scotland) Act 2005, which offers legal protection to front-line health service staff such as doctors, ambulance personnel and A and E nurses. Do we have any thoughts about introducing similar legislation in this Parliament?

Ann Keen: A Ministry of Justice Bill addressed that issue last year, but I would be happy to discuss with my hon. Friend any areas that he has concerns about in relation to the serious issue of violence against staff.

Mike Penning (Hemel Hempstead) (Con): I am sorry to say that the Minister was very selective in her comments about how many assaults on NHS staff there were in 2007-08. The truth is that 12,500 staff who had gone to work to care for the community in this country were assaulted by cowards, and that criminal sanctions—I stress that they were not prosecutions, but sanctions, including some that were just cautions—were applied in fewer than 700 cases. Where is the zero tolerance that this Government promised to protect our emergency services?

Ann Keen: The hon. Gentleman raises an issue that concerns the entire House. When increases in violence against our front-line staff continue, it is a matter for us all to address, in order to get the prosecutions, which is why we work with the Crown Prosecution Service and, in particular, with the Association of Chief Police Officers. That is an area for the Crown Prosecution Service, but it is not an area that we dismiss in any shape or form, and it would be wrong to give that impression. We are talking about serious measures for serious times, for our hard-working front-line staff.

Undergraduate Courses

7. **Dr. Howard Stoate** (Dartford) (Lab): What assessment he has made of the adequacy of provision for teaching of therapeutics and prescribing in medical undergraduate courses. [255401]

The Parliamentary Under-Secretary of State for Health (Ann Keen): The General Medical Council has the statutory responsibility to determine the extent of the knowledge and skill required for the granting of primary medical qualifications in the United Kingdom. The GMC's document "Tomorrow's doctors" sets the standards and outcomes for undergraduate medical education. The GMC is currently consulting on the draft of a third edition, which would include a strengthening of the requirements in this area and, consequently, provide the opportunity to address any areas of concern.

Dr. Stoate: Professor Webb of Edinburgh university recently told the Select Committee on Health inquiry into patient safety that the teaching of therapeutics and prescribing had all but disappeared from the undergraduate curriculum. A recent survey of medical students showed that 80 per cent. felt that they were either poorly or very poorly prepared for prescribing by the time they qualified. With drugs becoming more powerful and treatment regimes becoming ever more complex, surely it is important to ensure that medical students are properly equipped. Is there more that the Government can do to ensure that this valuable part of the curriculum is given the priority that it deserves?

Ann Keen: I thank my hon. Friend for that. The GMC is currently consulting on the draft of a third edition of "Tomorrow's doctors", which, as was noted on 22 January by the Health Committee, of which my hon. Friend is a hard-working member, enshrines the competences drawn up by the safe prescribing working group. Those competences are included in the draft. The consultation concludes on 27 March. The GMC will then consider all the representations received, before publishing the next edition in the summer of 2009. It will be the duty of us all to ensure that all our doctors' education is safe in its practice.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Does the Minister agree that doctors should look not only at the efficacy of the drugs that they prescribe, but at their cost-effectiveness? Should they perhaps be trained in how to resist the beguiling attentions of the pharmaceutical salesmen who so often visit our GPs' surgeries?

Ann Keen: A strict code of practice governs this issue, as I am sure the hon. Gentleman is aware, and it is still a matter for the General Medical Council to look at all aspects of the training and practice of our medical practitioners.

Dr. Brian Iddon (Bolton, South-East) (Lab): May I draw my hon. Friend's attention to the all-party group on drugs misuse's report on physical dependence on, and addiction to, over-the-counter and prescription medicines? Does she agree with three of the report's recommendations—that medical staff should be properly trained to recognise these problems; that they should follow the prescribing guidelines laid down by the Department of Health; and that they should be aware of the withdrawal protocols in cases where people have become physically addicted or dependent?

Ann Keen: My hon. Friend raises issues of concern, and I fully accept that we should study them carefully.

Lightning Process

8. **Ms Celia Barlow** (Hove) (Lab): What guidance his Department has issued to NHS trusts on the use of the lightning process in the treatment of people diagnosed with chronic fatigue syndrome. [255402]

The Minister of State, Department of Health (Phil Hope): The Department has issued no guidance on this process, because we expect decisions on clinical interventions, whether they involve complementary or alternative treatments, to be made by front-line clinicians. In making such decisions, clinicians will take into account evidence for the safety and clinical and cost-effectiveness of the treatment concerned.

Ms Barlow: I thank my hon. Friend for his reply. Sussex ME and Chronic Fatigue Society works tirelessly to assist the 6,000 adults and children across the county who suffer from the disease, and several of those people have been contacted about the success of the lightning treatment. Will he assess that treatment, in conjunction with the bodies that he has mentioned, and monitor how successful it is?

Phil Hope: It is not for the Department to undertake that activity. The National Institute for Health and Clinical Excellence, the independent body, issues guidance on the use of such treatments, and that guidance is the subject of a judicial review this week. It is to that independent body that those patients and organisations should make their representations, so that it can make the appropriate recommendations on the use of such treatments.

Mr. Graham Stuart (Beverley and Holderness) (Con): I agree with the Minister that treatments such as these should not be performed on the NHS until independent

medical evidence has been obtained to show their efficacy. Will he tell the House how much is spent by the NHS on chronic fatigue syndrome?

Phil Hope: I am grateful for the hon. Gentleman's support for a way of working in the national health service that has widespread support on both sides of the House and throughout the country. I do not have the figures that he requests to hand, but I will write to him in due course.

David Tredinnick (Bosworth) (Con): Is the Minister aware that herbal medicines—[HON. MEMBERS: "Hear, hear!"] I have written to him about the fact that, if he does not introduce statutory regulation of herbal medicine practitioners by the time the herbal medicinal products directive is implemented in 2011, there will be no proper regulation whatever. What is he going to do about that?

Phil Hope: I thank the hon. Gentleman for his question. This is a serious issue that many people are concerned about. We will be undertaking a consultation on the future regulation of herbal medicines in the near future.

Child/Adolescent Psychiatric Services (North-West)

9. **Dr. John Pugh** (Southport) (LD): How long the average waiting time for accessing child and adolescent psychiatric services in the north-west is. [255403]

The Minister of State, Department of Health (Phil Hope): Information from the annual children and adolescent mental health services—CAMHS—mapping exercise, conducted by Durham university for the Department of Health and the Department for Children, Schools and Families, indicates that NHS trusts in the North West Strategic Health Authority have waiting times for CAMHS that are better than average. During 2007-08, 91.6 per cent. of new referrals for CAMHS were seen within 13 weeks in the North West SHA area, compared with 87.4 per cent. in all strategic health authorities.

Dr. Pugh: I have a letter from a whistleblower who alleges a serious scandal in the north-west, citing CAMHS waiting lists of one year for serious and complex tier 3 needs, a lack of resources, a shortage of in-patient beds, and looked-after children being dumped in private homes. May I ask the Minister seriously to look further into the information that he has and to check its accuracy?

Phil Hope: I will certainly take away the information that the hon. Gentleman has presented this afternoon and respond to him in due course. I am aware that one of his constituents had to wait 12 months for referral to the children and family services. I understand that Sefton primary care trust is now working with Alder Hey Children's NHS Foundation Trust to introduce waiting time initiatives to ensure that the PCT in the hon. Gentleman's constituency meets the waiting-time targets across the borough. That includes extra temporary staff and introducing "choice and partnership"—a new system for the management and referral of patients. The hon. Gentleman has raised a serious point on the Floor of the House; I will take it away and write to him in due course.

Mrs. Madeleine Moon (Bridgend) (Lab): The early intervention of child and adolescent mental health services is as serious an issue in the north-west as it is for the rest of the UK, as failure to access child and adolescent mental health services can lead to long-term mental health problems for youngsters. We know that between 10 and 20 per cent. of young people will have such long-term difficulties, which can lead to suicide, long-term mental health problems and self-medication with drugs and alcohol, so will my hon. Friend agree to look seriously at how we can bring about improvements to child and adolescent mental health services across the UK?

Mr. Lindsay Hoyle (Chorley) (Lab): This is a north-west question.

Mr. Speaker: Order. The hon. Lady linked her question to the north-west, and she was entitled to raise it. It was a wee bit long for a supplementary; perhaps we could cut the supplementaries down a little.

Phil Hope: My hon. Friend the Member for Bridgend (Mrs. Moon) has raised the concerns in her constituency on many occasions both inside and outside the House. I am grateful and pleased that, so far as I am aware, all of them are not replicated in the north-west. I agree that gaining earlier access to services for children and adolescents with mental health problems is a serious matter. We have undertaken a review of this country's child and adolescent mental health services; funding went up from £322 million in 2003-04 to £523 million in 2006-07, and there has been a significant fall in the number of people waiting, along with shorter waiting times for CAMHS. However, there is more to be done and the Department will make sure that we press forward on these issues because our children and young people deserve the best mental health service that we can provide.

Norman Lamb (North Norfolk) (LD): How can the Minister justify the fact that someone with a physical health condition will have an operation within 18 weeks of referral from a GP, whereas someone suffering from a mental health condition can find themselves waiting—as my hon. Friend the Member for Southport (Dr. Pugh) said, in the north-west and in many other parts of the country—sometimes more than a year for cognitive behaviour therapy and other NICE-approved therapies, particularly when we know that early intervention is very important in aiding recovery? Is it not about time that we ended this discrimination in the health service—for that is what it is—and ensured that people with mental health problems had an entitlement to access treatment?

Phil Hope: The hon. Gentleman will know that over the next 12 months we are launching the "new horizons" project, which is our strategy to take mental health services forward. He and I have appeared on many platforms together, celebrating the significant improvements in mental health services, as major investment means that we have many more psychiatrists and psychiatric nurses than we have ever had before. The real challenge in front of us, however, is not only to ensure that we maintain that improvement in mental health services, but to challenge the wider stigma and discrimination attached to people who have mental health problems. That means bringing about a cultural shift so that we

not only continue to improve mental health services by putting in investment, as we have over the last 10 years, but move forward towards genuinely healthy communities, which means mentally healthy communities. We need to take away and end the stigma currently attached to people who suffer from mental health problems.

Anne Milton (Guildford) (Con): The figures for the north-west are, like those for the rest of the country, truly shocking, with one in 10 five to 16-year-olds having a clinically significant mental health problem, including anorexia, anxiety and depression—one in 10: the numbers are huge. Furthermore the use of anti-depressants on children has increased 38 per cent. over the past 10 years. These shocking figures clearly demonstrate the failure of our child and adolescent mental health services. Although I welcome the Government's attempts to do something about it, the Minister should, to be fair, admit that children and adolescents have been failed over the past 11 years and that we are now seeing the results in the increase in the mental health problems of young adults.

Phil Hope: No, I do not accept that the Government have failed. What I do accept is that there has been a significant increase in funding for children's and adolescents' mental health services, from £322 million in 2003-04 to £523 million—half a billion pounds—in 2006-07. That has produced a fall in the number of children and young people waiting to be seen, and it has reduced waiting times. Nevertheless, there is clearly more to be done. That is why we instigated the review, that is why are setting up a new national advisory council, that is why we are setting up a national support programme, and that is why we are driving forward changes up and down the country to ensure that children and adolescents with mental health problems—*[Interruption.]* The hon. Lady says, from a sedentary position, "Eleven years". I can remember the 18 years of a Conservative Government who failed to invest a single penny in children's and adolescents' health services.

Topical Questions

T1. [255420] **Miss Julie Kirkbride** (Bromsgrove) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Health (Alan Johnson): The responsibilities of my Department embrace the whole range of NHS social care, mental health service and public health service delivery, all of which are of equal importance.

Miss Kirkbride: I welcome the Government's campaign to alert people to the symptoms of stroke and to encourage them urgently to seek medical treatment, but what reassurance can the Secretary of State offer that every hospital in the country will be given adequate resources with which to deal with the increase in demand, especially in scanning departments? What guarantees can he give those who may present at hospitals with stroke symptoms that they will be given the timely treatment that they need to ensure that their future health is not impaired?

Alan Johnson: I can reassure the hon. Lady that the 20-year stroke strategy that we set out in December 2007 will be completed. However, there comes a point when there must be a drive to increase awareness along the way, and a debate has been held with the Stroke Association and others about when that should happen.

As the hon. Lady implies, we are not at the end of the stroke strategy yet, and not every treatment centre has the best facilities that we want to see throughout the country; but the view expressed in the debate was that now was the time to raise awareness and, in particular, to make people aware of FAST—the face, arm, speech test, which paramedics have used for some time. Strokes, probably more than any other illness or attack, require early treatment and a scan within the first three hours: that is essential. One of the main problems is a lag at the beginning because either the person having the stroke or those around him or her do not realise that it is a stroke.

This is the right time for a public awareness campaign. Meanwhile, we recognise that there is more to be done to ensure that services around the country are uniformly excellent.

T5. [255424] **Mr. Graham Allen** (Nottingham, North) (Lab): Does the Secretary of State—or the Minister of State—welcome a publication on teenage pregnancy produced by the Nottingham teenage pregnancy taskforce, and will he or she underline the fact that this is everybody's problem? It is not just a health service problem about contraception; it is as much about ensuring that young people have the life skills and the social and emotional capability to enable them to make the right choices when they become sexually active.

The Minister of State, Department of Health (Dawn Primarolo): I congratulate my hon. Friend on the leadership that he is showing in his city in relation to young people's opportunities and life chances, and, in particular, on the publication about preventing unplanned teenage pregnancy in Nottingham, of which he gave me a copy last week. In all areas, the important factors are leadership, shared objectives and a clear focus on ensuring that young people are given the sexual health education that crucially influences the choices that they make for the rest of their lives.

T2. [255421] **James Duddridge** (Rochford and Southend, East) (Con): Southend hospital has banned visitors from bringing in flowers on health and safety grounds. Does the Minister believe that flowers present a real risk to patients?

Alan Johnson: The hon. Gentleman raised the issue with me last summer, and I wrote to him about it on 27 June. It is a matter for the local trust. At that time the trust was beginning a consultation, to which I hope the hon. Gentleman contributed, and I understand that it established that there was 75 per cent. public support. The Department does not recommend the banning of flowers other than where they cause particular problems to patients, but we consider that this is an issue for local trusts, and that we should not dictate to them from the centre.

T6. [255425] **Mrs. Linda Riordan** (Halifax) (Lab/Co-op): Recently, more than a quarter of care homes in Calderdale, which includes my Halifax constituency,

were given the lowest two ratings by the Commission for Social Care Inspection. Does the Minister agree that many care homes are more intent on making a profit than on looking after the elderly, and will he tell me what improvements will be made to the standard of care, and what sanctions will be imposed on those who do not comply?

The Minister of State, Department of Health (Phil Hope): It is essential that we continue to improve the quality of residential care for older people, and I appreciate my hon. Friend's concerns, but I am pleased to be able to say that the most recent annual report on the state of social care by CSCI inspectors shows the sixth successive year of improvement against the national minimum standards for care homes that we established in 2003. The commission is also taking action to drive up the quality of residential care further. The performance ratings it awards to councils will be affected if those councils only purchase services from care homes rated as poor or adequate. I hope that, together, we will drive up the performance of care homes, so that older people can expect to be looked after with dignity in their retirement.

T3. [255422] **Mr. Andrew Pelling** (Croydon, Central) (Ind): The campaigning social issues journalist in Croydon, Aline Nassif, has revealed two very worrying cases regarding my constituents. The Mayday hospital accident and emergency department turned away a young mother many times, saying she had depression; she subsequently died from swelling of the brain. There is a very similar story of a young teenager who was also misdiagnosed. While I should, perhaps, have performed the courtesy of advising Ministers before raising this matter in the House, and although Mayday is clearly unable to comment at present as these matters are now under investigation following media coverage, might consideration be given to supporting Mayday, in terms of proper co-ordination and diagnosis at its neurological and accident and emergency departments, while such investigations are ongoing?

Alan Johnson: As often happens in topical questions, we are hearing about things for the first time. I will be very pleased to look into this matter and see whether there is, indeed, a case for Mayday improving its neurological services, and I will also be very pleased to meet the hon. Gentleman to discuss it.

T7. [255426] **Joan Walley** (Stoke-on-Trent, North) (Lab): May I draw the Minister's attention to a scrutiny review that is taking place in Staffordshire of the contracts that the primary care trusts have with the independent sector treatment centre in Burton? People in Stoke-on-Trent by and large do not want to go to Burton for treatment, and they do not want to be cross-subsidising health care at their expense. Can my hon. Friend confirm that the letting of the new contracts will be determined locally by the primary care trusts?

The Minister of State, Department of Health (Mr. Ben Bradshaw): Not if that means withdrawing from the public the choice that I hope my hon. Friend agrees with us they are entitled to.

T4. [255423] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): Since 1997, almost 800 organs from British donors have gone to people resident outside the United Kingdom. Over the same period, the list of British people waiting for organs has increased by more than 2,400, while only 140 organs have been brought into this country from abroad. Do not the Government need to take some action as this situation is rather shambolic, and does not the Secretary of State need to get a grip on it?

Alan Johnson: We might need to take some action. As I understand it, this matter involves a few hospitals, and NHS Blood and Transplant has not been happy with the situation—its correspondence was leaked to the press over the weekend. The organ donation taskforce has been looking at a number of very important elements of organ donation, but we did not ask it to look at this issue because at the time it was not highlighted as a problem. We might need to do so, however, because the hon. Gentleman raises a serious point: we want to increase the number of people on the register, and if people think they are going on the register for their body organs to be part of some export system, that will not do us any favours in achieving that end, so we need to tackle this, and to tackle it quickly.

T8. [255427] **Lorely Burt** (Solihull) (LD): Will the Secretary of State reassure me that it would not be acceptable for a Labour Government to endorse surplus taxpayers' money from an NHS hospital trust being used to create a private hospital to be run by that trust? Would that not fly in the face of the ethos of the NHS, create a conflict of interests when services are being delegated, and involve taxpayers in the risk if that private venture were to fail?

Alan Johnson: I would like to know the details of what the hon. Lady is describing. My local acute trust at Castle Hill has purchased the private Nuffield hospital and brought it into the NHS—it says that it had to spend lots of money to bring that hospital up to NHS standards, although that may or may not be true. I shall look at the point she raises, because it sounds like it involves a deeper story.

T10. [255429] **Ben Chapman** (Wirral, South) (Lab): Merseyside and Cheshire Cancer Network proposes to move cancer services from Clatterbridge to Liverpool, not on the basis of an objective, transparent and rigorous process or a proper business plan, but because the money is available. Will the Minister meet me and my colleagues, so that we can discuss our objections to both the form and substance of this?

The Parliamentary Under-Secretary of State for Health (Ann Keen): Yes, I would be happy to meet my hon. Friend.

Sir Patrick Cormack (South Staffordshire) (Con): Is the Secretary of State aware that when I was first elected to this House, almost every GP practice in my constituency offered an out-of-hours service? Despite the dramatic advance in medical treatments and drugs, my constituents receive a much less personal service from their GPs than they did 30 to 35 years ago. Does he agree that that is not progress?

Alan Johnson: No, I do not, and I shall tell the hon. Gentleman why. At the turn of the century, there was a very serious problem with getting medical students to go into general practice. The forecast, given the demography of general practices then, was that the shortage was bad and would become much worse, so something had to be done. Since the new contract, we have given GPs the option to opt out of 24-hour cover, and the vast majority of them—all bar 10 per cent.—have done so, despite the fact that it has meant a reduction in their pay. We have moved from a system where GPs would look at someone at 9 am having only struggled into bed at about 6.30 am because they had been called out through the night—the situation was similar to the long hours that junior doctors worked, which seemed to be some kind of badge of courage. Tired doctors are not good for our health service, and I am very pleased that we have moved beyond that archaic system.

Mr. David Crausby (Bolton, North-East) (Lab): My local newspaper, *The Bolton News*, recently reported that a 29-year-old woman in the Royal Bolton hospital was so terrified in a mixed-sex ward with three men that she was forced to sleep in the examination room overnight. Is it not bad enough being ill in hospital without having to deal with the added stress that mixed-sex wards cause men and women? When can we expect to see the end of these wards in Bolton? *[Interruption.]*

Alan Johnson: Conservative Members say "After the election", but, of course, before we came into government nobody kept any statistics on mixed-sex accommodation—the most recent statistics showed that the level of mixed-sex accommodation was about 50 per cent. The Healthcare Commission now reports that nine out of 10 patients have elective care in single-sex accommodation. This is not an easy issue to resolve. We have to be sure that there are good medical grounds—for instance, in intensive care units and emergency accommodation—for not being able to operate single-sex accommodation. Beyond that, what happened to my hon. Friend's constituent should not have happened—it is unacceptable. It breaches the dignity and respect of the patient, the emphasis on quality—quality relates to more than just quality of care; it relates to the patient's experience—and our new NHS constitution, which is why I have introduced a £100 million capital fund and I have said that from 2010-11 no acute trust will receive any payment if it gives care unnecessarily in mixed-sex accommodation. I think that will mean the final eradication—I agree that it is taking too long—of mixed-sex accommodation in Bolton and across the country.

Mr. Andrew Lansley (South Cambridgeshire) (Con): Last April, the Secretary of State told the Royal College of Nursing that he was within "touching distance" of abolishing mixed-sex accommodation—nothing happened for nine months. The Conservatives then published the data from hospitals showing the number of people affected by the lack of compliance with the mixed-sex accommodation rules and exposed the Government's failure—nine days later, the Secretary of State announced a £100 million dignity and respect fund. Will he explain why the Government do nothing unless and until we expose the extent of their failure?

Alan Johnson: It is not right to say that nothing happened after the Royal College of Nursing conference. In fact, the week after that conference I wrote to every strategic health authority and made it clear that by the time the RCN next meets I want to see progress in this area. It is true that the operating framework that we planned to get out in July did not, in the end, go out until December, and our announcement about what we would do was made on the back of the operating framework.

This issue is too important for party political point scoring, because the care and respect agenda is crucial to Members on both sides of the House. All I would say is that the plans that the hon. Member for South Cambridgeshire (Mr. Lansley) has put forward for an increase in single rooms are hopelessly under-costed. He says that they would cost £1 billion, but they would actually cost about £9.5 billion, and he will not be able to afford it.

T9. [255428] **Miss Anne McIntosh** (Vale of York) (Con): The Secretary of State recently visited the Vale of York and I am sure that he will have been told that spending per capita in the Vale of York, North Yorkshire and the Humber region is less than in any other region. What is he personally going to do about that?

Mr. Bradshaw: As the hon. Lady will know, because I have already told her, North Yorkshire and York PCT recently received one of the biggest increases—*[Interruption.]* Yes, but the funding comes from the PCT. It received one of the biggest increases for the next two years of any PCT in the country—in the top 30 per cent. of increases.

Point of Order

3.36 pm

Bob Spink (Castle Point) (Ind): On a point of order, Mr. Speaker. Given the extraordinary levels of rainfall and the flooding that are occurring today in my constituency and elsewhere, can we expect a statement from Ministers so that we can question them on what immediate action they are taking today and what they can do in the longer term?

Mr. Speaker: That is at the Minister's discretion: it is not a matter for me.

Employment Opportunities

Motion for leave to introduce a Bill (Standing Order No. 23)

3.37 pm

Mr. Christopher Chope (Christchurch) (Con): I beg to move,

That leave be given to bring in a Bill to introduce more freedom, flexibility and opportunity for those seeking employment in the public and private sectors.

Two months ago we were celebrating the 60th anniversary of the universal declaration of human rights. Article 23.1 states:

"Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment."

Article 6 of the international covenant on economic, social and cultural rights, to which the United Kingdom is a party, states:

"The State Parties to the present Covenant recognise the right to work which includes the right of everyone to the opportunity to gain his living by work, which he freely chooses or accepts, and will take appropriate steps to safeguard this right."

It may come as a shock to many Members of this House to know that, currently, many people are not given the rights to work enshrined in those important United Nations articles.

This is an issue of increasing significance with the advent of the economic depression and the soaring numbers of innocent victims of the Government's gross mishandling of the economy. In Christchurch, unemployment has more than doubled in one year, with very few job vacancies now available. Few would dispute that everything that possibly can be done must be done to create new job opportunities for our fellow citizens. My Bill, by restoring rights to work that have been taken away by this Government, would boost employment.

The first group that would be helped would be refugees who have sought refuge in this country by reason of persecution and are waiting for the Home Office to determine their applications for asylum. Why should those people not have the right to take employment opportunities that have not been taken up by British citizens and thereby enjoy the dignity of having a job? Although it might cause some raised eyebrows among colleagues to hear this, I am pleased to report that the Trades Union Congress is of the same view.

The second and much larger group who will be helped by my Bill are those who are currently out of work but would be willing to work for less than the minimum wage, which is £5.73 an hour or £11,918 a year based on a 40-hour week. Our Government make it illegal for an employer and an employee freely to negotiate the level of remuneration if it is less than £5.73 an hour for an adult, unless, of course, the work involved is unpaid voluntary work.

Before anybody accuses me of wanting to impose poverty wages, let me emphasise that I am talking about arrangements for freely consenting adults. The Government regard an income of £11,918 per year as much in excess of an employee's personal needs. That is why a single person on that salary is required to pay no less than £1,887 in tax and national insurance, thereby effectively reducing their take-home pay to £4.82 an hour instead of the £5.73 that it is nominally.

[Mr. Christopher Chope]

Why should it be illegal for someone voluntarily to accept pay of £4.82 an hour? After all, that is all that is left in their pocket if they are paid the minimum wage of £5.73. Giving people the freedom to opt out of the minimum wage would help not only those who are out of work but those in the hard-pressed retail and hospitality sectors where businesses are going down like ninepins. How many such small businesses could be saved if those working in them had the freedom, in conjunction with their employers, to agree to reduce their wages?

Andrew Mackinlay (Thurrock) (Lab): It would be unfair competition.

Mr. Chope: The hon. Gentleman says that it would be unfair competition, but we are talking about the marketplace and people should be free to compete in the marketplace without restriction. A reduction to, say, £4.82 would be more than 15 per cent. below the minimum wage and would also save employers national insurance on-costs. It could thereby transform the economic viability of such a small business by substantially reducing overheads.

Voluntary wage reductions are increasingly commonplace in the private sector. I visited a small engineering company in my constituency on Friday where everyone has voluntarily taken a 10 per cent. pay cut. About half the work force have also been made redundant. Workers in other large firms such as JCB and Corus are reported to have done the same to enable their firms to be more competitive and to reduce the overall number of redundancies.

Such changes are not happening purely in the private sector. In Ireland, Members of Parliament and senior civil servants have taken a 10 per cent. pay cut. I am not asking people to support such a proposition if they give me leave to introduce this Bill, but that example shows the mood in the real world. It is ironic that the only people without the freedom to take a pay cut are those on or just above the minimum wage. How can that be fair?

We all know that many people are self-employed and earn far less than the annualised national minimum wage for full-time work. They can escape the constraints of the national minimum wage legislation, but not everyone wishes to become self-employed in order to enjoy the right to work. One of the most effective ways of creating new work, in the service sector in particular, is for services to be offered at a price that is attractive to potential customers, thereby creating a new market. We can all think of examples of people who might offer services such as window cleaning, child care, gardening, car washing and so on. Provided that the price is right, the potential employer may take on those people for employment. In the real world, it is accepted by the Low Pay Commission that more than 1 million people are already working at below the minimum wage. Many of them work in what is described as "the black economy". How much better would it be if those private arrangements were not criminalised by the state?

The right to work covers not only the issue of remuneration but how many hours are worked. I have received letters from constituents who are worried about the potential impact of the loss of the opt-out from the 48-hour week, which was applauded by Labour Members of the European Parliament only late last year. My constituents argue that they should have the freedom to work whatever hours they decide, in conjunction with their employers. What reasonable man could argue with that? Indeed, that right is recognised by the United Nations, even if not by the European Union.

The final element of my Bill would require all public sector organisations to advertise their job vacancies externally, so that those outside the magic circle would have the freedom to compete for jobs on an equal basis. For example, there are 672 BBC management jobs with salaries of more than £70,000. Are there not many people out there in today's job market who would give their eye teeth just to have the opportunity to compete for those jobs?

This Bill is about liberalising and deregulating the labour market. It is about removing the barriers to work that have been introduced since the last recession. It is not only an essential supply-side measure; it is also a restoration of that basic human right—the right to work.

Question put and agreed to.

Ordered,

That Mr. Christopher Chope, Mr. Peter Bone, Philip Davies, Mr. Nigel Evans, Mr. Greg Knight, Mr. Edward Leigh, Mr. Ian Liddell-Grainger, Mr. Brian Binley, Mr. William Cash, Mr. Robert Syms and Mr. David Wilshire present the Bill.

Mr. Christopher Chope accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 15 May and to be printed (Bill 60).

Banking Bill (Money)

Queen's recommendation signified.

3.47 pm

The Economic Secretary to the Treasury (Ian Pearson): I beg to move,

That, for the purposes of any Act resulting from the Banking Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of any expenditure of the Secretary of State in respect of, or in connection with, giving financial assistance to or in respect of a bank or other financial institution, and

(2) the payment out of the Consolidated Fund, in urgent cases, of expenditure which would otherwise be paid under the Act out of money provided by Parliament.

As the House will be aware, provision for public expenditure in legislation can be considered only if a money resolution authorising a charge to public funds has been passed. Such a resolution was passed by this House at the end of the Second Reading debate on 14 October last year, in the usual way.

However, as the House will also know from amendments made to the Bill in another place, which we shall debate shortly, the Government found it necessary to have the Bill amended there to provide the necessary statutory cover for expenditure on a wider range of matters than had been thought necessary when the original money resolution was passed.

In particular, as I shall explain in more detail shortly, it was necessary to make provision for a number of schemes operated by Government Departments that had, as their object, the provision of support in these difficult times for bodies that are not banks or other financial institutions, as well as for banks and financial institutions themselves. We therefore require a new money resolution to approve this extension of the financial scope of the Bill before we consider the amendments that the other place has made.

3.48 pm

Mr. Mark Hoban (Fareham) (Con): The Minister introduced the money resolution as though it were merely a matter of course and something that should go through without much debate. However, the Bill changed significantly in the House of Lords, which widened the scope of financial assistance beyond what is to be given to banks or other financial institutions. Later, we will discuss the effect that those amendments could have on banks or other financial institutions, on the economy as a whole and on particular industries or sectors, and on actual or potential customers of banks or other financial institutions. Those are broad amendments. They cover a number of packages of aid announced by the Government in recent months. It is important to put on record the estimated cost of those packages, so that the House can understand the scale of the liability that the taxpayer could take on as a consequence of those amendments and the money resolution being agreed to this afternoon.

In the other place, it was said that the changes required to the Bill would give legislative cover for: the first bank bail-out; the equity and preference share investments in the Royal Bank of Scotland, as well as in Lloyds TSB and HBOS, now Lloyds Banking Group; the credit guarantee scheme; the asset-backed securities scheme proposed by Sir James Crosby in his report, which was presented to the Chancellor at the time of the pre-Budget report; the £50 billion asset purchase facility, a scheme that authorises the Bank of England to buy commercial papers; and the asset protection scheme, the details of which we still do not know, although it will ensure a portfolio of bank assets in return for a fee. There were reports at the weekend that there could be up to £400 billion-worth of eligible assets in that scheme.

We could add the schemes announced by the other Department that the Minister represents, the Department for Business, Enterprise and Regulatory Reform. They include: the £10 billion working capital scheme, set up to secure £20 billion of short-term bank lending to companies in the small and medium-sized enterprises sector; the £1.3 billion enterprise finance guarantee scheme; the £1.3 billion that is to be unlocked from the European Investment Bank as part of a package of aid to the motor industry; and £1 billion of direct lending to the motor industry. A large financial commitment is emerging as a consequence of the amendments made in the other place.

Mr. John Redwood (Wokingham) (Con): Is my hon. Friend of my view, which is that we might be talking about half a trillion—£500 billion—of loans and share capital purchases, and another £500 billion of money guaranteed? We could be talking about guarantees, loans and shares of £1 trillion, and all we get from the Minister is about three sentences.

Mr. Hoban: Indeed; my right hon. Friend makes an important point. The scale of the financial intervention that could be authorised by the Bill is much greater than many people anticipated, even six months ago. It is important to make sure that there is proper scrutiny of it. I will not trespass on the subject of transparency, and the reporting measures on which the Government have conceded; we will talk about that later. There are significant amounts of money involved, and it is important that before we proceed to discussing the amendments, we put on record the amounts of money involved.

Mr. Peter Bone (Wellingborough) (Con): I was rather surprised at how quickly the Minister sat down; he did not give us an opportunity to question him. If we pass the measure today, will the funds that we are talking about be consolidated on to the Government's balance sheet, as is required under international accounting standards?

Mr. Hoban: My hon. Friend, a fellow chartered accountant, asks one of the questions that need to be addressed. As I understand it, there will be different accounting treatments for different types of schemes. Schemes that provide a guarantee will be a contingent liability, whereas in schemes in which we take on debt, that debt will be on the Government's balance sheet. As a consequence of the Government's majority shareholding in RBS, the Government have had to recognise a significant proportion of RBS's liabilities on their balance sheet.

John Bercow (Buckingham) (Con): As has been noted, the Minister was swift to resume his seat, whereas my hon. Friend, presumably in a bid to whet our appetites for the debate, has already offered us a litany of statistics. I am all agog: I want to know whether my hon. Friend is advising us to vote against the money resolution.

Mr. Hoban: My hon. Friend tempts me, but we have accepted elements of the banking bail-out package. We feel that parts of the package could have been made much more effective at an earlier stage. We welcome the Government's working capital scheme, which was announced by Lord Mandelson, although it was a pale imitation of a policy that we proposed in November. So although elements of the package may cause controversy, there are elements on which the Government have followed our lead. The important thing is that we hold the Government to account on how the schemes are introduced and implemented. We will refer to ways in which we can do so in the debate on the first group of amendments.

It is difficult to speak of a backdrop in the first debate on a topic, but it is important that hon. Members who wish to participate in the debate on the Bill recognise the cost of the initiatives that the Government have taken already, the potential exposure that that brings to the taxpayer, and the need to ensure that taxpayers are fully aware of the liabilities that they are likely to bear. I, too, was surprised that the Minister was so quick to resume his seat. He announced in the House at least one of those packages, if not two, and I should have thought that he would be happy to talk about their merits and why they would be effective.

Mr. William Cash (Stone) (Con): Will my hon. Friend give way?

Mr. Hoban: I am conscious that other hon. Members wish to participate in the debate, but I shall give way to my hon. Friend.

Mr. Cash: A subject that I have been pursuing since at least 7 October is what is a proper measure of the percentage of gross domestic product represented by the debt—it is somewhat along the lines of the remarks made by my hon. Friend the Member for Wellingborough (Mr. Bone). My hon. Friend the Member for Fareham (Mr. Hoban) correctly referred to contingent liabilities as the proper criteria. However, surely the real criteria should be the financial obligations that are entered into. Nobody could seriously doubt that we are speaking of financial obligations, so whatever the measure that may be imposed by virtue of a theoretical definition, the fact is that the figures are up to £2 trillion to £2.5 trillion, as I said in the most recent debate. Does my hon. Friend agree that we need to work that out carefully so that we get a proper measure, not just a theoretical measure, of what is defined?

Mr. Hoban: My hon. Friend makes an important point about trying to quantify the extent of the liabilities that the taxpayer is taking on. Dredging the recesses of my memory, I recall from my accountancy training that there are accounting standards that examine the extent to which a potential liability could crystallise and therefore how one should account for those liabilities. What is more likely to transpire should be provided for, and what is less likely to transpire should not be provided for.

Part of the challenge that we face is that one of the potentially largest elements of the package is the asset protection scheme, which will insure a portfolio of bank assets. Work is going on to try to quantify the extent of the package and what guarantees the Government will enter into with the banks, so we are yet to find out the true scope of the commitments that we are likely to enter into on behalf of the taxpayer in trying to resolve some of the issues associated with the banking crisis.

Mr. Brooks Newmark (Braintree) (Con): Building on the point that my hon. Friend the Member for Stone (Mr. Cash) was making—

John Bercow: The thesis!

Mr. Newmark: It was not a thesis, but it was a very good point about contingent liabilities. Equity accounting rules say that if the Government own more than 50 per cent. of a bank or any institution, they should consolidate not just a portion—that is, 70 per cent. of the debt—but 100 per cent. of the debt. Does my hon. Friend agree that if we want transparency, the Government should consolidate 100 per cent. of the debt of anything that they own over 50 per cent.?

Mr. Hoban: My hon. Friend, who has made a great study of the state of Government finances and their on and off-balance sheet liabilities, tempts me down a course which, if he does not mind, I shall not tread at this point. He makes an important point about the extent to which the Government may wish to recognise the liabilities. We are speaking of the liabilities of not just one bank. The Government have nationalised two banks—Northern Rock and Bradford & Bingley—so their liabilities will need to be taken into account as well. In the interests of transparency, we have heard nothing about the condition of Bradford & Bingley since it was nationalised at the end of September. That will be referred to later, in the debate on Lords amendment 83.

I give way to the hon. Member for Thurrock (Andrew Mackinlay).

Andrew Mackinlay (Thurrock) (Lab): I shall make a substantive speech.

Mr. Hoban: I do not wish to get in the way of the hon. Gentleman's making a substantive speech. It will be good to hear comments from Government Back Benchers, but I am sure that the hon. Gentleman will agree that there are significant sums of taxpayers' money involved and it is right to have a proper debate about it not only now, but as the scale of the liabilities unfolds over the coming months. Not wishing to deprive other hon. Members of the opportunity to speak, I shall conclude my remarks there.

3.59 pm

Andrew Mackinlay (Thurrock) (Lab): I am pleased to have caught your eye, Mr. Speaker. I am a bit bewildered and concerned that countless Members of Parliament from all political parties will be responding to letters and representations from constituents about the bonuses being paid to people who presided over the banks that have failed. That issue is fully within the footprint of the resolution, which involves Parliament authorising moneys to fulfil the intentions of the Banking Bill, which is designed to bail out and underwrite the banks.

It is inconsistent for us in this Parliament to agree this money resolution when the Prime Minister has failed to ensure that bonuses are not paid to people who have failed both the banks and the wider United Kingdom

community. In my view, the money resolution should be contingent on an undertaking that the banks will not pay the bonuses or that the Government will enact legislation to ensure that those payments are not made. I find it bewildering that neither the Opposition spokesperson nor the Government Front Bencher has mentioned the big elephant in the room—that is, the bonuses being paid. At the same time, we are expected to vote this afternoon—

Mr. Speaker: The money resolution does not involve a debate about bonuses. Perhaps the hon. Gentleman can raise that issue at some other point in the proceedings.

Andrew Mackinlay: I fully accept what you say, Mr. Speaker.

Mr. Redwood: Does the hon. Gentleman agree with me that the consequence of this money resolution is that the House has to supervise a big bank with a medium-sized country attached—a £2 trillion bank and a £1.5 trillion country? That is why the hon. Gentleman is in difficulties.

Andrew Mackinlay: Maybe. We are being asked to authorise this expenditure by Parliament; it is Parliament's historic role to make moneys available to the Government. I was inadequately trying to make the point that it would be wrong for me, on behalf of my constituents, to acquiesce, by my silence, in this authorisation of payment just when the Executive branch of the Government, these Ministers, are not ensuring that the rights and interests of our people are protected and promoted to the fullest extent; I am thinking about making sure that the bonuses are not paid to the failed bankers.

I conclude by saying that I am not prepared to let the motion go through without making it clear that it should be a condition of the resolution that the Prime Minister comes to the House to say something about the payments. I am not talking about setting up reviews; reviews that take months are no good—particularly if they are conducted by a man who received bonuses. Working-class people do not receive bonuses, and earlier we debated a Bill about rights to work. It is now time that Parliament exercised its right, and I am tempted to divide the House on the issue. I hope that the Whips are listening in their offices.

4.3 pm

Mr. Colin Breed (South-East Cornwall) (LD): This morning, the Treasury Committee spent about three hours interviewing bank executives. Part of the reason for that was our incredulity at how they had made decisions based on information about very complex financial instruments, which we suggested they did not know enough about before they committed huge sums to buying various assets and lending money in a certain way. We suggested to them that perhaps they should have had better training and education so that they could have understood exactly what they were approving.

Now we find ourselves here this afternoon. The Minister has made a statement lasting two or three minutes and is asking us to approve something, although many of us have not got the foggiest idea what it is to fund.

Andrew Mackinlay: Bonuses.

Mr. Breed: It could well be bonuses. Some of it will be in actual cash, by way of loans; some of it will be by way of guarantees and indemnities; and some of it will be by way of stand-by facilities. However, we do not know what the estimated total exposure at any one time might be. We do not have much idea of what the underlying security might be. We have not been provided with a cash flow forecast to indicate what the peaks of this exposure might be. We do not appear to have any exit routes for how the money will be paid back, in what time scale it will be paid back, or whether it will ever be paid back. There seem to be no dates by when these facilities will no longer be available, how long they will be made available for, or what review periods will be undertaken to ensure that the cash flow forecast is on track, or not on track. Combining all that with the opaqueness of the Government's own accounts as regards their off-balance sheet items and suchlike, we have no idea whatever of the total exposure that the Government are suggesting we should agree with taxpayers' money.

To debate all that we have three quarters of an hour, most of which has now gone. We have to decide what could be an unbelievable amount of exposure. As the right hon. Member for Wokingham (Mr. Redwood) said, it could be £1 trillion; we just do not know. I cannot conceive how we could possibly approve it today without a significant amount of additional information so that we have at least some idea of what is involved. If somebody gets us in front of a Committee in a year or so and says, "When you approved it, did you understand what it was all about?", we are going to look rather foolish.

Stewart Hosie (Dundee, East) (SNP): I am almost tempted to suggest that it is worse than that. One of the component parts of this money resolution is the Government's insurance for the banks' excess bad debt, effectively covering the toxic debt, which is a moveable feast—it is completely open-ended. Is it not worse than the hon. Gentleman describes in the sense that debts, or loans, that are good at the moment can become bad as the recession worsens, making this a completely open-ended commitment to an unmeasurable liability?

Mr. Breed: I thank the hon. Gentleman for that. He is exactly right: it is worse than I was thinking. If we discussed it for another half an hour or hour, we might discover that it is even worse again.

Most money resolutions are relatively straightforward—I think we all accept that—but this is entirely different. We should not just pass it and get on to the Lords amendments, because it is fundamental to the whole question of our bailing out the banking system. Unless we fully understand what the exposures are, this House will not be doing its fundamental task of oversight.

Mr. Graham Brady (Altrincham and Sale, West) (Con): I am following the hon. Gentleman's remarks with care. Does he agree that there is a marked contrast with the situation in the United States of America, where not so many months ago the Treasury Secretary went on his knees in front of Congress to seek permission for that money?

Mr. Breed: There is a certain similarity, of course. Although I do not want the Minister here, or anybody else necessarily, on their knees, when they come to the Dispatch Box they should at least give us a much fuller understanding of exactly what we are being asked to do.

Mr. Cash: Is the hon. Gentleman aware that the Japanese bankers went on their knees to apologise for the mess they got the Japanese economy into?

Mr. Breed: They may have chopped their heads off as well—I do not know.

Perhaps the Minister will be able to explain exactly what he wants us to approve, what amounts and so on, because at the moment I, for one, am not very happy.

4.8 pm

Mr. John Redwood (Wokingham) (Con): This is the biggest, most important and most dramatic money resolution I have ever seen in the House of Commons. It has taken 1,000 years to amass a debt that the Government put at around £550 billion. Under this money resolution and the associated actions that the Government might take, they might double the debt by making that amount of money available as loans and share capital to banks or put the same amount again at risk through their loan guarantee scheme. As my hon. Friends have indicated, if we consolidate on the general balance sheet, as we should, all the assets and liabilities of the banks that the Government are buying, we do not just double the debt but quadruple or even quintuple it when one takes into account the full size of RBS, Northern Rock and Bradford and Bingley—no others, we trust, but this is very open-ended and implies that there could be others.

The money resolution takes the form of two different assertions. First, we are invited to give the Secretary of State power to put out money provided by Parliament under these headings, and secondly, in urgent cases, to authorise payments to be made out of the Consolidated Fund. The Bill that backs up the money resolution contains even more wide-ranging powers relating to the central bank, enabling quite a lot of money to be generated by the bank through quantitative easing and the manoeuvres of its own balance sheets, so the process is literally open-ended. We have absolutely no idea how much is involved.

I was disappointed because I wanted to intervene on the Economic Secretary. He gave the impression of a Minister who was going to make a serious and sensible statement about this weighty issue, but he sat down as soon as he saw me trying to intervene and before he had mentioned a single figure. Call me old-fashioned, but if I were moving a money resolution in the House of Commons, even one for a modest sum of money, I would mention the sum involved and explain why I thought it would provide good value. We have a money resolution that could involve half a trillion or a trillion pounds. On a consolidated basis, if we take all the liabilities into account, it could be several trillion. We might think that it was worth giving a few numbers, or at least some kind of ceiling to suggest that the Government understand that we are talking about big banks in a relatively small country.

Mr. Newmark: Does my right hon. Friend share my concern that the Government do not know the answer because they have not had the time to do their own due diligence on the exact amount of risk to which they are exposing the country and taxpayers? That is why we are now on our second bail-out, and my concern is that we may end up having a third two or three months down the road.

Mr. Redwood: I quite agree. I do not know whether the figure of £37 billion is retrospective, or whether the Economic Secretary thinks it was voted for under some other provision. We know, however, that £37 billion of equity capital was put into banks just a few months ago. The money changed hands only comparatively recently because it took quite a long time to get the approvals and do the final detailed negotiation. In the case of RBS, we believe that £20 billion went in one week, and the following week it announced it had lost the lot and a bit more besides. Again, call me old-fashioned, but I do not feel I got a lot of value out of that £20 billion, and I wonder why the Government put it in in the way they did, why they did not ask a few questions about the future results before they chose a price to put in new share capital, or why they put in new share capital at all, instead of using guarantees and short-term cash loans, which would have been quite sufficient.

Sir Peter Viggers (Gosport) (Con): To give a sense of perspective about the size of the amounts involved and the speed with which figures can change, on 13 October the Chancellor of the Exchequer told us that the assessment made on the money going into the banks at that point was a cautious one—the FSA had made it on a cautious basis—so the amounts involved were rather larger than might otherwise have been the case. Three months later, on 19 January, RBS had to write off £28 billion, which is the largest amount ever written off by a company.

Mr. Redwood: That is right, and some of us have urged the Government in the past to show a little more concern for the public money involved, to ask more questions and do a little of what is called due diligence in the private sector before committing such huge sums of money to get a better deal for the taxpayer, if they feel that they need to do such a deal at all.

I urge the Economic Secretary, when considering the money resolution, to ensure that next time—I fear that there will be a next time because the Government are looking at a second package of banking support measures—the Government at the very least try to find out the scope of the problem. They should ask what the next set of figures might be. They should take that into account before valuing any share capital or loan capital they intend to put into the bank, and they should understand that a medium-sized country with an annual turnover and national income of £1.5 trillion will find it difficult to stand behind all the London-based banks with their combined multi-trillion-pound balance sheets.

If the Government are not careful, they will undermine the credibility and the reputation of their own debt and public finance by linking themselves too strongly and closely to some large banks, three of which we know have been badly run and have committed themselves to big risks and to big bonus and other contingent payments for no good reason, which have landed the taxpayer with a very big bill owing to the Government's policy.

I know that others wish to speak. It is a pity that we do not have a three-hour debate on the biggest sum of money ever voted on in the history of Parliament, but I do not want to detract from colleagues' time. I have made my main points: the Government should show more care, they should provide us with some numbers and they should understand that the total sum involved is too big.

4.14 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): My right hon. Friend the Member for Wokingham (Mr. Redwood) said, "Call me old-fashioned". I am old-fashioned, as I believe most Members probably are, in the sense that I believe it is not unreasonable to want to know what liabilities one is entering into, or leastways to hear figures suggesting what those liabilities might be. "Due diligence" is a phrase that echoes through almost every transaction in the commercial world.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): One problem is that due diligence did not happen in the commercial world when it came to our banks. The lesson for the Government is that they need to be much more wary when dealing with the banks.

Mr. Shepherd: That is a very fair correction. Of course we all accept the need for due diligence from those who serve us, professionally and otherwise, in the commissioning and undertaking of the tasks ascribed to them.

This country is clearly frightened. What is happening is without precedent in living memory. Unemployment is growing at an alarming rate, and we are watching companies fold. We know that the liquidity of banks lies behind that. We have already had what I believe was a 90-minute debate on a resolution to make available £40 billion and a further £200 billion. The House has been marginalised in the undertaking of its most fundamental duty, which is the supply of money. We do not know how much we are to supply on this occasion.

I go along with my right hon. Friend the Member for Wokingham in saying that the motion is open-ended, and I am surprised he believes that the Government will even need to return to the House with another such motion. It is pretty comprehensive, yet we know nothing of the figures. The hon. Member for Thurrock (Andrew Mackinlay) asked why we are approving the sums that we are, because they must give bankrupt banks the ability to pay bonuses they would otherwise not be able to pay. Last Thursday, the *Financial Times* set out the Obama programme for convincing the public why the measures being sought through Congress, which will sit at weekends if necessary to discuss them, should apply to the banks. That programme rests on a condition similar to the one that the hon. Gentleman set out.

Yet this Government have set as their condition the holding of an investigation, which will dribble on until the end of time. How can people be confident that the Government know what they are doing, are on the side of the people and can countenance the payment of such sums? Where in their scheme is correction provided for? The Minister must say more about that. It cannot be reasonable to assume that the House will dance to a tune that it does not even understand. The resolution opens our imaginations to the thought that the Government are as lost as all of us. In fact, they are more lost, as they cannot put a sum on anything.

Mr. Cash: Does my hon. Friend accept that some of us would be very concerned if we did not put down a marker of protest about this? We would prefer to vote against the money resolution, even though we understand that certain undertakings may have been given.

Mr. Shepherd: I want to see Parliament at the centre of what this country decides in relation to the Executive. That has happened throughout our history, and we are elected to ask the Executive for certain informations. We have been hollowed out in the great debate that faces each of our constituents, and we have not even had proper debates on the Government's economic conduct. They do not want to come to the House to discuss that; they just send a little message, a three-minute speech by the Minister explaining why it is essential that we should bounce along to their drumbeat.

No, no—I agree with my hon. Friend the Member for Stone (Mr. Cash) that we should oppose the motion so that the Government take seriously the intent of Parliament. Each one of us must justify such vast sums, which could bankrupt the nation. The bankruptcy of countries is not unknown in history. When one hears of money simply being thrown around, without ascertaining or establishing conditions, it makes one feel that the Government do not know what they are doing apart from pushing money into the economy somehow. We need to be more intelligent about the matter, and so do the Government.

The Executive are trying to achieve what all hon. Members want—the stabilisation of an economic crisis and beginning of life again. However, that should be done in partnership, so we should oppose the motion.

4.20 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow my hon. Friend the Member for Aldridge-Brownhills (Mr. Shepherd), who speaks with immense sense and with whom I entirely agree.

I had the great pleasure of attending every Committee sitting, where the Economic Secretary, who is also at the Dispatch Box today, would spend five, 10 or 15 minutes discussing some sentence in the Bill. However, when it comes to spending so much money that we do not even know the size of the sum, with the danger of bankrupting the British economy, we get a very short speech. I do not believe for one moment that that was by the Minister's design—I think he was sat on from on high. The theory is, "Whatever happens, let's not discuss the Bill but simply get it through quietly; let's spend billions and billions of pounds, and nobody will notice." I spoke in a debate in which we spent £42 billion in 90 minutes. The larger the amount of money, the less time we have to discuss it.

Mr. Newmark: Does my hon. Friend share my concern that the Economic Secretary is mute on the matter because he does not know the figure?

Mr. Bone: I am grateful for the intervention because I intend to be brief to allow the Economic Secretary time to say at least something about the matter. Perhaps he has no idea about the figure, but he has got to do better. He must come to the Dispatch Box and explain the money resolution in greater detail, otherwise I will not support it. I know that that creates some difficulty for

[Mr. Bone]

my hon. Friend the Member for Fareham (Mr. Hoban). He made many of the points that hon. Members of all parties have raised, but he wants to get the Bill through, as we all do. However, if we continue to allow the Government to railroad Parliament, they will be encouraged to do it again and again.

Mr. Cash: Will my hon. Friend take into account the fact that our presence here today to discuss the money resolution must be in accordance with the rules laid down in "Erskine May" and in Standing Orders? We are discussing a proposal for new or increased expenditure, which is not already covered by legislative authorisation. We are therefore in a de novo situation. My right hon. Friend the Member for Wokingham (Mr. Redwood), and my hon. Friends the Members for Aldridge-Brownhills (Mr. Shepherd), for Braintree (Mr. Newmark) and for Gosport (Sir Peter Viggers) have already shown that there is deep concern about the fact that the amount is new and increased, and, as my right hon. Friend the Member for Wokingham said, its implications are stupendous.

Mr. Bone: My hon. Friend speaks with great clarity and is, of course, correct. Time and again, the Executive have performed the same trick. They add things to Bills late in their passage. In this case, they are adding the most massive sum of money.

I realise that I am short of time if I want the Economic Secretary to speak again, and he must make it clear whether we are considering approving expenditure of not only billions but trillions. Will that be incorporated into the Government's balance sheet? If so, we will be a little country run by a big bank. The Economic Secretary must be clear: will the money be consolidated or not?

4.24 pm

Sir Peter Viggers (Gosport) (Con): The proposal that the Government have put before us is profoundly worrying. It would allow an unlimited amount of expenditure, by authorising

"the payment out of money provided by Parliament of any expenditure of the Secretary of State in respect of, or in connection with, giving financial assistance to or in respect of a bank or other financial institution".

That is, in fact, a blank cheque.

In January, the Prime Minister expressed surprise and anger that the Royal Bank of Scotland had invested in derivatives—"invested" being a pejorative—and that it had become necessary to write off £2.5 billion of taxpayers' money, which was irrecoverable from a Russian oligarch. What on earth are we doing surrendering taxpayers' hard-earned money to a Russian? The Prime Minister expressed anger, but how much more angry should we be that he spent taxpayers' money on that basis and that he then expressed surprise?

The only way ahead must surely be to tie down the Government, so that they are not so profligate in the expenditure of our money, and to reject the motion. Having said that, I was present when my hon. Friend the Member for Tatton (Mr. Osborne) gave an undertaking that the Bill would go through with our support in February, and on that basis I will not be voting against it.

4.26 pm

Ian Pearson: With the leave of the House, I would like to respond to some of the points that have been raised in this debate, although I appreciate that this gives hon. Members an opportunity to range relatively widely over Government expenditure.

A number of the issues could have been raised in connection with the money resolution on 14 October, which was passed without debate. Indeed, hon. Members will be aware of the convention with regard to money resolutions. Like the hon. Member for Aldridge-Brownhills (Mr. Shepherd), I, too, am old-fashioned.

Mr. Cash: Will the Minister give way?

Ian Pearson: If the hon. Gentleman will let me reply first, I will then give way.

I am old-fashioned enough to believe that a money resolution is about providing the cover for expenditure. We are not debating or voting on the expenditure itself. That will happen through the normal process of supply estimates and votes where appropriate. There will be opportunities to discuss the expenditure that the Government are committed to, but we are asking for cover for expenditure, just as we do for other Bills in normal circumstances.

Mr. Cash: Will the Minister give way?

Ian Pearson: Let me make just a little more progress and answer some of the substantive points that have been made. Then I will give way to the hon. Gentleman.

The schemes covered by the resolution will be subject to the standard arrangements for parliamentary control and for the reporting of expenditure to Committees as appropriate. The Bill makes that happen and will also put in place additional requirements, in line with amendments made in the other place. Hon. Members will be aware that amendments made in the other place imposed a requirement on the Government to report on expenditure and liabilities made or assumed under the Bill. We have accepted the principle behind that amendment and we will debate it in due course, so there will be no lack of transparency on the Government's part.

Andrew Mackinlay: Does the Minister not understand his and my constituents' bewilderment that we should be giving the banks a blank cheque, as other hon. Members have said? We understand the gravity of the situation but, at the same time, he and the Prime Minister are not insisting that bonuses should not be paid. I ask him again: will he cut away the nonsense about a review and say, "It shall not happen"?

Ian Pearson: I hear what my hon. Friend says. We all share the public outrage about bonuses that are rewards for failure. Let me say to him that it is not a blank cheque that we are asking people to support today; it is a money resolution that is prepared in the normal way. There will be scrutiny through estimates and votes in the normal way. It is also important to recognise that there are a number of measures in the Bill that are important to people and businesses in his constituency. That is why I hope he will not want to vote against the money resolution, because not passing it would prevent people and businesses in his constituency from receiving substantial support.

Mr. Redwood: Will the Minister give way?

Ian Pearson: In a moment. I just want to address the point about contingent liabilities.

As hon. Members will be aware, Departments are required to note contingent liabilities in their annual resource accounts. In exceptional circumstances, this may be done confidentially to the Chairs of the Public Accounts Committee and departmental Select Committees. In a moment, I hope we will go on to discuss the transparency and reporting amendment that I have tabled in response to the amendment made in the Lords. It proposes six-monthly reporting requirements. We are not hiding away from wanting to report on our liabilities and the actions that we are taking on this matter; we want to get it right, but we also want to do whatever it takes to maintain stability and support for the economy in this difficult time.

I am pleased with the cross-party consensus that we have had during the passage of the Bill, and I ask hon. Members seriously to consider that there is a difference between a money resolution that provides cover for expenditure and a debate on the expenditure itself, which will be held in the normal way.

Mr. Redwood: Will the Minister tell the House how much money we are talking about for this year and next, under this money resolution and the subsequent resolutions?

Ian Pearson: We have explained this, in our previous statements to the House on bank recapitalisation, and in our announcements on the asset purchase scheme. We also explained in detail the fact that we were providing £10 billion in contingent liabilities for supporting the working capital scheme, which will allow £20 billion of lending. However, we do not know what the exact figures will be because, in many cases, we are providing loan guarantees and our final liabilities will depend on the ability of companies to get through the recession and on whether those guarantees are called. The sooner we act, and the sooner we can get more support to businesses, the more likely the businesses will be to survive at this time—

4.32 pm

Three quarters of an hour having elapsed since the commencement of proceedings on the motion, the Speaker put the Question (Standing Order No. 52).

The House divided: Ayes 273, Noes 7.

Division No. 34] **[4.32 pm**

AYES

Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Campbell, Mr. Alan
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Lammy, rh Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona

McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Ayes:
Ms Dawn Butler and Mr. Dave Watts

NOES

Bone, Mr. Peter
Davies, Philip
Heathcoat-Amory, rh Mr. David
Pelling, Mr. Andrew
Redwood, rh Mr. John
Spink, Bob
Wareing, Mr. Robert N.

Tellers for the Noes:
Mr. William Cash and Mr. Richard Shepherd

Question accordingly agreed to.

BANKING BILL (PROGRAMME) (NO. 4)

Motion made, and Question put forthwith (Standing Order No. 83A).

That the following provisions shall apply to the Banking Bill for the purpose of supplementing the Orders of 14 October 2008, 26 November 2008 and 17 December 2008 (Banking Bill (Programme), Banking Bill (Programme) (No. 2) and Banking Bill (Programme) (No. 3)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption at this day's sitting.

2. The Lords Amendments shall be considered in the following order, namely Nos. 83, 1 to 82, 84 to 97.

Subsequent stages

3. Any further Message from the Lords may be considered forthwith without any Question being put.

4. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*(Mr. Blizzard.)*

Question agreed to.

Banking Bill

Consideration of Lords amendments

Madam Deputy Speaker (Sylvia Heal): I must draw the House's attention to the fact that privilege is involved in Lords amendments 20, 51 to 53, 59 and 75 to 84. If the House agrees to any of these amendments, I shall ensure that the appropriate entry is made in the *Journal*.

After Clause 226

TRANSPARENCY: FINANCIAL ASSISTANCE

4.46 pm

The Economic Secretary to the Treasury (Ian Pearson): I beg to move, That this House disagrees with Lords amendment 83.

Madam Deputy Speaker: With this it will be convenient to take the following: Government amendment in lieu of Lords amendment 83.

Lords amendments 75 to 82.

Ian Pearson: Before addressing in detail the amendments made in the other place and the amendment the Government are now proposing, it might help if I summarise the purpose and history of clauses 228 and 229 in the latest print of the Bill. Their purpose is to put the use of public money in the proposed bank resolution arrangements, or in the provision of financial assistance to banks and their customers more generally, on to a proper statutory footing. Clause 228 does that by providing the statutory cover for expenditure in Supply estimates. That is required under a long-established convention, commonly called the PAC concordat of 1932, that there should always be specific enabling legislation to enable the finance for a new service to be provided from public funds. We amended the clause in Committee in this House to give statutory cover for financial assistance where the institution concerned was not a UK deposit taker or a financial institution that was not a deposit taker—for example, a bank holding company—but further issues came to light that had to be dealt with by Government amendments in the other place. I briefly commented on them in the money resolution debate, and I shall turn to them shortly.

Clause 229 provides statutory cover for drawing money from the national loans fund to make loans urgently where that is necessary to protect financial stability. We also amended the clause in Committee to extend the types of person to whom loans could be given to cover financial institutions other than UK deposit takers. I shall also talk about the Government amendments made in the other place after discussing clause 230. This clause, the result of the passing of amendment 83 in the other place, provides for more rapid detailed reporting of financial assistance given to banks, financial institutions and their customers. It provides for quarterly reporting of expenditure, and of guarantees and similar commitments that might result in expenditure, met with money voted by Parliament under the authority of clause 228(1). Clause 230 also provides for the same reporting arrangements for loans made under clause 229. It requires the Treasury to lay sufficiently detailed reports before both Houses of Parliament, but allows for the disclosure of the information to be delayed as long as there is a public interest in not disclosing it.

The Government have always appreciated the concerns that many people have about transparency and reporting. Those are important issues for the whole Bill, and not just in relation to public expenditure, and we discussed them at great length in Committee and they were discussed at great length in the other place. The Government's view is that it is necessary to balance the desirable objective of transparency against the need for confidentiality in a number of contexts. There will be cases where action to tackle financial crisis, taken under the Bill or otherwise, can be effective only if it can be kept confidential.

Mr. John Redwood (Wokingham) (Con): If we approve the Bill as it stands, is there a danger that because there will no longer be a weekly report from the Bank of England, some of this assistance could be provided on the Bank of England's balance sheet to avoid all scrutiny and accountability?

Ian Pearson: I shall discuss those points, but basically the answer is that we have the balance right in what we are proposing today.

The right hon. Gentleman will remember that there were concerns about this precise issue when the news about Northern Rock first broke. There were concerns that the provision of financial assistance by the Bank of England had to be disclosed by the recipient firm—as is the case for listed companies—under Financial Services Authority rules. There were also concerns about the way in which the publication of the weekly Bank of England return could be used to work out that such support was being given. Indeed, clause 244, which removes the obligation on the Bank to produce a weekly return—the right hon. Gentleman referred to that—was included in the Bill precisely because of those concerns.

So there must be a balance between the need for transparency and the need to protect confidentiality where it is clearly in the public interest to do so. The Government feel that the original clause 230, although a noble effort, does not quite get the balance right. We simply feel that there is too big a risk that it could be possible to identify the beneficiaries of financial assistance under some schemes or the amounts that they could receive. I am sure the House will appreciate the risk, therefore, of damaging speculation about the identity of the institution concerned. That could be bad for confidence and it could even lead to the kind of situation that we are all trying to avoid.

These issues were debated in Committee in another place, and the version of the clause accepted on Report in the other place has gone some way to recognising these difficulties. For example, clause 230 does allow the Treasury some leeway to delay the disclosure when it is in the public interest to do so—for as long as that remains the case. That is sensible, but because of the risks and concerns that I have just described, the Government might well end up relying on this public interest exemption rather too often.

That is bad for two reasons. The first is that it increases the chance that the Government may not be able to make a disclosure—that is clearly bad for transparency and we ideally want to avoid it. The second is that the frequent delay or omission of information could, itself, lead to destabilising and damaging speculation of the kind that we all want to avoid. So we have been considering ways in which regular reports of the kind provided for by clause 230 could be made while minimising the problems that I have described.

Mr. William Cash (Stone) (Con): Does the Minister accept that normally the money resolution authorises, in general terms, the expenditure and that subsequently, as he said, there is an estimate, but it is not, in itself, a reason for accepting the money resolution? Does he also understand that much of the reason for the Bill's being discussed and voted upon by an unelected Chamber—the other place—is the fact that the Government imposed restrictions on the amount of debate to take place in this House and abrogated to the upper House matters that should properly be dealt with only in this House, because we are elected on behalf of the people?

Ian Pearson: Unfortunately, I do not agree with hon. Gentleman. Exceptional events have been taking place in money markets worldwide, and the Government have had to act quickly to ensure financial stability. We did that through recapitalisation, and the authorisation for that was in the money resolution that we passed in October. We have had to take further action since, and we need legislative cover for the action that we have taken, which is why we were discussing the money resolution. But we also want to ensure transparency and accountability to Parliament. I share with the hon. Gentleman the strong view that accountability for these matters should be to this House, and we are trying to achieve a reasonable balance between the need for transparency and the need for confidentiality. That is why we have tabled an amendment containing a new clause to take the place of clause 230.

The new clause would provide that reports should be submitted half-yearly rather than quarterly. In itself, that would significantly reduce the risk of identification as expenditure incurred or guarantees given over a longer period would be covered in any one report. The new clause would require the Treasury to ensure that individual recipients and the amounts that they have been paid or guaranteed cannot be identified. That will usually mean aggregation, and we expect that in practice each scheme would be reported on separately, but that, if necessary, data on schemes could be aggregated up to the level of the sponsoring department. The Government believe that that is the intention behind subsection (2) when taken with the recognition of the public interest in subsection (3), and our amendments are, therefore, in line with the clause as it stands, but make improvements in clarity and technical effect.

There are also some smaller points on which the Government propose changes to clause 230. First, the amendment provides that the reports should not include the loans made under clause 229. A Government amendment in the other place, which we will come to shortly, made the loans from the national loans fund under clause 229, which can also only be made when needed urgently to protect financial stability, subject to an ad hoc reporting procedure similar to that provided in clause 228 when money is taken directly from the Consolidated Fund in urgent cases. But there is no mechanism analogous to estimates for approving loans from the national loans fund, so there is no need to include them in reports under clause 230. Of course, those payments and loans will be included in the annual accounts of the national loans fund.

Finally, the amendment provides for reports to be laid only before the House of Commons. That is entirely normal, and follows the usual processes for reporting on public expenditure, in line with long established constitutional precedents in relation to public finances. As set out each year in the Queen's Speech, Supply estimates for the public services are laid before this House only. The reports that this amendment will introduce relate to money voted in those estimates, and it is proper, therefore, that they should be formally laid in this House. But the reports will of course be published so copies will be available to members of both Houses—and indeed the general public—in the normal way.

I hope that the House will agree that these proposals strike the right balance between the objective of transparency and the need for the appropriate level of confidentiality. I hope that the additional arguments that I have been able to make will enable those who expressed concerns in the debate on the money resolution to be reassured about the accountability mechanisms that will be built into the process.

Derek Twigg (Halton) (Lab): My hon. Friend makes an important point. There is great outrage about bonuses being paid by banks, and it is felt that we should do more about that, given the amount of money being put into the banking system. The key is transparency. While I understand the thrust of the amendments, there is a conflict between transparency and the confidentiality that is needed for the reasons that my hon. Friend has outlined. Does he agree that we must make it clear to our constituents that transparency is a key part of the proposals?

Ian Pearson: I agree strongly: it is right that we should be as transparent as we reasonably can, while recognising that certain public policy objectives require some degree of confidentiality. The last thing that we would want to do is create a run on a financial institution by being too transparent and disclosing problems when by taking action as we propose, we could solve such problems.

Mr. Peter Bone (Wellingborough) (Con): I remember the debates in Committee over this point. One of the dangers of not having transparency is that someone might invest in an organisation, only to lose a lot of money later because it went down, and they would not have known that the Government had been bailing it out in between those times. However, I want to ask the Minister whether we will have an extraordinary Supply day to cover the estimates that we have just approved in the money resolution. If so, will he guarantee that the time allowed for that will not be three hours but will be enough to ensure that the subject is properly debated?

5 pm

Ian Pearson: I cannot speak for the business managers of the House, obviously. However, as part of the normal reporting procedures there will be an opportunity to debate these matters. The hon. Gentleman has raised his point and he will have ample opportunities to raise the Government's programmes in debates on the Floor of the House and in Westminster Hall.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): May I put three examples to my hon. Friend? Let us say that the Bank of England were to start buying Government debt; that the Treasury were to start issuing debt directly to businesses, institutions or arms of local government; or that the Government were to decide that they had to

support credit insurers and created a new credit insurance facility in order to keep business moving. Those matters would all be covered by this new clause. How would Parliament be kept informed about these matters?

Ian Pearson: As a Government, we always want to be open and transparent. As an experienced Member of this House, my hon. Friend will know that when we make major decisions as a Government it is normal practice that we report them to Parliament either through an oral statement or a written ministerial statement. The normal financial accountability mechanisms will be considered and will be debated in due course. I assure him that the Government want to be absolutely clear about what we are doing and to explain why we are taking action. We think that it is vital that we should continue to do all we can to ensure the stability of the financial system in the UK. That is why the announcements that the Chancellor made in an oral statement to the House a few Mondays ago showed the normal practice that we would follow. That does not negate the need for other reporting mechanisms to be put in place. As I outlined earlier, the estimates and votes process is long established in this House and provides a means of financial accountability.

Let me turn to Lords amendments 75 to 80, which provide statutory cover for expenditure incurred in connection with schemes run by Departments other than the Treasury. They do that by providing statutory cover for schemes where the financial assistance being provided will both facilitate the activities of the bank or financial institution and provide a benefit to a third party, such as customers of banks or other financial institutions, or to the wider economy. Expenditure incurred in connection with schemes such as the home owners mortgage support scheme announced by the Prime Minister on 3 December and the working capital scheme that I announced to the House on 14 January in my capacity as Under-Secretary of State for Business, Enterprise and Regulatory Reform are covered by the provisions.

Lords amendment 81 addresses a different issue regarding the provision of financial assistance. As the House will know, the Treasury has made a number of arrangements to support the UK banking sector. They include the credit guarantee scheme for new inter-bank lending introduced in October 2008, as well as the asset protection scheme and guarantee scheme for asset-backed security that were announced on Monday 19 January. Those schemes involve the provision of guarantees or similar financial commitments by the Treasury. Although we hope that there will be no need to make any payments, the Treasury must be in a position to settle promptly any liabilities that arise. Normally, that would be effected by securing parliamentary approval for an estimate, but clearly a need for expenditure might arise at any time, including during a recess when estimates could not be obtained. The amendment addresses that by providing for direct access to the consolidated fund without an estimate in cases where the funds are required urgently. It also provides for parliamentary reporting with suitable safeguards in respect of commercial confidentiality and the maintenance of market confidence.

Mr. Bone: Does that not undo what the Minister said earlier in the debate? He said that there would always be an estimate so that the House could decide whether or not to approve the expenditure of money, but it appears that money can be spent without any approval during a recess. I assume that we will not be able to come back afterwards and unspend it, so did not what we voted on earlier in fact commit us to spending it?

Ian Pearson: No, the money resolution that we voted on earlier will not do what the hon. Gentleman suggests. Where funds are needed urgently and it is not possible to have estimates, that money can be provided. However, it will still be subject to the same accountability systems when Parliament returns after a recess.

Mr. Redwood: Will the guarantee scheme apply only to British banks lending to British people and companies, or will it apply also to foreign loans and banks?

Ian Pearson: The working capital scheme that is being progressed at the moment relates only to UK banks. We are discussing the scheme with the major UK banks, but we are not in conversation with foreign banks about it.

Jim Cousins: May I follow that up? My hon. Friend has made it clear that the facility will be available only to UK banks, but an important point that should not be overlooked is that much of the exposure that will be supported could be outside the UK. In fact, I can think of one or two big financial institutions that will carry most of their exposure outside the UK. Is that also covered by the loan facility?

Ian Pearson: We are trying, through the working capital scheme, to progress our discussions with UK banks about their credit lines to UK companies. The policy intention is not that the Government should underwrite the loans of non-UK companies or investments made by UK companies in assets outside the UK. We need to be clear that the purpose of the working capital scheme is to help UK companies that need access to credit. Some have had their credit lines withdrawn, and the Government want to give a reassurance that credit will be there in the future. I can assure the right hon. Gentleman that the policy is UK focused and that the intention is not to fund projects internationally in the way that he describes.

Finally, I turn to amendment 82 to clause 229. Clause 229 provides for loans to be made urgently from the national loans fund where that is necessary to protect financial stability. Of course, loans can be made with money voted by Parliament but, again, an estimate will have to be obtained first. However, loans can be provided from the national loans fund without an estimate, provided that the relevant requirements are met. That means that they can be used in urgent cases for which no estimate is available.

After further reflection, the Government felt that the same kind of reporting arrangements that apply to the urgent payments under clause 228(5) should also apply to individual urgent loans under clause 229. As I have just explained, Lords amendment 82 does that with the same kind of anonymity and public interest conditions as those used in subsections (6) and (7) of clause 228.

These Lords amendments are detailed. For what we believe are good reasons, the Government disagree with one of them, although we accept its general principle and thrust. We think that the balance between transparency and confidentiality that their lordships proposed needs

[Ian Pearson]

to be changed slightly, and I have explained our thinking. I hope that the House will agree to our amendment in due course.

Mr. Mark Hoban (Fareham) (Con): I will deal with the amendments in a different order from the Minister and start off with Lords amendment 79, which is important. It triggered much of the debate that we had on the money resolution, in the sense that it would broaden the way in which the Government can use public money to support the banking sector or other financial institutions. When we debated clause 225 in Committee, it was more narrowly focused, but the amendment would widen its scope. I want to test with the Minister my understanding of how broad the amendment is in practice.

My understanding is that the Bank of England's asset purchase facility would fall within the ambit of the clause, because the scheme permits the Bank to purchase commercial paper, and that indirectly benefits banks by reducing the potential demand for funding, so any financial commitment that arises from the asset purchase scheme would be covered by Lords amendment 79. The Minister mentioned Lords amendment 81; I am trying to understand where the Government have broadened the nature of the assistance that can be given. I am thinking of how new subsection (1A)(a) and (b)—particularly (b)—which is inserted into clause 225 by Lords amendment 79, will relate to a range of schemes. I assume that the funding package for the motor industry that the Minister announced in the House last month would come within the ambit of new subsection (1A)(b).

I wonder if I might push the Minister a bit further to see how elastic the provision is. Last week, at the CBI's manufacturing dinner, Lord Mandelson floated the idea of a scrappage allowance. The intention was that it would restart car purchases in the UK by encouraging people to trade in an old car for a new car. A number of people in the industry proposed the idea. I would have thought that it was within the realms of the Government's creativity to claim that any expenditure on such a scheme would be covered by the subsection, because new subsection (1A)(b)(iii) refers to

"its effect on a particular industry or sector of the economy".

Clearly, a scrappage allowance would stimulate the demand for consumer credit, kick-start the motoring sector and potentially reduce the demand for working capital finance from the banks. That may seem a far-fetched example of a scheme that could fall within the scope of the amendment, but it is not clear how Lords amendment 79 would be applied, or what schemes would fall within its remit. I would be grateful if the Minister clarified that.

When the clause was originally discussed in Committee, it referred just to banks. An amendment was made in Committee to extend coverage to other financial institutions, so arguably under the clause financial support could be provided to insurers, fund managers and independent financial advisers—a whole gamut of financial institutions. It would be down to the Government to determine which financial institutions could benefit.

I again ask the Minister about the scope of the provision. If the Government decided to fund free contents insurance for tenants in the social rented sector, it would clearly help the insurance sector. Would that be covered by Lords amendment 79? It would be helpful for the Minister to give us an idea of the areas that he believes fall within the scope of the amendment before the House decides to accept it. Clearly, as was demonstrated earlier, there is widespread concern across the House about the potential level of financial assistance and the commitments to be undertaken by taxpayers that could flow from the amendments.

5.15 pm

Lords Amendments 81 and 82 deal with the process of granting financial assistance through the Consolidated Fund or the national loans fund. As the Minister said, an increase in transparency emerges from the two amendments, which state that a report should be laid before Parliament specifying the amount paid or loaned under the schemes, but will he be more specific about how he anticipates the House approving amounts lent under the scheme? In his exchanges earlier with my hon. Friend the Member for Wellingborough (Mr. Bone), he referred to the normal process for approving estimates. Will the Minister set out more clearly how he anticipates the House approving commitments made under the financial assistance provisions of the Bill?

Mr. Redwood: Does my hon. Friend share my reading of the amendments? Under Lords amendment 82, if the Treasury decided that it did not want to report to the House or anyone else, it need never tell us anything about the amount paid. The amendments state that it may dispense with the requirement, which is extremely worrying.

Mr. Hoban: My right hon. Friend makes an important point. My interpretation is that although at the time the Government might decide for reasons of confidentiality not to lay a report before Parliament, that would be swept up in what was Lords amendment 83, which we pressed in the Lords. I hope that would be covered in the new amendment tabled by the Government in lieu, so there would be a report. It may not be as timely as we would like, but there would be reporting at six-monthly intervals.

The Minister made an important point about the balance to be struck between confidentiality and public scrutiny. Clearly, the transparency of information provided was a barrier to giving covert assistance to Northern Rock. We need to have that debate in mind, but I hope that the six-monthly reporting will act as a sweeper, so to speak, to pick up all those instances where financial assistance has been given but no report has been laid before Parliament.

When the Government decided, in the first phase of the bank bail-out, to take stakes in RBS, what was then Lloyds TSB and HBOS, we had a debate on the Floor of the House in which the Financial Secretary to the Treasury and my hon. Friends the Members for South-West Hertfordshire (Mr. Gauke) and for Wellingborough participated. Specific approval was given for an estimate to pay for that investment. Will we have the same opportunity to vote on the elements set out in the second bail-out package? It was not clear from the Minister's remarks whether we would have a specific vote on those elements, or whether they would go through the normal estimates procedure, where individual items are not voted on.

Not only have we seen the second phase of the bank bail-out, but money has been lent to the financial services compensation scheme in respect of the rescue of the Icelandic banks in the UK, and we should ensure proper scrutiny of that in the House. I would welcome greater clarity from this Minister as to how items would be voted on and whether there would be stand-alone debates on the various aspects of financial assistance envisaged in Lords amendment 79.

The Minister also drew the House's attention to the words "too urgent" in Lords amendment 81, which relate to when there was a pressing need to provide money from the Consolidated Fund, the issue being whether money could be granted before there was a vote on it. He gave the specific example of there being a crisis during a recess and Ministers having to act urgently without the approval of the House. Will he confirm that when the House is sitting, the Government's first preference will be to go through the estimates procedure, rather than rely on the powers set out in Lords amendment 81?

Lords amendment 83 was tabled by my noble Friend Baroness Noakes and Lord Turnbull in the other place. One of the important themes in the debate is transparency and understanding the scale of the taxpayers' liability. We touched on that in different contexts during our debates on the Bill in this place. I felt at times that there was a bias towards secrecy as a way of enhancing financial stability, so I welcome the increased level of scrutiny that comes from the amendments made in the other place. It is important that the tripartite authorities are accountable to Parliament and others for the use of their powers under the Bill. The report envisaged in Lords amendment 83 went a long way towards increasing that transparency. It set out the requirement for a quarterly report to be made to Parliament on sums actually and potentially committed under the financial assistance powers in clauses 228 and 229.

During our earlier debate on the money resolution, I set out a number of the schemes that the Government have announced in the past three or four months, and I have no intention of repeating them. Clearly, however, there is a range of schemes that involve significant financial commitments. I have talked about the asset protection scheme; one estimate this weekend suggested an amount of up to £400 billion. The Minister referred to the working capital scheme, and there is the scheme proposed by Sir James Crosby in relation to asset-backed securities. There is also the asset purchase facility, under which the Bank of England has been authorised to acquire commercial paper. So there is a range of schemes with significant price tags. It is important that taxpayers should understand the extent to which they are exposed to the financial assistance given under the schemes, and that Parliament and the taxpayer should hold the Government to account for the money involved in them.

One of the points made in the other place was that the schemes are put forward by a range of Departments: the Treasury is responsible for some, the Department for Business, Enterprise and Regulatory Reform for others and the Department for Communities and Local Government for the homeowners' scheme. It is important that the Treasury acts as the focal point for drawing the schemes together and ensuring that a proper report is made to Parliament.

When Lords amendment 83 was debated in the Lords, there was significant support from the Liberal Democrats, the Conservatives and a number of Cross Benchers. The majority of 35 in the vote on it demonstrated the strength of feeling about the welcome move to increase transparency. During the debate, Lord Davies of Oldham, speaking for the Government, opposed the amendment as he felt that it was unnecessary and that there were sufficient existing powers within the legislative programme to ensure that there was proper scrutiny. He prayed in aid the Exchequer and Audit Departments Act 1866 and the various Consolidation Acts and Appropriation Acts. Frankly, his arguments did not wash with the House of Lords; it did not feel that they would ensure sufficient transparency. Lords amendment 83 was backed so that there could be proper reporting of the amounts involved.

In their amendment, my noble Friend Baroness Noakes and Lord Turnbull reflected some of the concerns that the Minister mentioned. They referred to summarising data so that individual obligations were not necessarily seen and pointed out that there may be situations where information could be withheld as a matter of public interest.

What I take from the Minister's remarks is that the Government have listened to the well-argued points that were made in the other place. Lord Davies said that the current mechanisms of accountability are sufficient. Conservative Members would like the Government's conversion to the recognition that given the sums involved there must be greater transparency and accountability in the financial assistance that is given. We welcome the Treasury's willingness to be as open as possible in disclosing information on exposure, subject to the caveat in new subsection (4) in the Government's amendment. That represents a significant move by the Treasury and a recognition of the strength of the arguments made in the other place, and it is an important advance for transparency in how these matters are dealt with. Taxpayers have a right to know how much a bank bail-out is costing them. We therefore welcome the fact that the Government have tabled their amendment in lieu and we will not divide the House on it.

Mr. Colin Breed (South-East Cornwall) (LD): I, too, am happy to support the amendments. The balance between transparency and accountability is very difficult to achieve in these areas. Trying to ensure that we get as much information as we can without undermining the whole purpose of what we are trying to do is a delicate balance. The original amendment was a useful contribution, and I welcome the Government's slight amendment to it while nevertheless agreeing the principle.

I welcome the inclusion of other financial institutions. I have always felt that a significant number of financial institutions are doing a good job in that they do not receive deposits but take wholesale money, they have lent responsibly, and they have been a genuine provider of consumer credit to an important market that we would not want to be diminished in any way.

However, there is a problem with confidentiality. We seem to have got ourselves into a situation where the leaking of information is becoming more prevalent. Given the ingenuity of financial journalists, in particular, in phoning around various institutions and individuals, I suspect that, whatever we do to try to ensure otherwise,

[Mr. Colin Breed]

it will not be too long before these bits of information will regrettably be coming out in the press, possibly undermining our actions.

Mr. Bone: The hon. Gentleman makes a good point. Is not one of the problems that if such leaking, which may be inaccurate, occurs, the lack of transparency will give more weight to the leaks that are inaccurate?

Mr. Breed: That is absolutely right. It is a bit of a conundrum, and it will be difficult. I am assuming that institutions that receive Government support will have to make the appropriate note in their audited accounts, so if they take it late on in their financial year it may not be long before they have to report it anyway.

Mr. Redwood: It is even more immediate than that. If material sums of capital or loan stock are injected into a bank, it has a duty to tell the markets to avoid a false market in its shares, so I cannot really see what all this is about.

Mr. Breed: When I mentioned the banks' audited accounts, it occurred to me that they might have to make a market announcement if they took large amounts, so I suspect that the information will come into the public realm anyway. I hope that the public, through an educational process, will be able to assimilate this knowledge in a much more balanced way, following what they were subjected to at the front end of Northern Rock, and will begin to understand how organisations are availing themselves of facilities.

Overall, the amendments are worthy of support, but they may not quite achieve all that the Minister expects them to.

Mr. Redwood: It is typical of the whole debate about banks that we are in this miasma of nonsense. I do not know whether Ministers and those who drafted the legislation have ever operated under company law, or know any company law, but the simple truth is that if the Government are to inject equity capital into a bank, they not only need to make a prompt announcement to the stock market, but they need to table the details and get the approval of its shareholders before the transaction can be completed. If a large amount of longer-term loan capital or other priority capital is to be injected into a bank, that bank would be duty bound under company law to make an announcement as soon as it had an agreed deal with the Government.

5.30 pm

If we are trying to shield nationalised banks, the purpose of the amendments is wholly damaging. Where we have nationalised banks, we know that the Government stand behind them. Presumably, the point of nationalising them was to transfer all the credit risk and difficult risks in the bank to the Government's account so that the bank's credit is as good as the Government's. Once we are in that position—short of the Government themselves getting into an uncreditworthy position, which we pray they will not—it is the duty of the Government to come to the House immediately when they wish to inject subsidy, loan capital, share capital or whatever it may be into a bank in public ownership. There can be no harm in telling us that immediately because the bank is nationalised and the public can take reassurance from the fact that the bank effectively has a claim on the Consolidated Fund of the United Kingdom, or on good will and votes in Parliament on the initiative of Ministers.

I find both the original amendment, well-intentioned though it was, and the Government's amendment in lieu, far too weak and feeble with respect to nationalised banks, where we have a right to know soon or immediately what they are putting in and why. When it comes to private sector banks, where we are dealing with longer-term share capital and loan capital, we find out details promptly, and so we should, because there are good rules to ensure that there are not dishonest or false markets. Those are relevant considerations for the trading position of the banks.

Why has this situation arisen? Because the authorities got into difficulty when it was rumoured that they were trying to find a shotgun marriage for Northern Rock after it first hit difficulties. We were then told that they were not able to do that under time pressure because a combination of British rules and European legislation meant that they would have to disclose details before they had done a deal, which was very embarrassing for them. If that is the case, they ought to fix those rules and that legislation, because the bank or the other authorities need the power, in extremis, to act as an honest broker to a deal if one of the commercial banks or other financial institutions is in such trouble and there are buyers out there. That always used to happen without any problem. The problem seems to be based on a British lawyer's interpretation of a European law—an interpretation that does not seem to be shared by other Community lawyers or other Community Governments, where they have been able to do such deals without the same difficulties. I hope that we can address the underlying issue because these proposals do not address it.

The other possibility is that the proposals are designed to deal with short-term assistance, given in the normal way, with a central bank acting when there are extraordinary stresses and strains on the market as a whole or on individual banks. The Economic Secretary is nodding his head, showing that that is what the proposals relate to. If he reads the clause in question, he will find that it relates to all the things that I have already spoken about, which is why I think it is clumsily drafted.

Let us examine how much secrecy there needs to be for short-term assistance for an individual bank, and how that relates to the rules of company law. These are all difficult cases, but there could be a situation—there certainly was in August and September 2007, which the authorities did not respond to in a timely way—where an institution such as Northern Rock is in immediate need of cash to replace borrowings that it can no longer access from the private market. In such a case, we would hope for the central bank to be responsive, and that it would make loans against good security. If they are made as short-term loans against security within the normal borrowing powers of the bank and within what it has already reported to its shareholders, that could be done in secret, and it is best done in secret. It always used to be done in secret, and if there was any danger of the market finding out that a bank needed such assistance, the Bank of England used to say to several banks, "We want you all to take a bit of money from us this week, so that we can let the market know that quite a few

banks need us, because the market is a bit stressed." The finger of doubt would therefore not be pointed at one particular institution. Other techniques could also be used. My concern about the amendments is that they imply that we are talking about longer-term finance that should be properly reported and completely transparent.

One would hope that under the six-month provision suggested in the Government's amendment, any temporary assistance would be lent and repaid in that period. The idea of temporary assistance is that it should meet a short-term shortage in the market, or that a bank could replace it in other ways, in the normal course of business and reasonably promptly. The reporting requirements would not then need to apply. My concern is that the Government's amendment sets out an effective override so that we would never know which individual bank or arrangement was involved. We have a right to know about many arrangements, particularly in relation to nationalised banks.

The hon. Member for South-East Cornwall (Mr. Breed) made the extremely good point that if we look back on the sorry story of the past few months, we see that the various attempts to prop up or support banks have been conducted through the media. One of the most unpleasant things about the injection of shotgun money into the banks—£37 billion of share capital over that fateful weekend—was that we had a running commentary on it. We should not have been told about it. The banks should have gone into the Treasury by the back door or done things by a video conference link. We should not have been told that there were crisis talks, that the banks were in trouble and that there had to be a deal by the opening of business on Monday. All that added to the crisis atmosphere.

We have never known who was responsible for that. I do not blame the journalist who got wonderful stories out of it and provided us all with a running commentary, as any journalist who got such information would obviously see it as public information and want to use it. However, that was not the way to mount a rescue if the banks in question really needed it. Personally, I do not believe that they were in desperate need of such a rescue at that point, and there would have many easier and cheaper ways of helping them. Of course, I would not have wanted any of them to go under, but the high drama was not required, and there certainly did not need to be such public exposure over that weekend.

If it was necessary for public capital to be injected into those banks—I remain to be persuaded—it should have been done after proper reflection, evaluation and valuation. Of course it had to be made public, but only when the participants knew the details and had something reassuring and confidence-building to present to the market. The commentary during the run-up to the deal undermined confidence by suggesting that the banks were in crisis, and indeed by naming one bank that turned out not to need any public money, which was not terribly helpful to that bank.

I therefore do not believe that the Lords amendment goes far enough, and I do not think that the Government's proposed revision goes nearly far enough. It is a cover-up amendment rather than a transparency amendment. Fortunately, we will get more transparency in the private sector through other rules, regulations and laws, but I am concerned about the complete absence of transparency that will yet again exist in the public sector. I hope that the Economic Secretary will think again, and that he agrees that every penny going into a state-owned bank should be reported to Parliament promptly, with its full terms, so that we know what is going on.

Stewart Hosie (Dundee, East) (SNP): I wish to speak mainly to Lords amendment 83 and the Government's alternative to it.

I was struck by the Economic Secretary's saying that the Government had acted quickly during the banking crisis. This is 10 February 2009, and I believe that it was 30 January 2008 when the consultation on financial stability and depositor protection was published—five months after the run on Northern Rock began. This is effectively a carry-over Bill. We have secured Northern Rock after an interminable delay and recapitalised the banks, and there has been a facilitated takeover of Bradford & Bingley, with the taxpayer now holding the liability on its mortgage book. Whatever else the Government or the Economic Secretary have done, it has not been decisive or quick. However, now that we are reaching the endgame in the Bill, which we are committed to supporting, transparency is important, not least because of the giant sums involved.

The Economic Secretary knows that transparency has caused concern since the publication of the consultation last January, and at various stages of the Bill's passage. I am therefore especially struck by proposed new subsection (2) in the new clause that the Lords amendment proposes. It states:

> "The Treasury shall ensure that the report contains sufficient detail to enable Parliament to understand the actual and potential commitment of public money to financial assistance".

That is sensible given the hundreds of billions—possibly a trillion or more—of pounds that are actually and, more important, potentially committed. Taxpayers have a right to know what they are in for and what the loss and liability may be.

Transparency is also important because of what the Economic Secretary said: the Bill uses public money. Again, transparency is important because clause 235 removes the need for the Bank of England weekly return—people have commented on that for some time—and clause 236 allows the Bank of England to determine what it reports, when and to whom.

I make no apology for repeating points that have already been made. Transparency is important because support now extends beyond the banks, financial institutions and deposit-taking institutions. Already, around £200 billion has been put in the special liquidity scheme. We have had the £37 billion recapitalisation of the banks, some of which was lost through the removal of the preference share into ordinary capital. We have the £250 billion guarantee scheme for new inter-bank lending—I am not sure what the draw on that was or is.

There are also: the £10 billion working capital scheme; the enterprise finance guarantee scheme of potentially £1.3 billion; the £75 million capital for enterprise fund; the unlimited Government insurance for banks for expected excess bad debt, which is an extraordinary liability; and the £50 billion for the Bank of England to buy assets in all sectors. If I have understood the press reports, that process might continue, if the £50 billion runs out,

[Stewart Hosie]

through quantitative easing, which means the bank printing money to buy assets. That has not been denied and it worries me greatly.

There is also the £50 billion of bank credit guarantees, the £1 billion of direct loans to the car industry, and the additional £1.3 billion of EU funding, which is to be unlocked. There is therefore a massive need for transparency. We are considering scary, big numbers, which have the potential to do huge damage to the public finances in the medium and long term if things begin to go badly wrong.

Mr. Michael Fallon (Sevenoaks) (Con): In the normal course of events, we would not see the Treasury balance sheet until the Treasury accounts were published, probably at the end of each July. Given the scale of the schemes, which the hon. Gentleman has described so well, should not we have a monthly or quarterly update from the Treasury about the exact state of the balance sheet?

Stewart Hosie: Yes, that would be helpful. However, I am conscious of the need to protect individuals or organisations that may receive assistance. There is a balance to be struck. I am worried that the Government's alternative to the Lords amendment does not do what the Lords amendment provides for: allowing Parliament to understand the actual and potential commitment. I am less vexed about whether the report is made weekly, monthly, quarterly or six-monthly, as long as we can begin to understand the genuine extent of actual and potential liability.

Mr. Redwood: The hon. Gentleman is doing the Minister's job for us, by spelling out the almost £700 billion of commitments that we would like to be reported properly. In addition, the hon. Gentleman might like to know that the Bank of England balance sheet was around £40 billion at the time of the run on Northern Rock. It hit £240 billion at the end of last year, which is a sixfold increase. However, the Bank of England increases, together with those other schemes, amount to about £1 trillion. That is why we want to know where the money is going.

5.45 pm

Stewart Hosie: That is absolutely right. I am sure that right hon. and hon. Members will know of other liabilities, real or contingent, that they could add, but I will not into that today.

The Government's alternative to Lords amendment 83 says:

"The Treasury must aim to give as much information as possible in a report, subject to"

not specifying individuals or amounts to individuals, and I understand why. My question for the Minister is this: will he put it on record that the intention behind the words with which the Government intend to replace Lords amendment 83 is still to provide sufficient detail to enable Parliament and the public to understand the actual and potential commitments in the public finances?

Mr. Bone: At the beginning of the debate the Minister seemed to say something about working capital that rather surprised me. He said that working capital would be provided only for British banks and that it would not be allowed to cover foreign loans. Some might suggest that that would mean British credit for British business, but surely it would be illegal under EU law. The Minister needs to clarify that—I am sure that he did not mean it, but that is what he seemed to imply.

It was interesting that the money resolution went through on a very small vote. The Government could only muster fewer than 300 Members to vote for it, which is way less than half the Members of this House, so clearly there is considerable concern about that open-ended cheque. The Minister could not tell us how much money is involved, because he does not know how much money is involved. However, we are talking about a simply extraordinary amount—billions and billions of pounds.

I want to talk about Lords amendment 81 to clause 225, which deals with transparency—or, should I say, the lack of it. We have already heard from the Minister that if there was a major financial crisis in August when Parliament was not sitting, the Treasury could spend billions and billions of pounds off its own bat, and when we came back in October, we might get a report about that. However, proposed new subsection (5) to clause 225 says:

"Where money is paid in reliance on subsection (4)"—

perhaps by the Treasury in the recess—

"the Treasury shall as soon as is reasonably practicable lay a report before Parliament specifying the amount paid...but not the identity of the institution".

We would get a report, although it is interesting that we would not know which institutions had received the money. Proposed subsection (6) to clause 225 says:

"If the Treasury"—

and the Treasury alone—

"think it necessary on public interest grounds, they may delay...a report".

That is bad enough, but the words after "delay" are:

"or dispense with a report"

altogether. Therefore, a massive amount of money could be spent in the recess that would never be reported to this House, because somebody in the Treasury claimed that Parliament should not be told on public interest grounds.

That is what this Government are all about. They do not like debate, they do not like transparency and they want to do everything behind closed doors. This Government's fundamental mistake is not believing in their own arguments and not coming to Parliament to debate them fully. Despite what the Minister claims, we have not had any debate in Government time on the economic situation. We have had a few statements, where a Minister or the Chancellor gets up and spends—

Madam Deputy Speaker: Order. I do hope that the hon. Gentleman will confine his remarks to the amendment that he said he wished to discuss.

Mr. Bone: Thank you, Madam Deputy Speaker. I am sorry if I strayed from new subsections (4), (5) and (6) to clause 225, as proposed by Lords amendment 81, but the implication seems to be that they would stop debate on the Floor of the House. I was trying to make the point that the Government's mistake is not to have that debate and not to believe in their own—

Madam Deputy Speaker: Order. I think that the hon. Gentleman has already made that point.

Mr. Bone: Thank you, Madam Deputy Speaker.

In conclusion, then, I would say that we are in a difficult position with all these Lords amendments and revisions by the Government, but we are committed to getting the Bill through Parliament as soon as possible. However, we are dealing with an Alice in Wonderland situation, in which the Government can spend vast amounts of money without any reference to Parliament.

Mr. Brooks Newmark (Braintree) (Con): I am surprised that the Government are opposing the Lords amendment that would require a quarterly report on financial assistance. Our proposal in the Lords amendment is very much in accord with democratic values and the kind of practice that many of us see in the private sector when we report to our shareholders. The Government talk about normal mechanisms, but these are not normal times. As the Children's Minister himself has said, this is the most serious recession in 100 years. Even the Prime Minister thinks that we are already in a depression, but perhaps that is just his own state of mind.

Taxpayers have a right to know what liabilities the Government—and, in turn, taxpayers—have. Those liabilities should be made clear to the public, whether we call them on-balance-sheet liabilities, off-balance sheet liabilities or contingent liabilities. Unfortunately, however, this is part of the Government's pattern of hiding the real state of their finances. According to recent figures from the Office for National Statistics, net debt is about £697 billion or 47 per cent. of gross domestic product. To put that in normal terms, it represents £25,000 per household. The reality, however, is that the Government are hiding about another £1.2 trillion off-balance sheet, primarily in public sector pension liabilities. So taxpayers actually owe more than £75,000 per household—

Madam Deputy Speaker: Order. The hon. Gentleman has had a degree of latitude, but he is now going wide of the amendments under discussion.

Mr. Newmark: I appreciate your guidance, Madam Deputy Speaker. I was trying to point out the importance of the need for greater transparency by highlighting a pattern of a lack of transparency. However, I will return directly to the subject of the debate. As the hon. Member for Dundee, East (Stewart Hosie) and others have said, taxpayers have a right to know what their exposure is. That is the point that I was trying to make. If we are to maintain the trust of taxpayers, we must be as open and transparent with them as we can. Quarterly reporting on what we are doing with their money does not seem to represent an undue burden in these extraordinary times.

Jim Cousins: I had not intended to speak in this debate, but the correct description by the right hon. Member for Wokingham (Mr. Redwood) of the United Kingdom as a large pool of bank debt loosely tied to a medium-sized country was a telling one. He went on to refer to the possibility that our Government, and others in the western world, might be testing to the limit the ability of Governments to raise their own debt. That was also a fair point, which we need to address when we consider these issues.

The other place has done us a service in providing us with these amendments. I understand the Government's difficulty in working out how to report to Parliament on an ever-changing and fast-moving situation. Their efforts to do so are set out in their alternative to Lords amendment 83, and I have no quarrel with them, but they must accept that the House cannot wait until the end of the first six-month period set out in their amendment for a comprehensive report on where we have got to. That point was fairly made by the hon. Member for Dundee, East (Stewart Hosie).

We should not have to wait until October to discover where the state aid reference to Northern Rock—which has paralysed Northern Rock's ability to serve the Government's purpose of opening up new lending—has got to. We should not have to wait until October to work out the extraordinary situation that is now developing with the remnant of Bradford & Bingley—which is still in state ownership—in which the Government will find themselves owning a significant proportion of the outstanding buy-to-let mortgages in this country. That proportion could be in the order of 20 per cent.

Through their ownership of Bradford & Bingley, the Government are still observing the terms of the deal that Bradford & Bingley made with GMAC, the American General Motors company that branched out into finance. Many of us have had to deal at constituency level with GMAC-provided mortgages, which are in a sorry state. Bradford & Bingley did a deal in which it undertook to acquire billions of pounds' worth of those mortgages on a quarterly basis. The last quarter in which those mortgages will be acquired ends on 31 March 2009, by which time 20 to 25 per cent. of the stock of self-certified mortgages for the self-employed will, through the GMAC acquisition, be in state ownership. The House needs to know where we have got to with all this. We need to know what the immense policy consequences of those deals will be, and what they will mean for public expenditure.

In this debate, we have clarified that the Government intend to support UK banks and not other banks. I think that we have also established that the support that the taxpayer is making possible through the working capital fund will go only to UK companies. However, through the guarantee of assets—part of which has already been undertaken, and more of which will be decided at the end of this month with Lloyds and RBS—it is clear that the British taxpayer will be supporting loan books that are not UK-located.

Mr. Redwood: The hon. Gentleman is making a powerful point about the need for transparency. Is he aware that only one pound in seven on the balance sheet of RBS is a loan to a British person or company?

Jim Cousins: I did have some idea about that, but I am grateful to the right hon. Gentleman for pointing it out, because it brings me to my next point. Through British taxpayers' support for the RBS balance sheet, we are supporting a very large stock of United States car loans. The British taxpayer is standing behind those loans. Does the House not find it peculiarly ironic that the Government are wrestling with schemes to underpin the UK car industry when we are already guaranteeing car loans in the United States, through RBS's exposure? I do not blame the Government for that situation. It follows inescapably from the support that RBS has been

[Jim Cousins]

given. However, it does mean that the Government have to report to Parliament on all this at a very early date. These matters cannot be left until October.

Ian Pearson: I shall focus on three main areas in response to hon. Members' comments on the Lords amendments. The first is the widening of the extension of statutory cover for expenditure incurred by the Treasury or other Government Departments; the second is the parliamentary accountability mechanisms ordinarily in place; and the third is the Government motion to disagree with Lords amendment 83, which has been much debated.

In passing, however, I would first like to deal with the accusation that the Government delayed taking action to support Northern Rock. I completely refute that: the Government took timely action—*[Interruption]*—and let me point out that the official Opposition would have let Northern Rock fail, which would have created a crisis for savers in this country. We were entirely right in what we did.

6 pm

The role of the media, which the right hon. Member for Wokingham (Mr. Redwood) and the hon. Member for South-East Cornwall (Mr. Breed) mentioned, is another important issue to deal with in passing. It is true to say that we live in a 24-hour news culture in the UK. In that environment, it is not possible to have the sort of cosy relationship that might have existed in the past between the Bank of England and other banks or to justify the expectation that cosy deals can be done and kept secret. Extensive scrutiny takes place through the media. On the whole it is helpful, but the right hon. Member for Wokingham was right to point out that, on some occasions, media speculation has resulted in damaging activity—damaging to markets and damaging to companies' reputations.

Mr. Redwood: Does the Minister accept that many big mergers and fundings in the private sector, which involve large numbers of people, are done with complete confidentiality? It is then preserved until a formal announcement is made because people know that they could face a criminal charge if they do not respect it.

Ian Pearson: I agree with the right hon. Gentleman's point. I would like to see those proprieties respected much more frequently, but it does not seem to happen that way.

Mr. Bone: The Minister is being his usual generous self in giving way. The point he seems to be making is that because the Government were worried about misinformed speculation getting to the markets, they decided they would use one particular BBC media person to present the Government's case. Is that the reason all the stories came from the same BBC man nightly on our news screens?

Ian Pearson: That was not the point I was making at all. I was responding to comments from right hon. and hon. Members about the role of the media, and I was pointing out that that role could be both good and bad. It can be good in respect of the level of scrutiny brought to proceedings, but it can sometimes be bad and damaging if unwarranted speculation creates problems in the economy.

Let me move on to the three main areas that I outlined earlier. First, I shall deal with the extension of statutory cover to expenditure on schemes—principally the Department for Communities and Local Government scheme to support home owners' mortgages and the Department for Business, Enterprise and Regulatory Reform's working capital scheme. Members are right to point out that amendments 75 to 80 cover the authority to spend in those areas.

We think it right not only that we recapitalise the banks, but that other action be taken to help to support the economy in these difficult times. That is why it is important to support home owners who are facing difficulty paying their mortgages and why it is fundamentally right to ensure that UK companies maintain good levels of working capital. What we are trying to achieve through the working capital scheme is to agree a portfolio of companies with each of the major banks that are UK-based and for which we will provide a 50 per cent. guarantee of credit, which will stimulate the further credit lending that the UK economy needs at this time.

The hon. Member for Fareham (Mr. Hoban) asked a specific question about amendment 79, particularly about widening the scope. Let us be clear: the amendment allows Departments other than the Treasury to run schemes that can benefit banks' customers, but there must be some connection with banks or financial institutions. It is thus wider, but it cannot support schemes that are purely for non-financial institutions; in that respect, it is limited, but it allows home owners' mortgage support and the working capital scheme. That is the intention behind the provisions.

Mr. Hoban: On that point, I specifically referred to the scrappage allowance that was floated by Lord Mandelson last week. Would that scrappage allowance fall outside the scope of amendment 79?

Ian Pearson: As I have indicated, there has to be connection with banks or financial institutions, so whether a scrappage scheme falls under amendment 79 would depend on how it was designed. Such a scheme might fall within the powers granted to DBERR under current industry legislation.

Let me move on to amendment 81, about which the hon. Member for Fareham also asked some questions. The purpose—and the effect—of the amendment is to ensure that the financial assistance clause provides statutory cover for drawing money directly from the Consolidated Fund without waiting for estimates to be approved in cases where payments need to be made urgently in order to honour guarantees, indemnities or other commitments given as part of providing financial assistance to financial institutions. We debated that specific issue earlier.

The hon. Gentleman asked about the Government's preference. He recognised the occasional need for Governments to act urgently, and I think the best answer I can give him is that clearly we cannot rely on financial crises happening only at the most convenient point in the estimates timetable or only when Parliament is sitting. That is one reason why clause 81(4) is necessary, but we will not use it unless we have to.

That brings me on to the second area—the general process of financial accountability and reporting to Parliament. First, I want to say that we have some of the best processes for financial reporting, accounting

and transparency of any equivalent Parliament in the world. I do not start from the position that what we have now is defective—far from it. I think our system of having money resolutions that provide cover for expenditure, and of having estimates and votes—indeed, the whole supplementary estimates process—is a robust one. Our process of accountability through Select Committees and the reports regularly presented by them to Parliament is similarly an example of where the UK Government leads many others.

I recognise that the exceptional actions taken by the Government in recent months require some additional response, and—given circumstances that are also exceptional—I think it right for Members to issue a challenge by asking what measures Parliament needs to introduce in addition to the normal accountability and reporting arrangements that it has established. That, essentially, is the debate that took place in the House of Lords. It revolved around a recognition that, in view of the strong public interest and the amounts of money involved, greater accountability and transparency were needed in addition to our existing mechanisms. I think it was also recognised that a balance must be struck between the need for that accountability and transparency, and the need to ensure commercial confidentiality and not to damage institutions.

Our amendment in lieu of Lords amendment 83 is intended to explain the Government's reason for striking the balance that did. I explained that in my introductory remarks, but let me now say briefly that we consider a period of six rather than three months more likely to ensure that financial institutions are not identified, given that such identification could cause damaging problems. However, there is no lack of willingness on our part to be accountable for our actions and decisions, and to report them in a timely fashion.

This House would rightly be the first to criticise the Government if they attempted to introduce legislation without sufficient consideration and consultation. We have devoted a significant amount of time to the production of the Bill, we have listened throughout to the comments that have been made, and we have introduced many improvements. I should like to think that the amendments made in the Lords have strengthened the Bill further, which is why we support all of them except Lords amendment 83, on which we beg to differ with the Lords while wishing to retain the spirit of what they had to say.

Mr. Newmark: I acknowledge the sensitivity with which the Minister is trying to approach the issue, and I agree that in normal times semi-annual reporting would probably make sense, but these are extraordinary times. I almost agree with my hon. Friend the Member for Sevenoaks (Mr. Fallon) that there should be monthly reporting, but given the fast-moving times and the vast amount of taxpayers' money put at risk, I feel that quarterly reporting represents a fair compromise. Surely it makes sense. Six months is a huge amount of time, given the dynamics of the financial markets today.

Ian Pearson: I think the hon. Gentleman was in the Chamber to hear my opening remarks, when I outlined the Government's reasons for reaching their view on the six-month period. I have not changed my mind during the course of this short debate—I still think that six months is appropriate—but we have taken on board the spirit of the Lords amendment. We have always sought to adopt a general spirit of bipartisanship and compromise—

Stewart Hosie *rose—*

Ian Pearson: —which I am sure the hon. Member for Dundee, East is not intending to rail against.

Stewart Hosie: The hon. Member for Dundee, East is going to repeat the question that he has already asked. The Minister has said three times that the Government wanted to retain the spirit of the Lords amendment. I repeat my last question to him: does that mean that the Government's intention is to report sufficiently to enable us, and the public, to understand the actual and potential liabilities?

6.15 pm

Ian Pearson: I was about to respond to the hon. Gentleman's question, before making a couple of further comments to the right hon. Member for Wokingham. We want to be as open and transparent as possible in reporting Government spending and Government liabilities, and we will seek to be so. We also consider it important for sufficient information to be provided by the Bank of England about its activities.

The right hon. Member for Wokingham asked about the removal of the requirement for the Bank to produce a weekly return. That does not mean that the Bank can provide financial assistance without any reporting. As my noble Friend Lord Myners said in the other place, the Bank will consult on what form of reporting will replace the weekly return. The aim of this provision and others like it in the Bill is to provide for a limited delay for disclosure of assistance to allow enough time for that assistance to be effective. That is similar to what we are saying about Government transparency.

The right hon. Gentleman also described a number of important processes for the Government to undertake when injecting share capital into a bank. We are very familiar with those processes, which we followed to the letter in the recapitalisations of the Royal Bank of Scotland, HBOS and Lloyds TSB. I fundamentally disagree with the right hon. Gentleman if he is suggesting that he did not consider recapitalisation to be necessary at that time.

We welcome the acknowledgement by the hon. Member for Fareham that the Government have been listening both in Committee in the Commons and in the Lords. Transparency is important, and we consider that our amendment strikes the appropriate balance. I hope that the House will support it, and all the Lords amendments except Lords amendment 83.

Lords amendment 83 disagreed to.

Government amendment made in lieu of Lords amendment 83.

Clause 4

SPECIAL RESOLUTION OBJECTIVES

Ian Pearson: I beg to move, That this House agrees with Lords amendment 1.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to take Lords amendments 2 to 6.

Ian Pearson: The amendments deal with some of the introductory clauses in the Bill on special resolution regime objectives, the content of the code of practice and the banking liaison panel. I believe that they reflect the Government's constructive response to concerns expressed in all parts of both Houses on elements of the SRR framework.

Lords amendment 1 deals explicitly with the concept of continuity of banking services within the SRR objectives as set out in clause 4. The Bill already includes, at its heart, provisions that are aimed at ensuring continuity of services. The very purpose of the stabilisation tools of the special resolution regime is to ensure that banks do not fail completely, thereby maintaining full continuity of banking services. This is already reflected in both the objectives set out in clause 4 and the draft code of practice under clause 5 that explains them. However, for the avoidance of doubt, this amendment seeks to make it clear that the SRR objectives include the concept of continuity of banking services. Hon. Members will note that this is included as part of objective 1, to protect and enhance the stability of the financial systems in the UK. To be absolutely clear, this drafting is entirely consistent with the fact that this concept also relates to the objectives to protect and enhance confidence in the banking systems and to protect depositors. I would also like to make it clear that continuity of banking services is not the only element to be considered under objective 1. The amendment therefore does not limit the scope of that objective in any way, but it now makes it explicit in the Bill that this concept is at least one of the elements that must be considered.

Government amendments 2, 3 and 4, which were brought forward from another place, add to the list of matters that the code of practice may address and the concessions that were agreed in the other place. Members in another place requested further clarification on a number of matters or expressed a desire that the code of practice should include further information, and I recall that similar expressions of interest and concern were also made in Committee in this House.

Clause 5, and in particular subsection (1), sets a broad remit for the code of practice. In response to points made in debates here and in another place, the Government have agreed that further information should be added to the code and that it is appropriate to signal that in clause 5. These amendments therefore achieve the following. First, they signal that the code can provide information about how the SRR objectives are to be understood. That follows on from an Opposition amendment in another place, but the Government's amendment goes further by explicitly signalling in the Bill that the code can include information on how the terms within all the SRR objectives are to be understood. Secondly, the amendments expressly state that the code can provide further guidance on the choice between the stabilisation options. Questions were raised in both Houses about the factors that will determine the choice of one tool over another, and the truth is that these decisions will be made on a case-by-case basis. Consequently, the code is the right place to provide significant additional information on this matter. The draft code already lists factors to be taken into account when deciding between different options and the Government believe it could include more information on that point.

The final two Government amendments in the group add further to the list of areas about which the code can give guidance: continuity obligations and compensation arrangements. Those additions were a response to two parts of the debate in Committee in another place. As I have stated during other stages of the Bill's passage, I believe that the code provides a useful addition to the architecture of the new special resolution regime. The Government have listened carefully to the points made in debates and the representations we have received, and we believe that these amendments will help provide reassurances that further information can, and should, be provided on a number of important elements of the SRR. These amendments were welcomed in the other place, and I commend them to the House.

In Committee in the House of Lords, Lady Noakes proposed an amendment to widen the remit of the banking liaison panel. As Members will know, I was keen that we set up an expert liaison panel to provide advice and assistance and to help us co-produce some of the secondary legislation. The Government agreed with the main thrust of Lady Noakes's proposal. The Government's position, which has not so far been controversial, is that it would not be appropriate for the banking liaison panel to provide advice to the Treasury on the operation of the SRR powers. For example, it would not be appropriate for the panel to advise on the drafting and placing of a transfer or associated instrument. However, I believe that we have come to a consensus that the panel's remit should include the effectiveness of the policy and the powers in general of the SRR. One concern raised in another place was to ensure that the panel will have a role in monitoring the market for unintended consequences of those new powers. The Government, therefore, tabled these amendments to meet those concerns.

Lords amendment 5 provides the panel with a broadly defined purpose to advise the Treasury on the effect of the SRR on both the banks that are potentially subject to it and the wider financial services markets. In addition to this broad purpose, Lords amendment 6 also provides the panel with a statutory remit to advise the Treasury on the code of practice. It also provides that the banking liaison panel should advise the Treasury on the exercise of the power to change law under clause 75—on which we had considerable debate in the Committee stages—with the exception of cases where the exercise is carried out in connection with, or to facilitate, a particular use of a stabilisation power.

The Government's decision to establish the expert liaison group has been welcomed by interested parties, and the group has already provided invaluable advice. I hope that when it is re-constituted as the banking liaison panel, it will continue with this good work. The Government amendments proposed today will ensure that this work is given a firm and broad statutory basis, and I commend them to the House.

Mr. Hoban: The Minister said in his concluding remarks on the previous group of amendments that the Government were prepared to listen, but sometimes they do not listen immediately and it can take a while

for the message to sink in. I was struck by Lords amendment 1, proposed by Lord Myners, which would add a reference to

"the continuity of banking services"

to the objectives, because in Committee in this House I introduced an amendment to incorporate the continuity of banking services into one of the objectives of the special resolution regime. It therefore seems that the message eventually sank in that it is important to make sure that there is a reference to the continuity of banking services in those objectives. This is an important matter, and I wish to consider it briefly.

One of the contrasts in how different events have been handled over the past few months is in terms of the continuity of banking services. Depositors with some of the Icelandic banks—such as those who found their accounts flipped across from Kaupthing or Landsbanki to ING—will have seen the continuity of services in action, in that they were able to access their money almost immediately. However, those depositors who were not with the internet banking arm of those two Icelandic banks had to await payment through the Financial Services Compensation Scheme, and it took several weeks for them to receive their money. Clearly, if we want to give people confidence in the financial system, the fact that we can demonstrate that there is continuity of service is an important way of responding to their concerns. That would help in giving depositors a sense of confidence in how problems will be handled in future. I am therefore glad that there will be a reference to the continuity of banking services in the objectives.

One feature of this debate, which we have now been having since autumn last year, is the banking reform package that has been proposed. It has three elements: the Bill that is before the House today, the secondary legislation that will be brought forward at the appropriate time, and the code of practice. The package needs to be looked at altogether. The Bill gives significant powers to the Government, secondary legislation will implement them, and the code of practice is important in giving confidence to the banks and other financial institutions and their advisers about how the powers will be used in practice. They can take comfort from the code as to how the powers will be applied in future. We spent a great deal of time in Committee discussing the code of practice. The Minister ensured that we saw a draft of it then, and I was grateful to him for doing so. Lords amendments 2, 3 and 4 are important in that they increase the comprehensive nature and coverage of the code of practice to ensure that the objectives themselves are understood. The Bill's original drafting said that the code could provide guidance on

"how to achieve the special resolution objectives".

Lords amendment 2 inserts the word "understood" into the provision to ensure that there is a clear link between the objectives in the Bill and the way in which the Government will seek to achieve them once it is enacted.

6.30 pm

As the Minister pointed out, significant debate took place in Committee about the stabilisation options and what preference there would be in terms of their use. I tabled an amendment in Committee ranking those options in order of preference, with a private sector solution coming first, a bridge bank second and temporary public ownership or nationalisation as the final preference. Although he listened to my proposal, he rebuffed it on that occasion. We wanted to help people understand how the stabilisation options would work and what factors the Government would bear in mind when considering which option to use to deal with a bank crisis.

Lords amendment 4 inserts more specific guidance on clauses 63 and 66, and on the compensation clauses—those are welcome additions to the remit of the code. Continuity of service is a very important concept in protecting consumers. Clauses 63 and 66 look at continuity of service in a different way, by imposing service obligations on contractors or other suppliers where there has been a share or property transfer, which is part of the means by which the stabilisation options are put into practice. There was concern as to how those provisions would work, and the fact that they are to be included in the code of practice helps in establishing that.

The second part of that amendment relates to the important issue of compensation. The Bill gives the Government significant powers to vary the rights of creditors—people who have entered into a borrowing or lending relationship with the bank or the shareholders, or with suppliers. Normally, suppliers would be able to enter into a contract whereby if there is a significant change in the person with whom they are contracting, they would have an option to terminate the contract, but that goes against the thread running through this Bill of minimising disruption to the financial system and ensuring continuity of service. It is important for suppliers to know what will happen when these powers are invoked, and it is right that that exercise is reflected through the code of practice.

On Lords amendments 5 and 6, the Minister at an early stage identified the importance of expert advice and guidance on this Bill. This House is dealing with complex and wide-ranging powers in this Bill, and it was right to ensure the liaison panel's involvement in its evolution over the past few months. I know that a number of discussions have taken place between the Treasury and the members of that panel about the Bill and the secondary legislation. The ongoing engagement between the Treasury and the various experts is welcome, and we are pleased to see the extension of the group's remit. We want things such as the impact of the special resolution regime on banks, their customers and the financial markets to be examined, because the purpose of the code, the panel and so on is to ensure that this legislation does not damage the UK's financial markets, but strengthens them. The best way to do that is to ensure that there is proper engagement with outside interest groups, and Lords amendments 5 and 6 put the panel's future involvement on a statutory basis.

I wish to press the Minister on one aspect of the panel. My hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) asked whether the minutes of the panel would be published—whether there would be some more transparency about its deliberations and contributions to the formation of legislation, and its future role. The Minister said that he had no specific objection to this, barring concerns about market sensitivity, and would go away to reflect.

Ian Pearson: My view is that this is a matter for the banking liaison panel—if it wants to publish its minutes in full or in a truncated version, it should be allowed to do so.

Mr. Hoban: I am grateful to the Minister for that response. It shows a degree of openness, and that is important in ensuring that there is proper transparency in the arrangements and that people are fully aware of the market view of some of the issues associated with the impact of the Bill. His response shows, again, that the Government have been prepared to listen on this, and I welcome those remarks and the amendments in this group.

Mr. Redwood: Lords amendment 1 invites us to modify special resolution objective 1, as set out in clause 4. The Bill invites us to approve five objectives. That seems rather a lot to me. When I examine the objectives carefully, I see that objectives 1 and 2 are similar. Objective 1 is

"to protect and enhance the stability of the financial systems of the United Kingdom."

Objective 2 is

"to protect and enhance public confidence in the stability of the banking systems of the United Kingdom."

That is a sort of spin-age version of objective 1. I put it to Ministers that the spin would take care of itself if there were stable, confident and inspiring financial systems—that would indeed inspire public confidence. No spin strategy will inspire confidence if the systems are rotten. Perhaps objectives 1 and 2 amount to the same thing and could be merged, and could then take the added strain of Lords amendment 1. It states that

"the reference to the stability of the financial systems of the United Kingdom includes...a reference to the continuity of banking services."

As my hon. Friend said that that proposal emerged from an idea of his, I shall be careful in what I say about it, but I seek clarification on the Government's phrasing. I am happy if the provision refers to the need to carry on lending to people and companies, particularly those in the United Kingdom. I do not wish too much of that business to be interrupted by whatever changes need to take place in the banking system because of the imaginary crisis that we are hypothesising. I am obviously happy if this is just another way of saying that we want deposit protection; indeed, one of the objectives is, rightly, to protect depositors—that would be the main purpose for which one would undertake these interventions. However, the provision may refer to the continuity of the banking services as supplied by the failing bank, and that is not what we should be providing for at all. Perhaps the provision needs tweaking to make that clear, as I am sure that my hon. Friend did not want to see that type of continuity.

If a bank starts to get into trouble, we need a change, and perhaps a dramatic change. One of my worries about this process, as teased out by the amendments, is that that might not be achieved in the most obvious or cheapest way. The three stabilisation options are: transfer to a private sector purchaser, transfer to a bridge bank or transfer to temporary public ownership. There should be a fourth option, which should be tried first, in which the central bank would act as the banker to the failing bank and make short-term loans, with many strings attached, including management change, cost reductions and adoption of a different business model—all the things that would normally be tried before deciding that a bank was finished. The problem is clearly bad management, and the first thing to do, before lending the bank more money, is to demand a strengthening of, or a change in, the management.

My worry is that the system laid out in amendments 1 to 6, buttressing and changing the special resolution regime, will be soft on bankers and soft on bankers' bonuses. We should not be soft on those things when top bankers run banks badly and then seek some form of public assistance or intervention. We need a system that will allow us to remodel failing banks and take tough action to tackle failing management—obviously by agreement with the shareholders, as they are private sector banks. That would be a better approach than moving immediately to one of the three stabilisation options.

Ian Pearson: The special resolution regime will apply when a bank is clearly failing. The right hon. Gentleman should rest assured that many steps would be taken before determining that a bank was failing and the threshold conditions had been met. The issues that he is talking about do not need to be part of the Bill, because it is about stabilisation of a failing bank. The actions that he is referring to will have been taken—or at least considered and evaluated—before that point is reached.

Mr. Redwood: That is a helpful intervention and I am reassured a great deal by it. The model of the intelligent central bank and the generation of management change can often represent a better and cheaper way forward and should be tried before these rather more draconian steps under the SRR.

I would also appreciate some reassurance that "continuity of banking services" does not mean continuity of management, management practice, management bonuses and bad practice in failing banks. Those factors need to be changed as quickly as possible to limit the damage. If continuity means that the brand and the management must carry on, that could perpetuate a situation like the one that we have at the moment in which never has so much been spent by so few to so little effect. Huge sums of money are tipped into the big bad banks, and if change is not generated quickly enough at the top, the taxpayer is lumbered as a lot of money goes into the banks to no immediately apparent good effect. It is estimated that £1 trillion will be spent on fixing the banks, but we could fix an awful lot in Britain if we spent that sum on something other than banks. That is why resentment is building up.

We need to ensure that we try the easy steps first before we move on to the wider regimes. It would be sensible if the objectives were slimmed down a bit. They should obviously include protecting public funds and depositors. They also include the general aim of financial stability. The continuity requirement should mean preserving a worthwhile business, not necessarily preserving a management style or brand. In the case of Northern Rock, the Government had good intentions when they nationalised it, although I thought that there were many cheaper and easier ways to save it. The first reaction on nationalisation was to put it in run-off, so far from preserving its contribution to the system, it ran

down its mortgage book and sacked its staff—not perhaps what the Minister's colleagues expected from nationalisation. If we accept the amendments, it would be easier in the future to try to create continuity, and that would be welcome, because it is ridiculous to nationalise something and then run it down and sack the staff. The business should continue trading in one form or another, although it needs quick management change, a change of culture, a different approach to risk and, perhaps, to marketing and branding. However, it is a waste of money just to close it all down.

6.45 pm

Ian Pearson: I welcome the comments from the hon. Gentleman, who supported the amendments. The right hon. Gentleman posed several questions, most of which were explored intensively in Committee in both Houses, as I am sure he would appreciate. He raised the issue of continuity, which is one of the key considerations in dealing with a failing bank. We are talking about continuity in terms of providing a continuous service for customers. For individuals, that will mean ensuring that they can have their monthly salary paid and write cheques as usual. Continuity of banking services for businesses is also important. We need the SRR objectives and the amendments will add value to the Bill.

Lords amendment 1 agreed to.

Lords amendments 2 to 6 agreed to.

Clause 22

TERMINATION RIGHTS, &C.

Ian Pearson: I beg to move, That this House agrees with Lords amendment 7.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Lords amendments 8 to 16.

Lords amendments 18 and 19.

Lords amendments 21 to 30.

Lords amendments 32 to 45.

Ian Pearson: This group of amendments covers two broad but interrelated issues: default events and partial transfer safeguards. The majority of the amendments made in the other place have been in response to the concerns of stakeholders and reflect the approach that we have adopted—to listen and to try to build consensus.

As hon. Members will know, we have tried throughout this Bill to balance the need for the authorities to have the right powers to effect a successful resolution with the right protections to protect legal certainty and market confidence. The Government have sought to consult stakeholders and provide the protections that precisely target their main concerns. Admittedly, that approach has taken numerous consultations and several amendments to the Bill, but I do not apologise for that. The Bill is certainly much improved as a result. With that approach, which includes the safeguards in secondary legislation, we have got the balance right. I wish to place on record my thanks to stakeholders and members of the Opposition for working with us to achieve that overall result.

I do not propose to cover the detail of the amendments at any great length. As I have said, they are the result of numerous rounds of consultation and co-operation between all concerned. Baroness Noakes provided my noble Friend the Financial Services Secretary and Minister for the City with an opportunity to read into the record, at some length, the technical detail of and effect achieved by each amendment.

I propose instead briefly to summarise the amendments. They achieve two things. First, they amend various technical definitions in the Bill to provide complete certainty on important legal concepts including termination rights, trust interests, and set-off and netting. Secondly, they provide a balance between, on the one hand, the legitimate interests of bank and third-party counterparties in being able to contract with certainty for termination rights where set-off and netting arrangements are involved in financial contracts and, on the other hand, the ability of the authorities to transfer banking business to a new company—either a private sector purchaser or a bridge bank—with certainty over what contracts have been transferred.

The balance is achieved via the mechanism of the conditional transfer provided for in an amendment to clause 34, which will be backed up by the necessary safeguards to be made under clause 47. I can, of course, provide more detail on these matters should any hon. Member wish me to do so. However, as I have said, they have been extensively explored in the other place and put on the record there.

Mr. Redwood: I can see that these are important technical matters, and I would appreciate a reassurance on them from the Minister. Rapid resolution of these issues if a company goes under or gets into difficulties is terribly important for lots of better run businesses that are relying on the counterparty arrangements. Have the Government made any progress in ensuring that that resolution can be done quite speedily?

Ian Pearson: I certainly agree that speed is important, particularly when it is needed to exercise the special resolution regime and to decide which of the stabilisation options to pursue. People will often be acting in a highly pressurised situation where decisions need to be made quickly. We think that the Bill and its provisions are fit for purpose, and they work as far as stakeholders are concerned. I think that it is fair to say that most discussion has been on partial transfers and safeguards and the impact on counterparties. That is why we have taken a substantial amount of time to try to get this right by working with stakeholders. That is why I expressed my thanks to those who have worked with us. We believe that we have a compromise that has broad support.

As I said, the Government have always acknowledged the invasiveness of the powers to switch off termination rights and make partial transfers. With these amendments, I believe that agreement has been reached that the necessary safeguards have been put in place, imposing suitable restrictions on the powers of the authorities. We have worked closely with stakeholders through the expert liaison group and through scrutiny in this House and the other place. We have also worked with further external stakeholders who have made a number of valuable points during all stages of the Bill. The Bill now provides the right balance between targeted protections for the market and appropriate powers for the authorities to effect successful resolutions of failing banks.

Mr. David Gauke (South-West Hertfordshire) (Con): First, may I express my agreement with the Minister about the importance and sensitivity of this subject and acknowledge that the Government have sought to consult stakeholders widely? They have certainly involved us in the discussions. I pay tribute in particular to my noble Friend Baroness Noakes, who was heavily involved in discussions with the Treasury, the expert liaison group and various stakeholders. I acknowledge that the Government have granted us and my noble Friend that opportunity. It has been clear throughout that the Minister in this place has been aware of the difficulties with these subjects. He has been keen to listen to representations from outside groups as well as from Members of this place and the other place.

It is perhaps worth reiterating briefly the particular issue that applies with partial property transfers, to which my right hon. Friend the Member for Wokingham (Mr. Redwood) alluded in some respects. When a bank is in difficulty and finds itself entering the special resolution regime, it might find that some properties and contracts are transferred to a bridge bank, for example, whereas others remain in the residual bank. The counterparty contracting with that bank might face considerable difficulty. Normally, that counterparty would be able to net or set off the various contracts with one party, but it would now find that it was contracting with two parties and that netting and setting off might not be available. That substantially increases the risks involved for that counterparty. In this field, that has considerable consequences on things such as regulatory capital. A regime that does not adequately address the issue will have an impact on the competitiveness of the UK banking sector at a time when that would be most disadvantageous.

It is right that this matter has been closely scrutinised throughout the progress of the Bill. It is right that the other place considered the subject very closely and made a number of amendments, which are before us. Before I raise one or two questions about the amendments, I want to make one point about the scrutiny.

The Government have done their best and have tried to consult widely, but the nature of the legislation and the desire to push forward with the Bill within a restricted time frame could mean that additional issues come up. As it happens, I was contacted yesterday by an expert in private international law who raised concerns about the definition of foreign property in clause 39. It would be inappropriate to raise those points at this stage, but I mention that merely to highlight that there might still be issues that need to be addressed. Of course, a great deal of the legislation is dependent on the secondary legislation, which might in some cases have been published but is yet to receive approval. I hope that the cross-party consensus and co-operation on the primary legislation will continue when we come to the secondary legislation.

Let me turn to the specific issues. Amendments 7 to 10 and 21 to 24 relate to clauses 22 and 38, which are to do with the circumstances in which it might be necessary to disregard either a share transfer or a property transfer as an event of default. We accept that without these provisions it might be impossible for a bank to continue to operate when a counterparty—we are not necessarily talking about financial counterparties and could be talking about service providers, for example—might have the opportunity to walk away from their contract because an event of default would have been triggered by the share transfer or the property transfer.

Yesterday, Lord Myners referred in the other place to "wide counterparty flight", and that is the issue here. The provisions have been expanded to address the question of conditions precedent and the concern about that that has arisen during the Bill's progress through the Parliament. Given that we are dealing with new wording that has not been debated in this House before, will the Minister say something about the thinking behind amendments 10 and 24, in particular? What are the circumstances that he is concerned about, and how was the problem drawn to his attention?

7 pm

I turn now to amendment 18 to clause 34, which states that a transfer may be conditional on a certain event or situation occurring. Will the Minister give the House a little more information about what sort of events or situations he thinks may trigger a transfer? I can see that the proposal has the advantage of flexibility: the case made for the clause as a whole is that it provides greater certainty to the transferee and protects those who have contracted with the original bank, and those are both worthy objectives.

I also note that Lord Myners also remarked in the other place yesterday:

> "The early indication from consultation with stakeholders is that this approach will be supported."—[*Official Report, House of Lords*, 9 February 2009; Vol. 707, c. 966.]

I believe that that is right, and my noble Friend Baroness Noakes endorsed the observation, but some people might be a little concerned about the use of the phrase "early indication". How widely have the Government consulted on the approach set out in amendment 18? Are they satisfied that it enjoys widespread support?

Finally, various essentially technical amendments are proposed to clause 48, which provides the power to protect certain interests. That is where the safeguards lie, and where the protections for counterparties exist. At many stages in the Bill's passage through Parliament, we have debated why more safeguards cannot be included on the face of the Bill. Why not go further and exclude financial contracts altogether? My understanding is that the financial collateral directive excludes the majority of financial contracts from this area, but not all of them. I should be grateful if the Minister would update the House about the Government's thinking on this matter, and provide a little more information about the progress that will be made on the relevant statutory instruments.

The real substance of the legislation in this area will be set out in the statutory instruments, and it is not necessary to go once more through the whole debate about the balance between statutory instruments and primary legislation. No doubt the Minister will argue that there is a need for greater flexibility, but it would help the House if we had a little more information about what progress will be made.

These are very technical matters, but they are hugely important. The Minister has acknowledged that throughout, and we welcome the real progress that has been made in the House of Lords. However, I hope that the Government will continue to review this area and communicate with the banking liaison panel even after the secondary legislation has been passed. If any difficulties arise, such as market uncertainty or a loss of confidence, I hope that the Government will be prepared to return to the issue as a matter of urgency.

Ian Pearson: As the hon. Member for South-West Hertfordshire (Mr. Gauke) rightly notes, these are technical issues, but in many instances they are absolutely crucial for ensuring legal certainty. It is important that the detail is got right, and that is one reason why we have had the extensive consultation that I mentioned earlier. I can certainly assure the hon. Gentleman that the banking liaison panel will monitor the legislation, and we also want to use it in the wider role that I have announced previously. If problems arise, we want to be able to take the widest possible advice about potential solutions.

I shall respond briefly to some of the technical points that the hon. Gentleman raised. I am sure that the banking liaison panel will continue to look at any further technical issues that may arise, but the hon. Gentleman asked about conditions precedent. That provision is already in commercial use and could easily be substituted for a termination right. Since the Bill was introduced, the authorities have been concerned that the definitions used in it did not cover the conditions precedent device with absolute certainty.

For example, a contract may provide for B to perform an obligation in favour of A, but only when one of a number of specified events has or has not occurred. Typically, those events would be similar to events that would entitle a party to terminate a contractual arrangement—such as non-performance by A of his obligations to B, or matters relating to A's creditworthiness. As a result, the Government consider it essential to leave no doubt that devices such as conditions precedent are caught by the Bill, and have introduced amendments to achieve that. Otherwise, counterparties could seek to opt out of the special resolution regime, and private sector purchasers might be reluctant to accept transfers of banking business, for fear that they would be ineffective.

The hon. Gentleman asked how the conditional transfer under amendment 18 would work. Its aim is to prevent counterparties from closing out against the transferee simply as a result of the transfer, while at the same time preserving their termination rights against the residual bank. I emphasise that that does not prevent the counterparty closing out should the transferee breach the obligations that have been assumed.

An unfettered right to close out against the transferee or new company carries potential risks for the resolution. The new company could immediately be required to pay crystallised liabilities, and that could create liquidity stress. Moreover, a counterparty that closed out on such a basis would have acquired a better right than it had in the first place, namely the right to close out not against a failing institution but against the more creditworthy bridge bank or private sector purchaser. That is not the same as the termination right for which the counterparty had contracted, and the Government believe that the amendment to clause 34 offers a way of overcoming that concern.

Government amendments 14, 18 and 28, among others, concern default events. Amendments 14 and 28 respond to concerns raised by interested stakeholders about the drafting of clauses 22 and 38, and I shall give the House an example of how we have worked. My noble Friend the Financial Services Secretary arranged a meeting between Treasury officials, parliamentary counsel, and the City of London Law Society to resolve these problems. The amendments are the result of the concerns that have been addressed.

We have always been clear that the purpose of the clauses is not to prevent termination rights from being exercised when the transferee defaults on the obligations that they assumed. If a party assumes a contract under transfer, and then breaches an obligation under that contract in a way that is unrelated to the transfer, the counterparty should be able to exercise any right to terminate the contract that may arise in consequence. Interested parties thought, for technical reasons, that the drafting did not achieve that outcome, and although we did not agree, we were happy to respond to those concerns by bringing forward amendments that are intended to dispel any doubts that might exist. That is another example of the consensual approach that we have adopted.

Finally, I turn to Lords amendment 18, to which the hon. Gentleman referred. It relates to clause 34. The amendment is part of a Government package to respond to the concern that the powers relating to default events would lead to market uncertainty for financial contracts, particularly those with set-off and netting arrangements. I should make it absolutely clear that under the financial collateral arrangements directive, the Government must allow financial collateral agreements to take effect in accordance with their terms, including by respecting terms that commit the counterparty to closing out. As the hon. Gentleman is aware, we are talking about a minority of financial contracts that are not protected under the directive. I do not have the technical expertise to go into the detail of what those contracts are, but I gather that those who understand these matters know what we are talking about.

The hon. Gentleman asked how widely we had consulted on some of the issues. The best response that I can give is to say that we have consulted influential legal advisers on our approach. The indication is that they will advise clients that clean legal opinions can be provided. We will publish draft orders on Royal Assent, which hopefully will be received this week, and will make the statutory instruments on commencement next week. It is right that we continue to make progress on those issues. A significant number of technical issues have been addressed in the amendments, but we will of course want to continue to keep them under review. The banking liaison panel is a useful forum that will enable us to do that.

Lords amendment 7 agreed to.

Lords amendments 8 to 16 agreed to.

Clause 24

PROCEDURE: INSTRUMENTS

Ian Pearson: I beg to move, That this House agrees with Lords amendment 17.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments 31, 46 to 48 and 58.

Ian Pearson: The Government brought forward Lords amendments 17 and 31 in direct response to amendments proposed in Committee in the other place by Baroness Noakes. Her amendments proposed that when a share or property transfer instrument is made by the Bank of England, the Treasury should lay it before Parliament. The Government reflected carefully on that, and the

[Ian Pearson]

additions to clauses 24 and 41 are the result of that reflection. Under the amendments, if the Bank of England makes a share or property transfer instrument, the Treasury would be required to lay a copy of it before Parliament, thereby allowing Parliament direct access to the instrument. The amendments respond directly to concerns raised by the Opposition, and they reflect our constructive response to the recommendation of the Delegated Powers and Regulatory Reform Committee that the House should reflect on the degree to which the instruments are subject to parliamentary accountability.

Hon. Members, especially those who were members of the Public Bill Committee, may recall that misgivings were expressed in this House about the term "subserviate", and those misgivings were shared by Members in another place. The Government therefore brought forward an amendment to replace the term "subserviate" with a new subsection to clause 58. I have no problem with the word. Technically, one could say that the Prime Minister subserviated me to the Chancellor of the Exchequer and the Secretary of State for Business, Enterprise and Regulatory Reform. It is clear what we mean by the term.

7.15 pm

However, for the avoidance of doubt, and to reflect concerns raised in the Commons and the other place during the Bill's passage, Lords amendment 48 states in plain language our intention, which is that the management should have a duty to manage a bridge bank, or bank in temporary public ownership, in a manner that maximises the proceeds available in a bank resolution fund only so far as the duty is compatible with the special resolution objectives and the code of practice. I hope that the amendments satisfy both Houses' concerns on that point; again, the amendments demonstrate our willingness to respond helpfully on such matters, even though in this case we are talking about a linguistic change, rather than a detailed policy change.

Government amendment 58 requires the Treasury every year to lay before Parliament a report on the activities of any bank in temporary public ownership. That is a direct response to concerns, expressed here and in anther place, that there were insufficient reporting requirements placed on banks taken into temporary public ownership. There are numerous ways in which the Government are accountable to Parliament for their role with regard to banks in temporary public ownership. Parliament can already request Treasury Ministers to report on the activities of a bank in temporary public ownership whenever it wishes, including, should it so desire, more frequently than once a year. Furthermore, all the usual accounting and reporting requirements under the Companies Act 2006 will apply to banks in temporary public ownership. However, having reflected on the matter, the Government are persuaded that it would be helpful to include an express requirement to produce a report on the activities of a bank in temporary public ownership. That is why I commend Lords amendment 58, and the other amendments in the group, to the House.

Mr. Hoban: I shall deal first with Lords amendment 58, which requires the Treasury to publish annually a report on banks that have been nationalised under clause 13(2). As the Minister said, the amendment was tabled in response to concerns expressed in the other place. My noble Friend Baroness Noakes tabled a much more extensive amendment, which specified the information to be published. It referred not just to those banks that are nationalised or taken into temporary public ownership under this Bill, but to those that were nationalised under the Banking (Special Provisions) Act 2008. That Act expires later this month, and the Bill will replace it.

My noble Friend's amendment was much more specific than the Government amendment, in that it required the Government to publish a report covering the financial position of a nationalised bank and its plans and prospects, and any guarantees in respect of a bank that might need to call on Government funds. It also had a catch-all provision that required the Government to publish anything else that they thought was relevant. Where amendment 58 falls down is that it does not give much information on the type of report that we should expect the Treasury to lay before Parliament.

Will the Minister be more explicit about what we will see in the annual report? I assume that it will be more than just the report and accounts that all companies are required to publish under the Companies Act 2006. Will it include a statement on the bank's business plan, and how it measures up against that plan? Will the Government commit to publishing the objectives that they set management, and what progress is made on them? Will the report deal with the impact that a nationalised bank has on competition in the financial sector? We touched on that point in Committee. A bank in temporary public ownership may be seen to have an advantage over banks that are free of Government control. The Government responded to the concerns that were expressed at the time about the way that Northern Rock could take advantage of the savings market. If comparable situations arise in the future, will the Government, under this requirement, produce a report setting out the impact that a nationalised bank has had on the market?

The Minister said that reports can be produced on a more regular basis. That is indeed important. In that respect, Northern Rock is probably a better example because not only does it publish its annual report, but it produces a half-yearly statement, as well as quarterly trading updates. It therefore exceeds the minimum set out in amendment 58 and offers a template for the level of transparency that would be expected from a bank in state control.

A similar level of transparency has not applied to Bradford & Bingley, however. We have heard nothing about its financial condition since it was nationalised at the end of September. There has been no quarterly statement or update about its trading, and nothing about the level of arrears on its mortgage portfolio. That was touched on in the earlier debate about the buy-to-let properties that form part of its portfolio. We see a distinct contrast between the transparency applied in the approach to Northern Rock, and the different standard applied to Bradford & Bingley.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman is making the perfectly fair point that the content of the report ought to be spelled out in a little more detail than is provided for by the legislation. Does he agree that when a bank is apparently getting

towards the end of its period of temporary public ownership, or some similar change is about to occur, it should be incumbent on the bank to report on the prospects for what is being widely discussed—in the case of building societies that were privatised into banks and then collapsed, people are looking at the prospects of their being remutualised on return to the private sector? Something of that kind is a possibility in a report some years down the line, is it not?

Mr. Hoban: The hon. Gentleman raises an interesting point. He is an ardent advocate of the remutualisation of those building societies that became banks and are now in state control. The amendment tabled by my noble Friend Baroness Noakes provided for a report about the prospects. I can envisage that in a report with that level of detail, the prospects could include some statement about the exit strategy—how the bank emerges from the period of temporary public ownership.

Clearly, one of the debates that needs to take place, for which my noble Friend's amendment created a vehicle, is how the Government intend those banks to exit the period of temporary public ownership. I recognise the points that the hon. Gentleman makes. A little more transparency about the exit strategy would be helpful for all of us when thinking about the future of both Bradford & Bingley and Northern Rock.

A problem emerges from the lack of transparency that we have seen in the context of, say, Bradford & Bingley, and in the way that the Government's stake in the nationalised banks has been managed. There is very little transparency about the activities of United Kingdom Financial Investments Ltd. I asked the Chancellor of the Exchequer for details of the budget of UKFI. The Minister stonewalled that question in a parliamentary answer, and it is unsurprising that there is then press speculation about the arrangements for UKFI.

It is important that the Government are open and transparent about the activities of the nationalised banks. It was a feature of the debate that we had a year ago on the Banking (Special Provisions) Act 2008, particularly in connection with Northern Rock. Although we welcome the fact that the Government have listened again to proposals made in the House of Lords to increase transparency, greater detail about the type of report that we would expect to see would be welcomed in the House this evening.

I turn now to amendments 17 and 31. Of the three stabilisation options available to the authorities, two require transfer instruments to be made by the Bank of England. Those are the options relating to a private sector purchaser and a bridge bank. In the case of a bridge bank, a bank can be broken up and property transferred to a new owner, as happened with Bradford & Bingley and Banco Santander towards the end of September last year. If the Bill had been in place then, the Bank of England could have used a property transfer instrument to transfer Bradford & Bingley's branch network to Santander. Of course, there would have been remaining elements of the bank in temporary public ownership until a resolution or exit strategy had been found.

Within the bridge bank mechanism there are elements that are similar to nationalisation or temporary public ownership. However, the transfer powers—this was the issue raised in the other place not just by my noble Friend, but by the Delegated Powers and Regulatory Reform Committee—are exercised by the Bank of England without parliamentary approval. The Delegated Powers and Regulatory Reform Committee, when considering those powers, argued that because they were similar to taking a bank into temporary public ownership, their use should be subject to parliamentary approval. In effect, because the original owners are deprived of their property rights, Parliament should approve that. It should not be an action that the Bank can take without scrutiny by Parliament.

There was a vigorous debate on that in the other place. The outcome, as reflected in amendments 17 and 31, probably achieves the right balance. A copy of the share or property transfer instrument made by the Bank of England will be laid before Parliament. That will help to increase parliamentary scrutiny.

My final remarks relate to amendments 46 to 48 and the use of the word "subserviate" in legislation. The Minister seemed to think the word was used in everyday parlance. Perhaps it is used quite often in his constituency, but it is not a word that I had heard until the Bill was presented to me. I checked yesterday whether there was widespread use of the word and Googled "subserviate". The first two results referred to an online dictionary, and—surprise, surprise—the next two references were to debates in this House and the other place.

Clearly, "subserviate" is not a word that is widely understood. When the Minister gave his example earlier, I was not entirely sure it would have been clear in a press release what his relationship was to the Chancellor or to the Prime Minister, but perhaps the Minister does not use such language in the "Dudley Star" or whatever the local paper is in his constituency.

I welcome the fact that the amendments have been made. The Minister ought to have a word with his noble Friend the Financial Services Secretary about how to concede the point gracefully. I read the debate in the Lords *Hansard*, where Lord Myners said:

> "I do not think that the meaning of 'subserviate' is opaque or confusing. However, concern was also expressed in the other place, where the standards of learning are perhaps not as exceptional as in this House"—[*Official Report, House of Lords*, 2 February 2009; Vol. 707, c. 541.]

I do not know what it is about Lord Myners, but if there is a Treasury course on tact and diplomacy in dealing with Members of this place, he ought to be the first in the queue. None the less, I am pleased that he listened to the concerns that my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) expressed in Committee. We shall not oppose this group of amendments.

7.30 pm

Ian Pearson: It is a hiatus valde deflendus in the learning of the hon. Member for Fareham (Mr. Hoban) that he is not instantly familiar with the word "subserviate". That lacuna in his knowledge has now been addressed, and I hope that the word can be used in future legislation.

The hon. Gentleman said that we had reached the right point with amendments 17 and 31, so I need not explain them any further. I will just say that we reflected on Baroness Noakes's amendments and that I appreciate the hon. Gentleman's support and his agreement that we have the balance right at the moment.

[Ian Pearson]

The hon. Gentleman did some probing about what we could expect to see in the report introduced by Government amendment 58. We have had numerous debates about what should rightly be in a Bill and what should be done through codes of practice, secondary legislation or the normal course of Government reporting. We do not believe that the Bill should list the specifics of what should be included in every report. The bounds of commercial confidentiality need to be respected; we have to bear it in mind that banks in this situation will still be commercial bodies undertaking commercial transactions, and that there is rightly a duty of commercial confidentiality. However, while respecting that, we should still be as open and transparent as possible in respect of the information that we provide.

I hear what the hon. Gentleman said about Bradford & Bingley. My understanding is that it will publish a version of the business plan on which it has been working. The hon. Gentleman will be aware of the reporting with regard to Northern Rock. As I outlined earlier, there are other opportunities, in addition to the annual report, for hon. Members to probe Ministers on banks in temporary public ownership.

Mr. Hoban: I am grateful to the Minister for his comment about the publication of the Bradford & Bingley business plan, but when will we see the first set of accounts of Bradford & Bingley under public ownership? Will there be a quarterly update shortly, or will we have to wait for full-year results?

Ian Pearson: I do not have that information to hand. I expect that Bradford & Bingley will publish a version of its business plan, although naturally there will be some commercially confidential matters. If I get further information on that issue, I shall be happy to transmit it to the hon. Gentleman.

The amendments have cross-party support; they come from the other place and they strengthen the Bill.

Lords amendment 17 agreed to.

Lords amendments 18 and 19 agreed to.

Clause 36

CONTINUITY

Ian Pearson: I beg to move, That this House agrees with Lords amendment 20.

Mr. Deputy Speaker: With this it will be convenient to deal with Lords amendments 51 to 53 and 95.

Ian Pearson: Lords amendment 20 removed from clause 36 a subsection that made provision for tax. The clause deals with the maintenance of continuity when a transfer is made under the powers in part 1. The subsection was not needed in the light of the detailed powers on tax in clause 74, and I am grateful to the Opposition spokesman in the other place for drawing that to our attention and tabling the necessary amendment.

Lords amendments 51 to 53 and 95 respond to comments made by the Delegated Powers and Regulatory Reform Committee, widely supported in the other place, about the parliamentary scrutiny of secondary legislation. The amendments switch the order-making power in clause 74 to the affirmative procedure; again, we have had many debates about whether matters should come under the negative or affirmative procedures. We are happy to support the amendments and the view of the Delegated Powers and Regulatory Reform Committee in that respect.

Mr. Hoban: We welcome the fact that amendment 20 was accepted in the House of Lords and we are happy that it forms part of the amended Bill. However, will the Minister help me out on one issue? When the amendment was debated in the other place, the point was made that there were provisions under clause 74 that would allow the Treasury to make regulations about the fiscal consequences of the exercise of the stabilisation power. When a normal transaction takes place, there are fairly well established precedents about how tax should be dealt with; corporation tax, for example, is apportioned between the former owner of a company and its new owner, based on when the completion date was. There are mechanisms for calculating what the tax bill would be. Will the Minister explain a little more about what he thinks the fiscal consequences of the exercise of the stabilisation power will be and where the Government are on making regulations on that? That would be helpful.

On Lords amendments 51 to 53 and 95, one of the themes running through our consideration of the Bill is that there should be proper parliamentary scrutiny of the secondary legislation, so we welcome the Government's moves to accept more situations in which regulations should be dealt with through the affirmative procedure rather than the negative procedure.

Ian Pearson: I welcome the hon. Gentleman's support for the amendments, particularly in respect of the decision to move to the affirmative procedure for scrutinising some of the secondary legislation.

On the fiscal position, the Government will assess the range of likely tax consequences that follow from the exercise of the stabilisation powers, and we will bring forward any necessary tax provisions in due course. Explanatory material accompanying any tax provisions will set out further details about the basis on which the changes are to be made. I have nothing further to add to that at this point.

Lords amendment 20 agreed to, with Commons privilege waived.

Lords amendments 21 to 48 agreed to.

Clause 71

PENSIONS

Ian Pearson: I beg to move, That this House agrees with Lords amendment 49.

Mr. Deputy Speaker: With this it will be convenient to consider Lords amendments 50, 59, 60, 70 and 71.

Ian Pearson: The amendments provide for the extension of the provisions on temporary public ownership to bank holding companies. Hon. Members who served in Committee will remember that I first raised that matter then; I now return to the matter as the Government

have laid the amendments in the other place. I hope that hon. Members will forgive me if I set out the issues in a little detail, as we did not have the opportunity to discuss them first in this House.

During the course of developing and consulting on this Bill, the authorities have continued to consider the question of how best to resolve different types of failing banks. The events of autumn last year made it apparent that, in some cases, exercising a power conferred by the special resolution regime in relation only to the bank in a financial group may be problematic. Specifically, acting on the bank alone may not be sufficient fully to achieve the resolution objectives, particularly that of protecting and enhancing the stability of the UK's financial system. The starting point for this issue is that banks often form part of complex corporate groups. The company within the group with the deposit-taking permission—the bank—may not be the ultimate parent company within the group. In such circumstances, therefore, as originally drafted the SRR powers could not have been exercised against the parent company, but only in respect of the bank within the group.

There are a number of reasons why a power limited to banks may be insufficient. First, the activities of the bank and the rest of the group may be so inter-related that the exercise of the transfer powers only in relation to the bank may be insufficient to resolve the bank successfully. Secondly, taking action only in relation to the bank may give rise to serious difficulties within the rest of the group, which is likely to include other financial companies that may be relevant for stability purposes. In certain cases, the exercise of the transfer powers in relation to the bank may so disturb the operation of and confidence in the group as a whole that it leads to the insolvency of some or all of the other entities in the group. Wherever such entities in the group are financial institutions, their failure may impede the achievements of the SRR objectives. In addition, the failure of other entities in the group may give rise to difficulties in the continued operation of the bank given the interconnectedness of the group. Finally, a private sector solution may be more likely on a group-wide than on a bank-only basis.

I should like to note up front that the Bill already contains provisions that seek to address aspects of these potential difficulties. In particular, we have an obligation on group companies to continue to provide necessary services or facilities—"continuity obligations"—to the bank following an exercise of the transfer powers. However, the Treasury concluded that the imposition of continuity obligations, while remaining a vital tool in certain cases, may be insufficient to address the full range of difficulties outlined above. Therefore, as I signalled in Committee and on Report, amendments to extend the Treasury's power to take a failing bank into temporary public ownership to include bank holding companies were tabled in another place.

Let me set out how these amendments work. Lords amendments 59 and 60 provide new clauses that allow the Treasury to take a holding company into temporary public ownership. As with any stabilisation option, there are significant conditions that must be met before the power may be exercised. A bank holding company may be taken into temporary public ownership only if the Financial Services Authority is satisfied that a bank in the group satisfies the general conditions set out in clause 7. In addition, the Treasury must be satisfied that it is necessary to take action for the purposes specified in the conditions for temporary public ownership set out in clause 9.

In determining whether it is necessary to take such action in relation to the holding company, the Treasury will have to consider whether action in relation to the bank alone would suffice for the purposes specified in clause 9. I should also point out that, as with any stabilisation power, the exercise of the holding company temporary public ownership tool would be governed by the SRR objectives provided in clause 4 and subject to the code of practice provided for in clause 5, to which the authorities must have regard. I should also note that the power is limited to the Treasury. This approach ensures that Parliament can hold the Minister exercising powers in relation to a holding company directly to account. The Government consider that ministerial accountability is important given the breadth of interested parties that the holding company power may affect.

Mr. Bone: I am trying to follow carefully what the Minister is saying. In circumstances where a large group, say a supermarket chain, has a banking sector and the bank needs to go into temporary public ownership, does that mean that the Government could end up owning a supermarket?

Ian Pearson: No. I shall go on to explain that in more detail.

A group may contain entities that are not directly involved in the financial services sector, so the decision to resolve a bank on a group basis will involve balancing the interests of a range of parties against the public interest in resolving the difficulties caused by the failing bank. It is the Government's view that Ministers are best placed to make that judgment. Once a holding company is in temporary public ownership, the Treasury will have a range of powers available to it to transfer on the shares and property, rights and liabilities of the holding company.

7.45 pm

This approach has been adopted in order to provide the Treasury with appropriate flexibility to complete the resolution of each bank effected by the transfer to temporary public ownership of the holding company. All the limitations on partial property transfers provided for in clauses 47, 48 and 60, and secondary legislation made under them, will apply. I am happy to confirm, for example, that the netting arrangements will be protected in line with the order made under clause 48. Furthermore, the Government consider it appropriate to restrict the powers of the Treasury with respect to non-bank entities within the group. Therefore, the full range of onward transfer powers apply only to deposit-takers in the group and the holding company itself. We have adopted this position in order to minimise commercial uncertainties arising from the taking of these powers.

Mr. Hoban: I am grateful for the Minister's comments, which clarify the Tesco point raised by my hon. Friend the Member for Wellingborough (Mr. Bone), which I was going to mention in my speech. The Minister referred to onward transfer powers being available only in relation to the interests of the holding company and

[Mr. Hoban]

the banking subsidiary. Does that mean that where there are other financial services businesses in that group, such as insurers and fund managers, there will be no onward transfer powers in respect of those entities?

Ian Pearson: My understanding of the situation is that that is correct. Let me explain in a bit more detail.

As I outlined, the Treasury may take a holding company into temporary public ownership only under the purposes set out in clause 9—that is, if it is

"necessary to resolve or reduce a serious threat to the stability of the financial systems of the United Kingdom"

or

"necessary to protect the public interest"

where financial assistance has been provided. "Necessary" is a high test, and as part of that test the Treasury will have to consider whether resolution of the deposit taker would meet the specific conditions set out in clause 9. It is possible to address the purposes specified in clause 9 by taking action in relation to the deposit taker. It would not be necessary to take action in relation to the holding company. That emphasises that action in relation to the holding company is very much a last resort.

Mr. Hoban: Going back to the use of onward transfer powers for the holding company and the licensed deposit taker, if a group is a broadly based financial services group, as many of the deposit takers in this country are, what process will be used to leave, say, the insurer or the fund manager in the ownership of the original shareholders if the holding company has been subject to an onward transfer process?

Ian Pearson: I explained that "necessary" is a high test. The second point to make is that the Treasury will also have regard to the SRR objectives, which ensure that the objectives in exercising the power in relation to holding companies include protecting and enhancing the stability of the financial systems of the UK, protecting and enhancing public confidence in the stability of the banking systems of the UK, and protecting depositors—areas with which we are very familiar. Action could be taken only where the Treasury has considered whether exercise of the powers in relation to holding companies would further those objectives. That narrows the context of what we are talking about. Thirdly, by limiting the tool to temporary public ownership, a higher public interest test must be satisfied, which we previously debated.

The application of the safeguards will always depend on the facts of the case. However, in the light of those safeguards it is highly unlikely that it would be possible for the Treasury to take a holding company into public ownership where the holding company does not have a close connection with the operation of the bank or where the primary activities of the holding company are not related to financial circumstances. Onward transfer powers apply only to banks in the group and the holding company, not to other non-financial institutions. I hope that that helps to clarify the matter.

Let me briefly turn to the other amendments in this group. Clause 71 provides for a transfer instrument or order to make provision about pensions. A modification to a pension scheme may be necessary in order to facilitate a fully effective transfer. The clause applied only to pension schemes in which the failing bank is or was an employer. However, following consideration, the Government are of the view that it does not provide sufficient flexibility for the authorities to deal with all possible resolution scenarios involving group companies. Therefore, Lords amendments 49 and 50 allow the pensions power in clause 71 to take effect at a group level, instead of at the level of the deposit taker.

Finally, Lords amendments 70 and 71 make consequential provision to part 3 of the Bill in relation to the bank administration procedure, as part of the extension of the temporary public ownership tool to holding companies.

In summary, this group of amendments is an important addition to the Bill that will allow the special resolution regime to be effective for banks that are part of complex corporate groups. I hope that I have demonstrated the strong rationale for taking these powers. The matter was debated in the Lords, and we are happy to concur with their views on it.

Mr. Hoban: I am grateful for the time that the Economic Secretary spent discussing the matter because it is important. It was not aired in the Bill's earlier Commons stages, as the amendments were introduced in the House of Lords.

Part of the problem stems from the fact that clause 2 defined banks quite tightly as entities authorised to accept deposits, and we will come to that when we discuss a later group. The clause almost envisaged a situation in which a bank was a stand-alone entity, or one where the bank was both a licensed deposit-taker and the holding company of a banking group. The amendments reflect the complexity of corporate structures in the UK, and they reflect the complexity of financial services groups, where a range of activities can be undertaken by a bank.

The Economic Secretary presented a cut-and-dried process whereby the holding company and the deposit-taker would be subject to a transfer order, and where they are ring-fenced, in a way, from the rest of the group. Although he sought to reassure the House on the standards that would be applied before using such powers, I was less confident that the Treasury had thought through the process by which the powers would be used in practice. I cannot say that the Treasury believes that the powers will be used, because that would imply that it knows something we do not, but it must think through their implementation more carefully.

Other issues will emerge. In the other place, Lord Davies of Oldham talked about situations in which a different entity could employ the people who work in the bank. A pension scheme could be shared across a number of different bank companies, and one of the amendments in the group deals with pension schemes. Within these entities, there may well be service companies that are integral to the functioning of the bank, and simply to say that transfer powers will be applied only to the holding company and the banking company might not be the best solution to the problem, although the continuity of service provisions in the Bill will help to deal with property and employees.

It may not be as easy as the Economic Secretary thinks to segregate the holding company and the banking company as legal entities. At the same time, I understand

the need to give reassurance to the integrated financial services companies about what will happen if part of their empire suffers problems. It would be unfortunate if an impression were given that the whole group will be sucked into public ownership if one part of it suffers problems.

My hon. Friend the Member for Wellingborough (Mr. Bone) was right to raise the point about Tesco, which was mentioned in the House of Lords. A number of banks are part of different sorts of business entities, most of which will be part of a financial services company. Given the way in which supermarkets have moved into the financial services sector, we will end up with situations in which a bank, depending on how it has organised matters, could be part of a supermarket group. It is important to give some assurance about how the powers will be used. I understand why the Economic Secretary would try to avoid giving the impression that the Government can run Tesco, but it is not straightforward to say that the Government will only take on the bank and the holding company on the basis of there being an onward transfer power.

I would like to touch on two more issues. The powers for holding companies also apply to the powers under clause 20, which relate to the ability of the authorities to terminate the service contracts of directors, and to vary their contract terms. We touched on this matter in Committee when we discussed whether the powers enabled the Government to intervene to prevent bonuses from being paid to bank directors. I will not rehearse those arguments, but in a case where one of the directors on the board of a holding company is responsible for the insurance division, could the Government terminate his or her contract using the powers in clause 20? There is a danger that the broad powers that apply to directors who are not related to the banking activity but are in the holding company could have an adverse consequence on their job security.

The other issue was raised in the other place, and the Economic Secretary dealt with it today, but not directly. Will financial services end up redomiciling the location of their holding company? The Bill currently allows a UK-incorporated holding company to be taken into temporary public ownership. A banking group may decide, in order to safeguard its other interests and to avoid uncertainty, to redomicile its holding company outside of the UK so that only its UK activities would be affected. I wonder whether there is a risk, as we saw when HSBC considered changing its domicile last year for tax reasons, that the banks' reconsideration of where their headquarters should be based might be accelerated. If they move them outside the UK, that would be detrimental to the this country's interests. That might be an unintended consequence of the proposal, but it depends on the extent to which the proposal impacts the non-banking activities of those groups.

I would be grateful if the Economic Secretary gave us some reassurance on how far the Government have gone with the process of thinking about the implementation of the powers and how they will affect integrated financial services companies. Will the powers in clause 20 that can be used to vary directors' contracts have unintended consequences, and will the changes have an impact on the competitive position of the UK as a place for financial services businesses to be headquartered?

Ian Pearson: I shall respond directly to the hon. Gentleman's points. First, on clause 20, the situation in relation to directors is unaltered since our discussions in Committee. Secondly, I wish to stress as strongly as I can the Government's view that there is absolutely no reason for bank holding companies to consider domiciling outside the UK as a result of the Bill.

8 pm

Thirdly, although one or two of my hon. Friends might like to think that we were slipping in some clauses that will allow us to nationalise the UK's high street, we are not doing anything of the kind. We are recognising that many UK deposit takers are complex group undertakings. That is why we have considered whether additional powers are necessary to resolve any substantial difficulties that those groups get into, and why we introduced the relevant amendments in the other place.

The hon. Gentleman suggested that we had not necessarily done all our homework, but we have continually looked long and hard at whether the powers that we are taking are appropriate and necessary. As he knows, substantial contingency planning has taken place. He is right that it might be difficult to isolate the bank within a group, which is precisely why we need the ability to take a holding company into temporary public ownership. We could then stabilise the whole group and resolve the situation so that it goes out of public ownership, using onward transfer powers for a fast onward sale of the bank or the whole group.

Mr. Bone: To use the example of Tesco again, I believe that the Minister is saying that if the holding company were taken into public ownership, the Government would be in charge of the supermarket section of it, even if only for a brief period.

Ian Pearson: I have been trying to stress that we are putting in place a series of tests and restrictions. We must recognise that deposit takers are complex group undertakings, which is why we need the power to take a bank holding company into temporary public ownership in certain circumstances. The hon. Member for Fareham (Mr. Hoban) asked how that would work in practice and how the powers would be exercised in detail. All circumstances are different, and the exercise of the powers would depend on the nature of the institution affected. He will be aware of the incredible amount of thought that would go into taking such decisions and the close contact that there would be between the tripartite authorities in deciding whether the threshold conditions had been triggered. The powers would be exercised only through one stabilisation tool—temporary public ownership—rather than through the bridge bank or private sector purchaser tools. That sets a very high test for intervention, as he knows.

Mr. Hoban: I am grateful to the Minister for his comments, but we discussed the power to make the onward transfer of a bank, licensed deposit taker or holding company. However, the Minister talks about taking a group into temporary public ownership, which means its holding company, banking activities and non-banking activities. His comment that the whole group would go into temporary public ownership reinforces my concern that a group might seek to structure its activities or ownership so as to avoid that prospect, notwithstanding the safeguards that he has mentioned.

Ian Pearson: I understand the hon. Gentleman's point, but the proposals in the amendments strike the right balance and provide a high level of assurance about the Government's future actions. As we have repeatedly said during the Bill's passage, we hope that we will never have to use the powers in question, because we do not want banks to fail. However, we need powers to address the issue of bank holding companies. Our stabilisation objectives might not be met effectively if we retained only the power to act on a licensed deposit taker such as a bank. I believe that the hon. Gentleman accepts the general thesis that those powers are required, and I hope that the House will agree to the amendments.

Mr. Breed: This is a complicated matter, and it seems to me that one advantage of having a financial services organisation within a large group such as a supermarket is that most people believe, rightly or wrongly, that the organisation has the strength of that group behind it. Perhaps that is one factor that gives them the confidence to use that organisation. The Bill might encourage such groups to take banking operations out of the group, because they do not want the Government interfering. An unintended consequence may therefore be that such financial organisations, licensed deposit takers and so on are taken out of groups, becoming stand-alone bodies and therefore having much less potential strength.

Ian Pearson: I appreciate the hon. Gentleman's concerns, of which we have been aware. In our consultations about whether it was right to take this power, we talked to a number of institutions and, I hope, allayed their concerns. I do not foresee that companies will want to restructure simply as a result of the power that we are taking in respect of bank holding companies. I therefore believe that his fears are unwarranted, but we will need to ensure that all the provisions that involve complex detail are kept under continual review.

Lords amendment 49 agreed to.

Lords amendment 50 to 53 agreed to, with Commons privilege waived in respect of Lords amendments 51 to 53.

Clause 75

Power to change law

Ian Pearson: I beg to move, That this House agrees with Lords amendment 54.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to consider Lords amendments 55 to 57, 94 and 97.

Ian Pearson: Clause 75 has been the subject of much debate in both Houses. Indeed, it is fair to say that the provision has been forensically scrutinised, and I believe that the Government have made the case for the power to change law. In both Houses, the Government tabled significant amendments to address the concerns that the Opposition raised. I believe that if this House accepts the amendments that were made in the Lords, we will put our seal of approval on a clause that is tightly defined and limited, and has been subject to the fullest discussion.

Let me briefly outline the subjects on which the Government have moved to meet the concerns of both Houses. First, we tabled an amendment in this place to ensure that the Bill could not be used to modify the Bill, or the secondary legislation made under it. As hon. Members know, the purpose was to make it clear that the Government would not amend the safeguards that are being established in secondary legislation. We wanted to provide legal certainty. Unfortunately, there was a technical problem with the amendment, which we corrected in the other place through amendments 55 and 56. Let me make it clear that those corrections do not undermine the principle of safeguarding the Bill's provisions and any standing secondary legislation under it, especially the partial transfers safeguards.

Secondly, the Government have addressed concerns that were expressed about parliamentary procedure. The other place repeatedly emphasised that Parliament must be allowed to play its essential role of holding the Executive to account. I am sure that all hon. Members agree with that. The challenge that the Government face is enabling parliamentary scrutiny without compromising the authorities' ability to use the stabilisation options swiftly and effectively, and without jeopardising the possibility of an effective bank resolution. The clause recognises that by making the exercise of the power subject to the draft affirmative procedure, unless action needs to be taken urgently. To cater for cases in which urgent action is necessary, the Treasury may—only when it considers it necessary—make orders under the 28-day procedure.

However, a particular concern in the other place was that, if Parliament struck an order down, the Government could reintroduce the same order ad infinitum. Of course, that was not our intention—indeed, it would be neither politically nor constitutionally credible. The Government do not believe that the clause could have been interpreted to permit that. However, to meet the concerns that have been expressed, the Government tabled amendment 57, which expressly requires any new order to be drafted "in new terms". That means that there must be a material difference between any new order and the original order laid before Parliament. In addition, of course, we expect the Government, in introducing any new order, to reflect on the concerns of Parliament. For the sake of consistency, amendments 94 and 97 make similar provision throughout the Bill. There will be no opportunity for the Government to avoid parliamentary scrutiny. The amendments were welcomed in the other place, and I hope that they will be welcomed here.

Thirdly, the Government have addressed retrospection. The other place tried to ascertain exactly how the retrospective power under clause 75 would be used. As the Constitution Committee noted, retrospective legislation is not unprecedented, but must have a strong public interest justification. The debate in the other place coalesced around subsection (3), which provides that the Treasury may use the power if it considers it "necessary" or "desirable" to give effect to a particular exercise of a power under part 1.

The constraint on the power—the "necessary or desirable" test—is not, of course, the only limit on the use of retrospection. The power exists not in a vacuum, but in a highly developed public law framework. It is important to recognise the range of constraints on the use of the power and that not all of them appear in the Bill—they do not need to do so.

First, there are the convention rights. Article 7 is an absolute bar on the retrospective imposition of criminal offences, or increase in penalties. The use of the retrospective power may also engage article 1 of the first protocol—the right to the peaceful enjoyment of property. Retrospective interference with property rights needs especially careful justification, whereby the action must be proportionate to the public interest pursued. The range of cases in which it will be compatible with convention rights to interfere retrospectively with property rights protected by article 1 of the first protocol is limited.

8.15 pm

Secondly, there is the Government's duty to act reasonably. What "reasonably" means in practice will depend on the context. The more unusual or potentially unfair the proposed course of action, the greater the justification that will be required.

The third constraint on the exercise of retrospective powers is the Government's respect for the rule of law and legal certainty. The Government take seriously their duty to act fairly and appropriately, and will always do that. However, we recognise that those public law constraints may not be enough to provide sufficient certainty. That is why we have gone further, to add something material to the range of existing constraints, and to avoid the potential for casting doubt on the existing safeguards provided by public law.

The Government therefore tabled an amendment to delineate the power more carefully in response to the concerns that were raised. Amendment 54 does that by positively affirming the public interest in avoiding retrospection. In particular, it addresses the concern that the retrospective power could be deployed on a whim. It does that by retaining the words "or desirable", while making it absolutely clear that the flexibility inherent in the desirability test is not a licence to act lightly. Indeed, we are setting out that it is generally in the public interest to avoid retrospection, and that there must therefore be a countervailing specific public interest for the exercise of a retrospective power under the clause.

Throughout, the Government's only immovable position has been that we cannot amend the power to the extent that it becomes unusable. As we have done throughout our proceedings on the measure, we have sought to achieve a compromise. The amendments demonstrate how the Government have responded to the constructive debate that has taken place. I believe that they are credit to the approach of this House and the other place, and I commend them to the House.

Mr. Gauke: As the Economic Secretary said, the provision has received a great deal of scrutiny. Clause 75 is essentially a Henry VIII clause, which permits the amending of primary legislation by secondary legislation. It is not surprising that that caused considerable concern in this House and the other place.

There are two broad concerns. First, there is the constitutional point about parliamentary scrutiny and accountability. The second anxiety, which should not be ignored, is the practical matter of the amount of uncertainty in the Bill and the various protections that we have debated—for counterparties, for example. If the protections available to them can be amended by statutory instrument, they are less substantial than we think. That is important to confidence in the UK banking sector.

Both the original clause and the current provision contain specific aspects that are worth highlighting briefly. First, there is the basic point that the clause allows secondary legislation to amend primary legislation. Secondly, there is the extent to which the clause can have retrospective effect—the Economic Secretary referred to that, and I will revert to it. Thirdly, although affirmative resolution is generally required, that is not the case if the Treasury deems it unnecessary. The protections that affirmative resolution affords therefore appear somewhat fragile.

Fourthly, where we go down that route and a subsequent resolution is required from both Houses, that can be done within 28 days. That means that a recess occurring at the wrong time could cause a considerable delay. It would be perfectly possible for a change in the law to be made by a statutory instrument that would not be reviewed until some months afterwards. All those concerns have been raised at various stages of the Bill's progress and the Government have attempted to address some of them.

Let me deal first with the retrospective effect, which is essentially what is driving Lords amendment 54. I note the Minister's comments about the constraints on retrospective legislation that already exist, given the terms of the Human Rights Act 1998, and the fact that he highlighted the issue of interference in property rights in particular. Retrospective legislation that interferes with property rights has to cross a number of hurdles if it is not to be vulnerable to challenge in the courts.

It might be helpful to the House in getting a better understanding of how that argument works, as well as the constraints that apply to clause 75, if the Minister could give us an example. If I may assist him, in the spirit of co-operation that has characterised the Bill's progress, perhaps he could clarify whether interference in the contractual rights of senior bankers, including their right to receive a bonus, would be vulnerable to a challenge under the Human Rights Act, because that would be seen as retrospective legislation that did not meet the public interest test that he outlined. I mention that in an attempt to gain a greater understanding of the existing constraints on retrospective legislation.

In Lords amendment 54 we also have an attempt to ameliorate the concerns that exist. It may be a well-spirited attempt, but it is perhaps open to some scepticism. Clause 75(3) states that the Treasury

"may make provision which has retrospective effect in so far as the Treasury consider it necessary or desirable for giving effect to the particular exercise of a power under this Act".

Lords amendment 54 would introduce the following qualification:

"in relying on this subsection the Treasury shall have regard to the fact that it is in the public interest to avoid retrospective legislation".

I would be grateful if the Minister could be a little clearer about the impact of that wording, which would presumably be helpful for the purposes of judicial review. We raised our concern in Committee that it was the Treasury alone that would consider whether such action was necessary or desirable, which seemed to be a somewhat subjective test.

If I remember rightly, we proposed an amendment to the effect that the Treasury should "reasonably" consider such action necessary or desirable. I wonder whether the new wording makes the test more objective and

[Mr. Gauke]

therefore less vulnerable to challenge under judicial review. If the new wording does not do that, I am not quite sure what purpose it serves. If Lords amendment 54 is an attempt to raise the hurdle in the way of the Treasury using the power for retrospective purposes, we would be sympathetic to it, but we question what difference it would make.

The Minister described Lords amendment 56 as an attempt to address a technical failing and ensure that clause 75 would not allow the Treasury to amend the Bill, which is a concern that I raised in Committee. We welcome that. I am grateful for the explanation of Lords amendments 55 and, in particular, 56. However, it would be helpful for the House to have some reassurance that Lords amendment 56 in no way waters down the changes that Government have made to prevent clause 75 from being used to amend primary legislation, including, therefore, some of the protections contained in the Bill.

If I remember correctly, we proposed an amendment in Committee that attempted to address the concern that clause 75 could be used to amend the Bill. That amendment was rejected, but the Government then came forward with their own proposals. I wonder—I say this out of sheer curiosity; I do not know the answer—whether our amendment had the same technical flaw as the Government's amendment did. If it did not, perhaps the Government would have been better off sticking with our wording. None the less, the intention behind what the Government are seeking to achieve is welcome.

We also welcome Lords amendment 57, which addresses a concern that I raised in Committee about it conceivably being possible for the Government to present order after order for an additional 28 sitting days, which would all be rejected, yet enable the change in legislation to retain its effect. The Minister rightly said that that would not be politically or constitutionally credible, although it is perfectly possible for Governments to do things that are neither. None the less, the new wording and the intention behind it are welcome.

Mr. Bone: There has to be some material difference between repeat orders, so can my hon. Friend clarify who decides whether there is a material difference? Is it the Executive or the Chair? If it is the Executive, that is a pretty pointless addition to the Bill.

Mr. Gauke: I am grateful to my hon. Friend for raising that useful point. I will not attempt to clarify it, but I hope that the Minister will do so.

We retain a sense of uneasiness about clause 75, but the Minister is right that there is a need for some flexibility, which is perhaps why we are not using more intemperate language or getting more excited. However, we feel uneasy about these Henry VIII clauses, and it is important to put that on record.

It is also right to put on record our uneasiness about the potential for retrospective legislation. Given that the Government have passed quite a few such items of legislation during the handful of years that I have been in this place, it is good to hear them acknowledge that retrospective legislation is undesirable. Measures such as those covering air passenger duty and vehicle excise duty have been retrospective to a greater or lesser degree, which has been unfortunate, so if the Government are now giving an indication that they are less likely to pursue retrospective legislation in future, that is even more welcome.

Mr. Breed: The Minister is right to say that this matter has had a great deal of debate and scrutiny. However, as the hon. Member for South-West Hertfordshire (Mr. Gauke) has said, at the end of it all many of us remain at least uneasy—and I could put it a little more strongly. To say that retrospective legislation is against the public interest is to state the obvious. One aspect of this matter that worries me is the legal uncertainty bit. In an area of our economy that is so important, we must have certainty. When we are in uncharted waters such as these, any uncertainty will be unhelpful.

8.30 pm

The Bill is primarily about the protection of depositors, and that is quite right. That is its main thrust. However, using retrospectivity to give them enhanced protection will potentially undermine or reduce the rights of another set of stakeholders. I am convinced that this will result in some real issues that will lead to a judicial review. The whole idea of balancing and of having fairness and desirability tests when we are, in effect, preferring one set of stakeholders to another, is fraught with difficulties. However, as the Minister hinted, the kind of amendments that would begin to satisfy me and many others would render the whole exercise of retrospectivity useless and unworkable. There is therefore no way we can get round this problem.

Flexibility, used on limited occasions, is one thing; using this power in a wider context to address unforeseen circumstances on a larger canvas is something else. We shall have to see how it works out. I am unhappy, rather than uneasy, but I am prepared to support the measure because we need this legislation and because a case has been made for having some flexibility.

Mr. Bone: I understand the Government's problem. Throughout the passage of the Bill, we have been discussing events that we hope will never happen, but we are trying to create certainty in case they do. The Government might not intend to use these clauses retrospectively, or indeed to amend the primary legislation. However, this Government might not be in power when a problem occurred; we might be in the fifth term of the prime ministership of my right hon. Friend the Member for Witney (Mr. Cameron) when such circumstances arose—you never know. We want to ensure that there is as much clarity as possible.

One of my concerns is the use of statutory instruments. I sit on the Joint Committee on Statutory Instruments, which meets every week. We look at hundreds and hundreds of orders, the vast majority of which deal with minor matters in which specific regulations are being put in place that are clearly contained in the primary legislation. I fear, however, that the Bill could create a method whereby a future Government could amend the primary legislation by having a one-and-a-half hour debate in a Committee room and that, by the time the Front Benchers had spoken and perhaps two Back Benchers had said something, the whole matter would have been voted on. With statutory instruments, there is no opportunity to amend the regulation. We are talking about a really serious matter here, and it would be much better for the Government to introduce further primary legislation if they wanted to make a major change.

This is a Henry VIII clause. I understand that the Minister wants some flexibility, and that he does not expect his Government to use the measure unfairly, but in 20, 30 or 40 years, someone could look back on this legislation and say, "Ooh! We can do this just by passing a statutory instrument!" That appears to be the situation, although I see the Minister shaking his head vigorously, so perhaps I have misunderstood it. However, many of the amendments seem to consist of fine words that do not go to the heart of the matter.

Ian Pearson: Any parliamentarian worth his salt will immediately be concerned about the potential for Henry VIII clauses and retrospective legislation; it is absolutely right that both this place and the other place have seen extensive scrutiny of the Government's proposals. I have to say that I believe we have won the intellectual argument about why these powers are necessary and why they need to be retrospective. Let me make it absolutely clear: I believe we have not only won the argument but built a consensus around the approach to be adopted. That is seen in a clause that is now tightly defined and limited. We are absolutely certain that, as a result, we will not need to amend the Bill or propose any secondary legislation. That is absolutely clear.

As for retrospection, I acknowledge that it is always controversial, but hon. Members need to recognise that, in the context of a failing bank, we may need the flexibility to deal with all possible contingencies. There could have been a major fraud in the run-up to a bank's failure and, in that context, the authorities may need the flexibility to be able to make provision regarding events that happened before the making of the order—for example, to siphon moneys away from the company in a wholly uncommercial and illegal way.

The hon. Member for South-West Hertfordshire (Mr. Gauke) talked about the impact of the wording on retrospection. The wording explicitly provides that the Government cannot use the power on a whim; they will have to demonstrate—for example, through a judicial review—that they took account of the public interest not to use retrospective powers before they actually use this power.

In response to the question put to the hon. Member for South-West Hertfordshire in an intervention by the hon. Member for Wellingborough (Mr. Bone)—about whether it really matters that Parliament has to use a materially different form of words—I would argue that it would be for the Government to demonstrate to Parliament that there was a material difference and Parliament would have to be convinced of it. Indeed, the Government's action could also be subject to judicial review, if that were appropriate.

Mr. Bone: The point I wanted to raise was whether the Government would decide whether it was materially different or whether it was for the Chair to decide whether it was in order.

Ian Pearson: It is always a matter for the Chair to rule what is and what is not in order. Certainly in the first instance, however, it would be the Government's responsibility to comply with the law. If we pass the amendment this evening and it comes into law, it will be the Government's responsibility to produce something that is materially different. I hope that Members will appreciate that the Government always want to act reasonably and to obey the law; they should expect us to do so.

Lastly, let me deal with whether the clause will have a negative impact on legal certainty—an issue raised by the hon. Members for South-East Cornwall (Mr. Breed) and for South-West Hertfordshire. Given the consensus we have reached, we do not believe that the clause as drafted will have a negative impact on legal certainty. We have taken great pains throughout the debate on this legislation to ensure that that is not the case, whether it be in respect of this particular clause or other clauses. Exercise of the retrospective power might be used to correct a drafting error in a transfer order to put parties in the position that they thought they were in at the time of the transfer. I am happy to confirm that the purpose of the power is to enhance legal certainty for counter parties, not to diminish it.

As I have said, I believe that we have won the argument about whether clause 75 is necessary. I hope that we are also about to agree on significant amendments to it to ensure that it is tightly defined and appropriate.

Lords amendment 54 agreed to.

Lords amendments 55 to 60 agreed to, with Commons privilege waived in respect of Lords amendment 59.

Clause 98

LIQUIDATION COMMITTEE: SUPPLEMENTAL

Ian Pearson: I beg to move, That this House agrees with Lords amendment 61.

Mr. Deputy Speaker: With this it will be convenient to take Lords amendments 62 to 69.

Ian Pearson: The amendments introduce minor and technical modifications to the bank insolvency and bank administration procedures. The need for them was either identified during the drafting of secondary legislation or suggested by stakeholders. For the most part, they either apply further existing provisions of the Insolvency Act 1986 to the new insolvency procedures or provide for necessary modifications.

Given the nature of the amendments, I do not intend to go into great detail. I should mention, however, that Lords amendments 61 to 64, 68 and 69 make minor changes in technical areas such as the formation of a liquidation committee, the removal of a provisional bank liquidator or administrator, and the process of disclaiming onerous property. Lords amendment 67 is a minor consequential amendment to the bank administration procedure to include a reference to reverse property transfers. Lords amendments 65 and 66 modify the application of certain provisions of the Insolvency Act 1986 which are relevant to Scotland, to ensure consistency with the way in which corresponding provisions in England and Wales have been modified in their application to the bank insolvency procedure.

The amendments improve the effectiveness of the new insolvency procedures introduced in parts 2 and 3 of the Bill. They were welcomed in the other place, and I commend them to the House.

Lords amendment 61 agreed to.

Lords amendments 62 to 71 agreed to.

Clause 188

DIRECTIONS

Ian Pearson: I beg to move, That this House agrees with Lords amendment 72.

Mr. Deputy Speaker: With this it will be convenient to take Lords amendments 73, 74 and 96.

Ian Pearson: As Members will know, the Government have amended two elements of parts 5 and 6 of the Bill in response to concerns raised in the other place. The first concern was raised in response to comments received by the Payments Council, a key body representing payment system operators, about exemptions from liability for such operators acting under direction from the Bank of England. Its principal concern centred on a scenario in which an operator could be instructed by the Bank—under its power to give directions—to continue to allow a failing bank to participate in a payment system even when that bank no longer met the criteria for participation. The question raised was whether the operator would be given an exemption by the Bank in respect of any liability arising from acting in accordance with the direction.

The power to give directions is intended to provide a tool for the Bank to use in furtherance of the objectives of this part of the Bill: that is, to ensure that recognised inter-bank payment systems are operated in a manner that minimises deficiencies and disruptions that could threaten the stability of, or confidence in, the UK financial system, or have serious consequences for businesses or other interests throughout the UK. We therefore do not envisage circumstances in which the power would be exercised in the manner suggested. Nevertheless, given the concerns raised, the Government considered it appropriate to address them, which is why Lords amendment 72 gives the Treasury power to grant, by order, an operator exemption from liability in damages in respect of acts or omissions carried out in accordance with a direction if that is appropriate in the circumstances.

The amendment provides that the Bank should notify the Treasury before making a direction, so that the Treasury has an opportunity to consider whether it would be appropriate to make an exemption order. As the Bank may need to give a direction urgently in the interests of financial stability, we believe that the order should be subject to the negative procedure. For obvious reasons, it will be important that any exemption is in place at the time the direction is given. Government amendment 96 is consequential, updating the statutory instrument table in part 8.

The second set of amendments concern the penalty clauses of parts 5 and 6. The Delegated Powers and Regulatory Reform Committee was particularly concerned about their application under part 6. Having considered both the Committee's report and the concerns voiced in Committee both here and in another place, the Government made amendments to assuage any fears about how the financial penalty power could be exercised.

Amendment 73, which was agreed in the other place, provides that the Bank of England must prepare and publish a statement of the principles it will apply in determining both whether to impose a penalty and the amount of the penalty in respect of a compliance failure under part 5 of the Bill. It is intended that these principles will preserve the Bank's discretion in assessing whether to impose a penalty and the quantum of that penalty, but will also enhance the transparency of the enforcement regime.

These principles will, no doubt, reflect the range of factors that will need to be taken into account in the decision process; for example, the scale of the compliance failure and the seriousness of the consequences arising, the resources of the payment system, and the frequency of the offence. However, in the interests of preserving the Bank's discretion in preparing and issuing the statement, the Government do not consider it appropriate to specify in the Bill the factors that the Bank must take into account. The statement of policy must be published on the Bank's website and a copy must be sent to the Treasury. We consider this publication requirement to be adequate to ensure the policy is brought to the attention of operators of recognised inter-bank payment systems and the general public. The Bank must review and revise the policy from time to time, as appropriate.

In the interests of fairness, any penalty imposed by the Bank must, of course, be in accordance with the published policy at the time the compliance failure was committed. This offers guidance to operators of recognised inter-bank payment systems, while maintaining the necessary flexibility for the Bank to impose penalties that are appropriate in all the circumstances in each case. I trust that the hon. Members for South-West Hertfordshire (Mr. Gauke), for Dundee, East (Stewart Hosie), for Southport (Dr. Pugh) and for Gosport (Sir Peter Viggers), who spoke to this clause in Committee, will find that this amendment puts beyond doubt the assurances I offered at the time as to the circumstances in which a financial penalty may be imposed and also the scale of that penalty.

Lords amendment 74 provides that the Treasury must specify in the banknote regulations a method for determining the maximum amount of penalty that may be imposed by the Bank for a breach of regulations or rules. This amendment was designed to address concerns that the Bank could conceivably have been enabled to set unlimited penalties under the banknote rules. As I have said, the Delegated Powers and Regulatory Reform Committee of the House of Lords expressed concerns that penalties were a matter left in banknote rules rather than in regulations. Under the amendment, which addresses that concern, it is intended that the banknote regulations will set out a formula for calculating the maximum penalty to be imposed for under-backing and will make provision in relation to a statement of policy on penalties to which the Bank must have regard in determining the level of the penalty imposed. I would like to reassure hon. Members that provision has already been drafted at paragraph 4 to schedule 1 to the indicative draft banknote regulations, providing that the amount of any penalty must be determined in accordance with a published statement of policy.

All of these amendments address concerns expressed during parliamentary scrutiny of the Bill, and serve to set out in the Bill certain reassurances as to the scope of the powers conferred therein. I therefore commend the amendments to the House.

Mr. Gauke: I have a few questions to ask the Minister on this group of Lords amendments. As he has said, Lords amendment 72 provides that the Bank of England

must give notice to the Treasury before making a direction and that the Treasury may confer immunity from liability. I would be grateful if he would elaborate on the relationship between the Bank of England and the Treasury in those circumstances. It would appear that the Bank takes the lead and that this is merely a notification requirement. What would happen if the Treasury objected to a course of action taken by the Bank? What would happen if it objected to a direction that the Bank gave under clause 188?

Lords amendment 72 states that the

"Treasury may by order confer immunity from liability…in respect of action or inaction in accordance with a direction."

Clearly, a degree of discretion is involved in the use of the word "may". During the Bill's progress we have had many discussions on using the term "may" as opposed to "shall" or "will". Could the Minister give an indication as to the factors the Treasury would take into account when deciding whether or not to confer immunity from liability in damages?

8.45 pm

Lords amendment 73 relates to the statement of principles to be applied in determining penalties, which, again, is to be sent to the Treasury. Could the Minister elaborate on the relationship between the Treasury and the Bank of England in this context? Will the Treasury have a formal role in giving its views on these principles? Will it be able to recommend or indeed require that the Bank of England changes these principles?

Lords amendment 74 states that

"Banknote regulations must establish a method for determining the maximum amount of a penalty."

I merely note that there seem to be two separate regime in parts 5 and 6. The one in part 5, which deals with the inter-bank payment systems, provides for a statement of principles with regard to penalties to be produced by the Bank of England, whereas the one in part 6 provides for banknote regulations to specify the maximum penalty. Will the Minister explain why it is appropriate to have two separate regimes, given that we are addressing both those issues in the same Bill, at the same time and in the same group of amendments? There may be good reasons for the slightly different approach being taken, but it might be helpful for the House to hear them. These Lords amendments attempt to address some of the concerns that we raised in Committee, and that is welcome. We are grateful to the Government for, again, listening to some of our concerns.

Ian Pearson: I welcome the hon. Gentleman's support for the amendments, which were agreed in the other place. He is right to say that the Government have carefully listened to the concerns that have been raised in a number of places, not least by Members of this House. He asks a number of detailed questions and rather than respond to each of them individually now—I am not sure that I would be able to do so—it is probably best if I write to him and place a copy of my reply in the Library of the House.

Lords amendment 72 agreed to.

Lords amendments 73 to 82 agreed to, with Commons privilege waived in respect of Lords amendment 75.

After Clause 227

INVESTMENT BANKS: DEFINITION

Ian Pearson: I beg to move, That this House agrees with Lords amendment 84.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments 85 to 88.

Ian Pearson: Lords amendments 84 to 88 provide the Treasury with powers to make regulations with regard to investment bank insolvency. They were inserted into the Bill after consideration in the Lords Committee, after I had signalled the Government's intention to do so in this House.

The powers that the Government are taking with regard to investment bank insolvency are of critical importance. They have been brought forward to enable the Government to address the concerns about the recovery of client assets that have followed from the collapse of Lehman Brothers. I shall take this opportunity to explain how we are proceeding because it has not previously been discussed in this House.

Hon. Members will be aware that when Lehman Brothers failed, its UK arm also collapsed. This subsidiary held a very large quantity of client assets. The exact sum is unknown, but is likely to have run to many billions of pounds. Much of this money may have been simply passing through Lehman's broker-dealer business at the point of default.

At present, those clients to whom those assets belonged have no way of recovering them outside of the normal insolvency arrangements. Those procedures could last for a substantial period of time as Lehman Brothers is one of the most complex insolvencies, if not the most, ever to occur. This is no small matter. If clients are unable to access assets that they believe they rightfully own, it of course has implications for market confidence in, and the effectiveness of, the legal arrangements—including those relating to insolvency—that support the UK financial system.

Hon. Members will be aware, I am sure, that a major source of the UK's competitive advantage in financial services is the certainty provided by the relevant legal regimes in the UK. If those were seen to be insufficient, there would be implications for the future of the City of London as a financial services centre. Ineffective operation of insolvency arrangements in relation to investment banks and client assets could also have financial stability implications, if it impacted on the ability of clients to meet their own obligations to third parties. That may have particular relevance in the case of rehypothecated assets where recovery may be especially challenging.

The Government therefore clearly need to act, both to ensure that clients have the ability to recover their assets more easily in any future investment bank insolvency, and in order to maintain confidence in the financial systems of the UK. It is unfortunate however that the sheer complexity of the challenges that have emerged since the failure of Lehman Brothers and its UK subsidiary defy simple solutions. The House will understand that the application of insolvency procedures to an investment bank, or any other large, complex financial institution, is complicated and challenging. To consider ways of revising such procedures is equally complex.

[Ian Pearson]

For this reason, the Government have sought the advice of an expert panel with regard to the concrete steps that need to be taken in order to address those challenges. This panel, the establishment of which was announced in the pre-Budget report, is to consider how regulations may best be made that enable the unencumbered return of client assets without creating substantial externalities or negative consequences. The review will examine whether the statutory purpose of administration as provided for in the Insolvency Act 1986, presents problems in the case of institutions that hold client assets; the procedures for administration of a complex investment bank; and arrangements for the continuity of brokerage accounts.

The provisions of these new clauses provide the Treasury with the powers necessary to make any changes that may be required as a result of this review. They are necessarily broad, for the simple reason that it is impossible for the Government to prejudge the conclusions of the expert panel, particularly in such a complex case. Let me reassure the House that the powers that these clauses confer would be exercised only if such changes were deemed necessary. The review may, of course, find that no changes are necessary. The powers are therefore precautionary, insofar as they will not be used without a clearly identified need to do so, and they will be closely targeted if deployed.

9 pm

Let me briefly describe the provisions of each of the clauses that lay out the powers. The new clause inserted by Lords amendment 84 is the first in the group and sets out the scope of the enabling power. The power will permit the Government to make regulations to change the insolvency regime for investment banks. Investment banks are defined as institutions, incorporated or formed under UK law, that have permissions under part IV of the Financial Services and Markets Act 2000 to carry on the regulated activities of safeguarding and administering investments, dealing in investments as principal or dealing in investments as agent. The clause also defines client assets as they are to be considered within the meaning of those powers and provides the Treasury with an order-making power to alter those scope definitions as necessary and appropriate.

The next new clause provides that the Government may lay regulations to modify existing insolvency law in its application to investment banks or to establish a new procedure for insolvent investment banks. In line with existing insolvency law, the new regime would apply when an investment bank was either unable or likely to be unable to pay its debts or when its winding up would be fair.

The following new clause provides the detail of what the regulations may provide for and how they would work. It includes provision for the regulations to set out those persons who can initiate the special procedure or who can make an application to a court for the procedure to be initiated by court order.

The new clause inserted by Lords amendment 87 sets out the detail by which any regulations may be made. The clause will provide that the regulations should be made by statutory instrument and should be subject to the affirmative procedure. The Treasury must consult before making any such regulations.

Finally, the new clause introduced by Lords amendment 88 provides for a review of insolvency regulations. As a consequence of the clause, the Government must establish an independent review of any regulations that have been made within two years of their coming into force. That review will be independent, expert, and impartial. It will consider whether the regulations have been effective in identifying, protecting and facilitating the return of client assets. It will consider whether, in drafting the regulations, the Treasury has paid due attention to protecting creditors' rights and ensuring legal certainty for all relevant stakeholders—creditors, clients, administrators and the investment banks. That is critical and will ensure that the impacts on those firms and persons who may be affected by the regulations are subject to full consideration.

As I have said, the Government believe that the proposals are essential for supporting continuing market confidence in the UK as a major financial services centre. They were debated at great length in the other place, and rightly so. I believe that the provisions are necessary.

Mr. Hoban: I am grateful to the Minister for the time that he has taken to set out the amendments in this group. He was right to highlight their importance and the way in which they have emerged. One point that was raised in Committee was the narrow focus of clause 2, which defined a bank as a deposit taker for the purposes of the Bill. That meant that it covered banks such as Barclays and RBS but not Lehman Brothers, which did not take deposits. That exchange in Committee took place just before information emerged from the administration of Lehman Brothers International (Europe) in the UK. That was a complex matter which gave rise to a number of practical and legal issues around areas such as netting off transactions and expenses and separating transactions to Lehman's accounts and those of its clients.

It is worth quoting briefly an article that appeared last November about the perception of one group of Lehman's clients of the problems that they encountered with its insolvency. It appeared in the *Evening Standard* and was based on a letter that the Investment Management Association wrote to the Financial Services Authority. It included comments such as:

"The core problem was that when Lehman folded, institutions that had placed buy and sell orders for cash equities through the firm had no idea where they stood—whether the trades had gone through or not. Institutions needed to know because if they had been trying to buy and the deal had not been completed they would want to put that trade with another broker. Likewise, if they had been trying to sell. But what happened was that all the institutions' Lehman-related equity transaction held within at the Euroclear Crest settlement system were frozen. The system was locked up. They did not know where they were, whether they were in or out of the market—and this at a time of huge volatility. And it went on for nine weeks."

Interestingly, the letter went on to talk about the lack of a proper contractual framework for some of the transactions, something that was highlighted once the implementation of the markets in financial instruments directive had taken place. Clearly, therefore, various issues emerged from the administration process for Lehman Brothers in the UK with which we need deal. That is why, when the Government announced in the pre-Budget report that the Bill would be amended to

introduce new rules to deal with the administration of investment banks, they received support from Conservative Members. However, there was also a recognition that the framing of the rules was not straightforward and, in his remarks, the Minister made very clear the complexity of the issues involved.

I want to touch on two issues. The first has to do with the principles underpinning the regulations, and the second with the parliamentary process. One of the challenges arising out of these matters is definitional, especially as the term "investment banking" is not found in the Financial Services and Markets Act 2000. So Lords amendment 84 lists the sort of activities that such a business might undertake and uses that as the basis of the new clause.

Is the Minister happy that the definition is broad enough as it stands to capture investment banks that are incorporated in the UK? Does he envisage any further changes? The Bill limits the powers to UK-incorporated institutions, and Lehman Brothers International (Europe) was obviously a UK-incorporated business, but there are branches of European economic area banks that operate in the UK and undertake investment banking activity that would fall outside the Bill's terms.

Has the Minister had discussions with his EU counterparts on this matter? If the law in Germany or France on the administration of investment banks was not especially satisfactory or clear, the collapse of a German or French investment bank would have an impact on London's international activities.

Clearly, some learning from the experiences of Lehman's clients has gone on. Subsection (3) of the new clause that is amendment 85 sets out the "have regard to" factors. It is important to set out the framework in which the regulations will be put together, to ensure that they work in the interests of the UK financial services sector, and to make sure that there is certainty for banks, for creditors and clients, and for liquidators and administrators.

The issues that the Government will have to tackle when they draw the regulations together will in a way mirror some of the matters that have been debated in the context of set-off and netting. Those matters have been discussed throughout the Bill's passage, and it is worth reiterating the importance of achieving a proper resolution of the issues to do with set-off and netting.

In my conversations with regulators and practitioners, it has been made clear that getting this wrong would mean that transactions would be accounted for on a gross rather than a net basis. That would flow into capital requirements and make London less attractive for international businesses, but Lords amendment 86 illustrates some of the challenges that the Government will face. It also makes it clear why there needs to be some proper parliamentary scrutiny of the secondary legislation.

For example, subsection (6)(b) of the new clause makes provision for determining which

"assets are to be…treated as client assets".

The use of the phrase "are to be treated" as client assets is key, as that is very different from saying that the assets "are" client assets. The process will be that someone will have to assume that the assets are client assets, but they may belong to somebody else. A difficult process of identification will be involved.

Subsection (6)(f) of the new clause says that the regulations may provide

"for the creation or enforcement of rights…in respect of client assets".

We are talking about the creation of new rights in respect of those assets, and potentially re-writing contracts, so the provisions in the regulations are significant. It will be difficult to introduce them in secondary legislation.

That brings me on to my second point, which is about how the regulations are made and reviewed. Significant concern was expressed in the other place about the fact that the powers are to be introduced through secondary, rather than primary, legislation. The bank insolvency procedure and bank administration procedure arrangements in parts 2 and 3 of the Bill are being put in place through primary legislation, and the Insolvency Act 1986 was clearly primary legislation, so there was concern about the extent of the regulations that will have to be made through the regulation-making powers in the Bill. Obviously, we welcome the fact that the regulations will be scrutinised under the affirmative procedure, and the fact that there will be statutory consultation before they are laid before Parliament. It is important that the consultation works and is thorough, because as every Member in the House is aware, there is no power to amend individual items in regulations, under either the affirmative or the negative procedure.

The Minister talked about the review that will take place two years after regulations are made. Perhaps my memory is faulty, but I am not sure whether he touched on the sunset clause in subsection (4), which is inserted by Lords amendment 87. The subsection says:

"If the power to make investment bank insolvency regulations has not been exercised"

within two years of Royal Assent, the powers lapse. That gives rise to the question: is it the Government's intention to make regulations under those powers? The Minister indicated that work looking into the matter was under way, but is it the Government's intention at the moment to bring forward powers under that process, or can we assume that the powers will lapse after two years?

Furthermore, as the Minister said, a review clause was inserted into Lords amendment 88, which requires a review of the regulations to be completed within two years of the regulations coming into force. There is a double lock there: if the regulation powers are not used, the power to make them lapses, and if the powers are used, there is a review after two years. There was a debate in the other place about whether a sunset clause should apply to the regulations, so that they, too, lapse after two years. There would then be consistency between the two sets of sunset clauses.

I understand that it was argued in the Lords that it would be better for primary legislation to be made, and for the normal processes to be used to replace the secondary legislation. I had some sympathy with the view that there should be proper parliamentary process, particularly given that the powers in the regulations are so extensive and can impact on contractual rights. There is a strong argument for enhanced parliamentary scrutiny, and perhaps for applying a sunset clause to any regulations made, as well as to the power to make them. However, on the other hand, there was a strong argument about

[Mr. Hoban]

the need for certainty. One of the themes that has characterised the Opposition's contributions to the Bill, both here and in the other place, is the idea that there should be certainty for industry.

The London Investment Banking Association has expressed the concern that if a sunset clause applied to the secondary legislation, it would create uncertainty. However, it supports the sunset clause that applies if no powers are made. Clearly, its position is quite subtle and nuanced. The association's concern is that if the regulations were subject to a sunset clause, there would be a perception that our insolvency procedures were in a period of flux. When people pledged or committed assets, they would not know whether there might be a change to the rules the next day if the rules had expired.

I accept the position that we have reached, whereby if the regulation-making powers are not used, they will lapse. If they are used, there will be a review after two years. In reaching that conclusion, I suspect that the Government have erred in favour of certainty rather than parliamentary scrutiny. The test that they will face in introducing secondary legislation is to ensure that there is proper consultation with interested parties. Secondary legislation needs to be robust and command broad support. Inadequate consultation and a failure to listen will lead to poor secondary legislation, which will act as a disincentive to investment banks being based in the UK.

9.15 pm

Ian Pearson: The hon. Gentleman made some typically reasonable points and managed in the end to argue in favour of the Government's position as set out in the amendments, particularly why we resisted a sunset clause of the type that was considered in the other place, and why we reached the decisions that we did.

With the leave of the House, I shall make three brief points in response. First, history will judge very harshly the collapse of Lehman Brothers and the failure of the United States to intervene. It is obviously difficult to consider counterfactual scenarios and what might have happened had Lehman Brothers not been allowed to collapse, but it seems clear that that collapse precipitated a catastrophic crisis in confidence in the banking system and created a huge number of problems that have reverberated around the world and still affect the UK. The Lehman Brothers insolvency in the UK, as the hon. Gentleman rightly pointed out, is extremely complex and will take considerable time to resolve. We all wish that we were not in that position.

My second point is in response to the hon. Gentleman's comments about applying the Bill to non-deposit takers. As he knows, the special resolution regime has been designed for deposit takers. It is an SRR objective to protect depositors and now to ensure the continuity of the banking service. The amendments deal only with clarifying the insolvency procedures for UK investment banks. Branches will be subject to home state insolvency.

The hon. Gentleman asked whether we were discussing that with our European partners. We are in discussion with the European Commission, as is the Financial Services Authority, on issues relating to branches and to their regulation. I believe that the actions that have taken place over recent months have demonstrated that significant improvements are needed to the regime of home state regulation if it is to be effective in the future and if it is to give depositors confidence that a branch operating in the UK and regulated in a home state inside or outside the EU or the EEA can be regulated robustly in the home state.

My third and final point is about subsection (4) of the new clause inserted by Lords amendment 87. The hon. Gentleman is right to say that the Government will make regulations, if necessary, as a result of the expert review that is taking place. The sunset clause exists to provide certainty to the market that the regulation-making power will lapse if not used. The wider proposals for sunset regulations would not work because they would, as has been clearly demonstrated, lead to far greater uncertainty. The proposed review has been welcomed by the markets and those who consider these matters. Again, we think that it strikes the right balance because changes to the insolvency regime are likely to be needed with respect to investment banks. However, we are not yet in a position to be definitive in legislation.

Mr. Hoban *rose—*

Ian Pearson: I think that the hon. Gentleman understands that.

Mr. Hoban: I am grateful to the Minister for those remarks. It is important to get the issue right and for there to be the right degree of certainty. One of the comments made by the IMA was about the poor state of the contracts in respect of some of the transactions. Is further work by investment banks and their clients, to improve the clarity of the contractual terms that govern the transactions between them, an alternative to secondary legislation?

Ian Pearson: Different organisations, including the one to which the hon. Gentleman refers, have made a number of suggestions. We need to proceed carefully on this issue, which is extremely complicated. We have to ensure that we take the views of experts and carefully consider what policy interventions might be necessary. Only if it is explicitly recommended by an impartial group of experts should we proceed. Firms can expect that any changes to be made will be permanent. Again, that is vital for promoting certainty.

We are well aware of the fact that we need to act decisively and without undue delay. I confirm to the House that there will be no vacillation as to the new insolvency procedures and that we will lay regulations, if appropriate, as soon as we have received firm advice from the expert panel. I am sure that what I have said will give the reassurances that the House seeks. I believe strongly that it will give confidence to those watching our proceedings who need to have legal certainty for their transactions.

Lords amendment 84 agreed to, with Commons privilege waived.

Lords amendments 85 to 88 agreed to.

New Clause

BANKING (SPECIAL PROVISIONS) ACT 2008: COMPENSATION: VALUER

Ian Pearson: I beg to move, That this House agrees with Lords amendment 89.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to consider Lords amendments 90 to 93.

Ian Pearson: We now move to the final group of amendments. Amendment 89 would amend the Banking (Special Provisions) Act 2008, and clarify it with respect to information-gathering powers given to the independent valuer. It introduces a new clause that declares that the power, under section 9 of the 2008 Act, to make provision for the appointment of a valuer includes the power to replicate or make provision of a kind that may be made under the provisions dealing with similar matters in the Banking Bill clause 55(1) to (3). That will enable the Treasury to make an order to ensure that the independent valuer has all the powers he or she needs to carry out their functions, thus ensuring that an appropriate level of compensation, if any, can be determined in a timely fashion.

The Northern Rock valuer has recently written to the Treasury requesting powers to allow him to obtain information from third parties where such information is necessary for him to be able to determine the amount of any compensation due to former shareholders. It is appropriate that the valuer has these powers in order to avoid delay in the future should a tribunal question his valuation decision for lack of evidence. Therefore, in the interests of determining the amount of any compensation due to former shareholders swiftly and definitively, we are making this amendment to the Bill to put beyond doubt the legal basis for the provision of such information-gathering powers by way of Treasury order. Any additional information-gathering powers provided to the valuers would be by Treasury order laid before both Houses of Parliament and subject to the draft affirmative procedure; and the powers, once granted to the valuer, would be governed by a court or tribunal.

Moving on to amendment 90, the Government believe, as I have said in debate on several occasions, that full and effective co-operation between the tripartite authorities is both desirable and necessary. That is especially important in the case of safeguarding the UK's financial stability, where, as I have said, each member of the tripartite authorities has a distinct role to play. When addressing the Bank of England's new financial stability objective in Committee, my hon. Friend the Exchequer Secretary referred to the phrase "to contribute to" and said:

> "That phrase reflects the fact that the Bank does not have a duty to ensure financial stability on its own, because that would be impossible. That responsibility is shared nationally with the FSA and HM Treasury and internationally with the European Union and other international bodies, which all have a major role to play, alongside market participants themselves."—[*Official Report, Banking Public Bill Committee*, 30 October 2008; c. 240.]

It is clear that the phrase "contribute to" implies that the UK's financial stability is not the sole responsibility of the Bank of England. However, on reflection, and having considered the concerns raised by noble Lords in the other place, we have decided to make explicit reference in the Bill to the fact that the Bank's financial stability objective will be pursued in collaboration with other relevant bodies, including the other tripartite authorities. Therefore, amendment 90 inserts wording to the effect that the Bank should aim to work with the Treasury, the FSA and other relevant bodies to protect the UK's financial stability.

Amendments 91 to 92 broaden the circumstances in which a member of the FSA must disclose interests. With these amendments, the member must now disclose any interest in a business or dealing that falls to be considered by the committee, whether the interest is direct or indirect, current or a likely future interest. This, I believe, is the appropriate scope for the provision. As I have said previously, I am grateful to the noble Baroness, Lady Noakes, for tabling amendments in another place that highlighted where these provisions could be improved.

Amendment 93 is consequential and removes what was subsection (3) of the new clause in the Bank of England Act 1998, which overlapped to a great extent with the new provisions for disclosure of interests. I commend the amendments to this House.

Mr. Hoban *rose—*

Hon. Members: Speak for England!

Mr. Hoban: I think that my hon. Friends would be reluctant for me to do that, since I could speak for another 32 minutes on this group of amendments. *[Interruption.]* I might be tempted to do so, but not on this occasion, to my colleagues' relief as much as mine, I suspect.

The Minister said that the purpose of amendment 89 is to assist the valuer of Northern Rock in completing his work, and that it amends the Banking (Special Provisions) Act 2008. Can he confirm that there are adequate powers in the Bill to assist valuers when a company has been taken into temporary public ownership so that we do not have to return to this at a later stage?

On amendment 90, we discussed in Committee the fact that it seemed rather odd for the Bank of England to be the only body that had statutory responsibility for financial stability. It is not a statutory responsibility of the Treasury or of the FSA, so this is a welcome move forward as it ensures that the Bank and the Treasury recognise their roles. We had tabled an amendment along similar lines in the House of Lords, but apparently the Government did not like our use of the phrase, "in co-operation with" and preferred the much more dynamic, "working with". I am not sure that I can see much difference, but the Government have their own view of what is and is not appropriate language to include in the Bill. I am rather grateful that they did not try to use the word subserviate in the amendment.

9.30 pm

On amendments 91 to 93, I echo the comments that the Economic Secretary made about my noble Friend Baroness Noakes, who has made a significant contribution to improving the Bill during the deliberations in the Lords. It is right to ensure that there is broader disclosure of any conflicts of interest of members of the financial stability committee, some of whom are non-executive directors who hopefully will have relevant experience from their business lives to contribute to the committee. I welcome all of the amendments.

Ian Pearson: I am glad that the hon. Gentleman gives such a warm welcome to the amendments. He asked whether it is our understanding that the valuer now has sufficient powers with regard to a bank in temporary

[Ian Pearson]

ownership to conduct the work that it is required to do. That will be the case if the amendments are passed. Of course, that is not to say that other requirements may not come to light where the legislation might not be as effective as desired, but it is appropriate to the needs that we can envisage at the moment.

Lords amendment 89 agreed to.

Lords amendments 90 to 97 agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

CHILD TRUST FUNDS

That the draft Child Trust Funds (Amendment) Regulations 2009, which were laid before this House on 16 December, be approved—*(Mr. Blizzard.)*

Question agreed to.

SITTINGS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 11 February, the Speaker shall not adjourn the House until any message from the Lords has been received and any Committee to draw up Reasons which has been appointed at that sitting has reported.—*(Mr. Blizzard.)*

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 12 February, notwithstanding the provisions of Standing Order No. 16 (Proceedings under an Act or on European Union documents), the Speaker shall put the Questions necessary to dispose of proceedings on the Motions in the name of Secretary James Purnell relating to Social Security and Pensions not later than three hours after the commencement of proceedings on the first Motion or Six o'clock, whichever is the earlier; proceedings may continue, though opposed, after the moment of interruption and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Mr. Blizzard.)*

PETITION

National Parks (New Forest)

9.33 pm

Dr. Julian Lewis (New Forest, East) (Con): When the then Deputy Prime Minister announced in 1999 that the New Forest was to become a national park, the two hon. Members representing the New Forest were not alone among those critics who said that the imposition of such a regime would replace the interaction of voluntary and representative bodies with a top-down bureaucracy. That has come true, and we now have a phenomenon known as the forest uprising as a result of proposals made by the national park authority. The petition states:

The Petition of Mr Desmond Swayne MP and 7,200 other residents and users of the New Forest,

Declares that the proposals set out in the New Forest National Park Authority's National Park Management Plan and Local Development Framework Core Strategy and Development Policies August 2008—

they really dream them up, do they not?—

specifically Chapter 9, Policy DC 12 Recreational Horse keeping, DC 13 Field Shelters, and DC 14 Stables and Maneges, are poorly thought out, draconian in intent, and will have far-reaching repercussions on the quality of life, livelihood and freedom of many occupants of the New Forest and surrounding areas; and further declares that said proposals will have a serious impact on the traditional make-up of the National Park and its neighbouring communities.

The Petitioners therefore request that the House of Commons urges the Government to withdraw these unsuitable proposed arrangements for the management of the New Forest.

And the Petitioners remain, etc.

[P000318]

Charles Stuart

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Blizzard.)*

9.35 pm

Mr. Marsha Singh (Bradford, West) (Lab): I wish to speak about the appalling way in which the Ministry of Defence has treated my constituent, Mr. Charles Stuart. The nub of my argument is that not only has he been treated very shabbily, but he has been refused the right of a hearing before the Air Force Board.

Charles Stuart had an accident on duty in November 1991 at RAF Belize, when a falling heavy oil drum struck his head, injuring his neck. He was following instructions from his sergeant. At the time, Mr. Stuart was a 30-year-old senior aircraftsman, loyally serving his country abroad in the Royal Air Force in Belize. Ever since, he has struggled to get accountability from the service for the systematic neglect of his neck injury.

Immediately following the Belize accident, the RAF failed to get Mr. Stuart proper medical attention or a doctor, even though he had reported sick. The accident was not subject to an investigation by a unit inquiry, despite having been entered in the section's accident book and his sergeant having full knowledge of the incident. A week later, Mr. Stuart flew back to the UK without having received the quality of care that he deserved.

In early 1992, upon arrival at his next unit, RAF North Luffenham in Leicestershire, Mr. Stuart reported sick and complained bitterly of constant neck pain and headaches. The station medical officer cynically belittled his genuine symptoms as being a mind problem. RAF doctors prescribed tranquillisers and beta-blockers and compelled a sick man to do manual work for several months against his wishes, exacerbating his injury. His line managers labelled him a malingerer and refused him a second opinion at a local hospital.

After six months of apparent medical laxity by RAF doctors, Mr. Stuart decided, with the support of his father, to complain to his commanding officer about the mistreatment of his health and well-being by his commanders. At the resulting interview, he asked his commanding officer to arrange an MRI scan of his neck, which should have been normal medical protocol. He warned his commanding officer that if such a scan was not approved, his father would report his ordeal to a newspaper. Lo and behold, the commanding officer advised Mr. Stuart not to go outside the service.

The results of the MRI scan in August 1992 showed an abnormality—a prolapsed disc in Mr. Stuart's cervical spine. Only then was he properly medically protected by being fitted with a neck collar and advised not to do any heavy lifting and to avoid strenuous exercise. Soon after the diagnosis, he instructed a London solicitor to make a claim against the Ministry of Defence for damages for employer's negligence. His civil action was eventually successful, being concluded in 2005 after an 11-year battle.

Meanwhile, nearly two years after being messed about by RAF doctors, Mr. Stuart was referred to a civilian spinal expert in 1994. The neurosurgeon stated that the prolapsed disc was the reason for his suffering and offered him surgery to remove the damaged disc and fuse his spine, in an attempt to alleviate his painful symptoms. The operation was given only a 30 per cent. chance of success, owing to the RAF's delay in both diagnosis and correct treatment.

Unfortunately for my constituent, the surgery was not successful and Mr. Stuart was invalided out of the RAF in the summer of 1995 after 10 years' loyal service. His conduct was assessed as exemplary. He is now assessed by the Veterans Agency as 70 per cent. disabled and unfit to work. The woeful neglect that he experienced and the whole unhappy situation reduced his trust in the service, and he submitted a redress of complaint in accordance with Queen's Regulation 1001 before leaving the service in 1995. It is important to note that, at about the same time, the Ministry of Defence admitted liability for his Belize accident. Mr. Stuart's complaint implicates two commanding officers and, ironically, Dr. Tony Batchelor, the current commandant of the Royal Centre for Defence Medicine at Selly Oak hospital—which treats injured soldiers returning from Iraq—for breaches of health and safety law and statutory RAF regulations, and asks for steps to be taken to ensure that the same does not happen to other servicemen.

Officers assigned to handle the complaint never properly investigated those serious allegations, and no evidence was provided to show that doctors and witnesses were ever interviewed. Mr. Stuart therefore exercised his right to have his case put before the Air Force Board and stated his grounds for doing that. What concerns me is that, having presented his case and stating clearly the precise redress that he sought, Mr. Stuart's redress of complaint was unfairly closed by the RAF after six months, without being presented to the Air Force Board. He believes that that is not permissible within the regulations. The Royal British Legion and I support him in that belief.

Having been so advised, Mr. Stuart carefully read Queen's Regulation 1001 and its guidelines, and, according to his understanding, the MOD was wrong in closing his case and may have contravened his human rights by not allowing him a fair hearing. That is why Mr. Stuart sought my help some two years ago, when I first contacted the then veterans Minister about the sad affair. I asked my right hon. Friend the Member for Islwyn (Mr. Touhig) to clarify whether Mr Stuart's complaint was closed in accordance with Queen's Regulation 1001. He confirmed that the regulation does not specifically set out the circumstances in which a complaint becomes closed and said:

> "This aspect of the process is governed by the concept of what is reasonable on the part of both the Ministry of Defence and the complainant."

If that is to be believed, I remind the Under-Secretary of State for Defence, my hon. Friend the Member for North Durham (Mr. Jones), and the Ministry of Defence that my constituent has never agreed to his complaint being closed—he has never believed that that was reasonable—and that he has been penalised by the MOD for correctly following the regulation and its guidelines, as listed in Air Publication 3392.

In the meantime, I sent my right hon. Friend the Member for Islwyn all the documents that Mr. Stuart kept from his 1995 complaint, so that officials could review matters. Unfortunately, in Mr. Stuart's view and mine, the review appears biased and wrongly criticises Mr. Stuart for not presenting his case, which he had

[Mr. Marsha Singh]

already done. Ministry officials also failed to notice that Mr. Stuart had responded correctly to the advice of the senior investigating officer, Group Captain Baker, in not accepting the Air Officer Commanding-in-Chief's ruling, and chose to take all aspects of his complaint to the Air Force Board for final decision.

My right hon. Friend also ignored Mr. Stuart's requests for a fresh investigation by the RAF. As a result of that unfair review, we decided in May 2006 to present a case to the parliamentary ombudsman. Unfortunately, the ombudsman could not investigate Mr. Stuart's case because the ombudsman is prohibited from examining public service personnel matters.

In November 2006, my hon. Friend the Member for Halton (Derek Twigg) was appointed the new veterans Minister. I contacted him and requested another review because I felt that the previous one had been inadequate. I also wanted him to ensure that officers who had been responsible for my constituent's condition were made accountable for their mistakes. My hon. Friend replied by saying that he was content that full responses were given by his predecessor and that it was the correct decision to close Mr. Stuart's case in 1995 without presenting it to the Air Force Board. I have pressed the MoD twice more this year to reconsider the compelling evidence of this case, and I have been disappointed.

It is clear that something went seriously wrong with the duty of care by RAF staff for Mr. Stuart's spinal injury. It is also disturbing that, having won his personal injury claim, which demonstrates serious breaches of the duty of care, the MOD is still not committed to accountability, and refuses to open the case and give Mr. Stuart his right to a hearing by the Air Force Board.

I have no doubt that a culture of defiance and resistance existed—and probably exists now—in the RAF hierarchy, and it still appears to be rife at the MOD today. In all honesty, this contempt for injured servicemen, which is something that the Royal British Legion has recently been exposing, needs stamping out. Last week Mr. Stuart spoke to a senior British Legion pensions officer, who advised him that the resolution to his 1995 RAF redress of complaint under Queen's Regulation 1001 was still running, because the MOD cannot close his complaint without his permission. In any case, he had already chosen to refer his complaint upwards to the Air Force Board, which was his right. It is time that Mr. Stuart, my constituent, received justice.

Finally, Mr. Stuart's case strengthens the case for an independent veterans ombudsman, which is what they have in Canada. Canada has an impartial, arm's length and independent veterans ombudsman who has the responsibility to assist veterans in pursuing their concerns and to advance their issues. We have a responsibility to our veterans, and a veterans ombudsman here would be an important step forward. My constituent deserves justice. He has been treated in a shabby and appalling manner. He is a veteran. We have a wider duty of care towards those men and women who are prepared to put their lives on the line for this country.

9.46 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): I congratulate my hon. Friend the Member for Bradford, West (Mr. Singh) on securing this debate. I am grateful for the opportunity that it affords me to update the House on Mr. Stuart's case, which is some 18 years old and has, over that time, been the subject of extensive correspondence between my ministerial predecessors, and my hon. Friend and his predecessors, as Mr. Stuart's constituency MP. Owing to the passage of time, much of the paperwork is no longer retained, but I would like to reassure my hon. Friend that the limited information available shows evidence of a detailed investigation undertaken by my predecessors into all aspects of the case.

It might be helpful to recap the Ministry of Defence's understanding of Mr. Stuart's complaint. As my hon. Friend mentioned, Mr. Stuart sustained an injury to his neck and shoulder while serving at RAF Belize in November 1991. He subsequently reported sick in January 1992, upon which a full investigation was undertaken by the medical authorities and Mr. Stuart was put on what are referred to as "light duties". As my hon. Friend mentioned, he then took legal action against the Department concerning the injury and, after exhaustive investigations, accepted a full and final settlement in 2004.

However, in addition to his legal claim, Mr. Stuart contacted his then Member of Parliament, the then Member for Workington, now the noble Lord Campbell-Savours, to raise a number of complaints about the treatment that he had received for his injuries while in the RAF and about the decision not to extend his RAF service. Mr. Stuart's concerns about his medical treatment were addressed by the right hon. Viscount Cranborne, then Parliamentary Under-Secretary of State for Defence, in his letters of 28 September 1993 and 21 February 1994 to Lord Campbell-Savours. Viscount Cranborne confirmed that there was no evidence that the medical staff who had been responsible for Mr. Stuart's health had been in any way negligent. On the contrary, it was clear that all the organic causes of his symptoms had been fully investigated.

It was apparent that Mr. Stuart's complaint had been taken seriously at all times, with every effort being made to assist him. He was treated by a physiotherapist and saw a physician, an orthopaedic specialist and a neurologist at regular intervals. Viscount Cranborne concluded that his complaints had been taken seriously at all times. Mr. Stuart continued to receive medical attention until his discharge on invalidity grounds in July 1995.

As to Mr. Stuart's specific complaint against his physiotherapist in November 1994, the then Minister for Defence Procurement confirmed that the RAF director general medical services had personally reviewed Mr. Stuart's treatment and confirmed that there was no case to support the accusation of medical negligence against the physiotherapist.

Mr. Stuart has also raised the issue of the extension of his service. He complained that although an extension of service by three years was offered to him in July 1992, which he accepted, it was subsequently withdrawn when the results of medical tests became available. Viscount Cranborne, in his letter of 28 September 1993, informed Lord Campbell-Savours that individuals can be offered extensions of service subject to continued eligibility and suitability for service. Eligibility and suitability must be confirmed by the individual's superiors and by medical staff before the offer is formally made to the individual. In Mr. Stuart's case, it was known that he was awaiting

an appointment with a specialist at the time of the offer. I understand that Mr. Stuart contended that, since he had not at that stage been medically downgraded, the unit medical staff should have approved his extension of service. In fact, given that the unit medical staff were aware that he was awaiting further medical tests, it would have been a breach of regulations for them to have endorsed Mr. Stuart as fit for further service before the outcome of those medical tests. The case was therefore returned to the RAF personnel manning authority to await the outcome of those medical tests.

The RAF authorities considered Mr. Stuart's request to be allowed to extend his service very carefully. Occasionally, personnel are granted a short period of extra service to enable them to regain an acceptable level of medical fitness to re-engage. However, following his medical tests, the medical staff advised that is was very unlikely that Mr. Stuart would regain the necessary level of medical fitness to enable him to be re-engaged in the RAF.

On the issue of medical negligence, to which my hon. Friend has referred, Mr. Stuart initiated a claim against the Ministry of Defence in May 1993 in respect of the personal injuries he had sustained in Belize. That action took quite a long time to reach its conclusion, but it was settled in August 2004, when Mr. Stuart accepted an offer in full and final settlement of his claim against the Ministry of Defence. The conditions of that settlement precluded him from making any further claims against the Ministry of Defence in relation to the incident, or from pursuing any other course of action to obtain financial compensation. Having reviewed the file, it is clear that he accepted that offer in full and final settlement of any future claims against the Ministry of Defence.

My hon. Friend has referred to the issue that is perhaps now at the heart of Mr. Stuart's case—namely, the redress of his complaint—and I should like to touch on that now. During the period 1993 to 1997, Mr. Stuart raised three redress of complaints procedures, in accordance with Queen's Regulation 1001. While there is little documentary evidence remaining about the level of investigations that took place, it is evident that a large amount of ministerial time was spent reviewing Mr. Stuart's case with RAF staff to ensure that a full, open and detailed explanation could be given in response to his inquiries. That is supported in the documentation that my predecessors have written in response to the large number of inquiries they received.

Limited information is available about the investigation carried out in respect of the redress. I can therefore only refer my hon. Friend to the letter of my predecessor of 30 January 2006, which found that Mr. Stuart had been requested to provide further information in support of his redress of complaint to enable the investigation to take place. Unfortunately, despite a number of reminders, Mr. Stuart failed to provide the requested information and a decision was then taken to close the case. While there are no specific guidelines within Queen's Regulation 1001 regarding the closure of a case prior to submission to the Air Force Board, every reasonable course of action should be taken to ensure that all relevant information is available to enable the board to make a judgment on the case. Mr. Stuart had the option to request an extension to the deadline to enable him to provide the relevant information, but there is unfortunately nothing on the record to indicate that that was ever requested or that any further explanation was actually provided.

In conclusion, it has been nearly 14 years since Mr. Stuart was invalided from the Air Force. I would like to put on record my thanks to him, as to all former servicemen and women, for their service to this country. Limited papers are now available to enable a further investigation to take place. That said, having considered the exchanges of correspondence and the information that has been presented to my predecessors, I am assured that all the complaints have been thoroughly investigated and that Mr. Stuart has been treated fairly within the parameters of the Queen's Regulations. In light of the fact that Mr. Stuart has accepted compensation in a full and final settlement of his injuries, there is no real basis for reopening the case now.

In those circumstances and in the light of what has been said, and after looking at the case in detail today, I feel that there is really no way forward. I congratulate my hon. Friend again on securing this debate. I hope it is helpful to him if I say that if either he or Mr. Stuart has any further evidence that has not been presented so far, I would be willing to meet to discuss any such points and to see whether anything has been overlooked. I leave that option open to my hon. Friend; if he brings any more evidence forward, I will certainly meet him at his convenience.

Question put and agreed to.

9.59 pm

House adjourned.

House of Commons

Wednesday 11 February 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Gaza

1. **Christine Russell** (City of Chester) (Lab): What support the Government are providing to non-governmental organisations and charities that are delivering humanitarian aid to the people of Gaza. [255785]

The Secretary of State for International Development (Mr. Douglas Alexander): Since the start of the conflict, the United Kingdom Government have allocated almost £3.5 million directly to non-governmental organisations and charities, with staff and resources on the ground, to provide immediate relief such as safe drinking water, emergency medical treatment, health and hygiene-related items, shelter and emotional support to civilians affected by the conflict. In addition, £4 million has been committed to the International Committee of the Red Cross and £1 million has been committed to the United Nations humanitarian emergency response fund, to which non-governmental organisations and charities can apply.

Christine Russell: I thank my right hon. Friend for his reply; the news that our Government are responding positively in helping the agencies to rebuild the shattered lives of people in Gaza is certainly welcome. Many of my constituents have donated very generously to the Disasters Emergency Committee appeal. At a meeting last week, my constituents asked me what assurance we could give our aid agencies and NGOs that we will keep up the diplomatic pressure on Israel to make sure that there is free movement across the border crossings for the aid workers and the essential supplies that they are taking in.

Mr. Alexander: My hon. Friend's constituents in Chester share the concern widely felt across the United Kingdom that support should be provided to people who have suffered terribly in Gaza in recent weeks and months. I assure her and her constituents that we have been unstinting in our demand of the Israeli Government that there should be free and unfettered access not only for the aid, but for the humanitarian aid workers so that they can carry out their vital work.

David Simpson (Upper Bann) (DUP): What efforts is the Secretary of State making to ensure that help provided by this country with the intention of assisting the people of Gaza is not diverted by Hamas or any other group to attack Israel?

Mr. Alexander: Clearly, our overriding concern is to ensure that the humanitarian aid reaches those who need it; we would treat any diversion of aid extremely seriously. That is why we are already in dialogue with the United Nations Relief and Works Agency, the World Food Programme and other relevant agencies, which have long experience of working in the region, to ensure that all the aid provided through the generosity of the British public finds its way to those who so desperately need it.

Richard Burden (Birmingham, Northfield) (Lab): Given what my right hon. Friend has just said, does he share my concern at the latest report from the United Nations humanitarian co-ordinator? He complains not only that the crossings into Gaza remain closed for far too much of the time, but that Israel is still refusing entry to lists of priority items for humanitarian aid supplied by the UN. What representations are we making to Israel on the issue of making sure that specific items get to where they are needed?

Mr. Alexander: In recent days, our Prime Minister has written to Prime Minister Olmert reinforcing the consistent message from United Kingdom Government Ministers: that we want the free and unfettered access of which I spoke. I know of my hon. Friend's long-standing interest and commitment on these issues. Through his own expertise, he will be aware that the issue is not simply about the quantity of aid, but about the breadth of the kind of items allowed through the crossings at the moment. The UN estimates that at least 500 humanitarian aid trucks are needed daily for the pre-conflict requirements of the Gazan population and that, of the 4,000 types of relief item that it estimates are actually required, only 20 to 25 are getting in and out.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): Israel has set up a clinic at the Erez crossing on the Gaza border to give free medical treatment to Palestinians. However, no one is in the clinics because Hamas turns people away at the border. Are the Government aware that those clinics have been set up by Israel, and what steps will they make to ensure that Hamas allows people to take that free medical treatment?

Mr. Alexander: Of course we support any efforts made to ensure that those injured in the conflict receive the requisite treatment. There has also been provision whereby, for example, injured children have been taken across the Rafah crossing into Egypt. We have been clear; our policy has not changed in relation to all sides in the conflict—there should be free and unfettered access, so that humanitarian agencies of whatever origin can continue their work.

At the same time, we recognise that ultimately there needs to be a political resolution to the basis of the conflict. That is why we welcome the fact that there has been early engagement from the Obama Administration in the United States; they have made early phone calls to the region and appointed Senator George Mitchell.

We also support the efforts led by the Egyptian Government, as part of the international community, to try to take forward a process that will ultimately lead to the basis of a broader peace settlement being found. Ultimately, that is the best guarantor of humanitarian support.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): Recent reports by the Palestinian Centre for Human Rights and other organisations based in Gaza show that on a day-to-day basis only a fraction of the aid that is needed, including food, construction materials and fuel, is getting in. If the Israeli authorities are prepared to allow this to happen, despite the shortages, what role does my right hon. Friend see for the UN or other independent agencies in ensuring that the crossings are open?

Mr. Alexander: My hon. Friend is right to recognise that there continue to be real difficulties in securing the required level of access. To give a sense to the House of the items that are currently being barred from entry to Gaza, they include school textbooks, PVC pipes for water and sanitation, plastic bags that the UN uses to distribute food aid, and equipment to store medical vaccines. That is why it is important that the whole international community is clear on the need for full and unfettered access. From a European Union point of view, there is, through the EU border assistance mission, a long-standing offer on the part of the EU to assist in creating the conditions in which a humanitarian corridor can effectively be established at the crossing, and that offer remains.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): Everybody across the House and the country has been utterly appalled by what they have seen happening in Gaza in recent weeks. There will be a broad welcome for the Secretary of State's commitments and pledges for aid and assistance, and for what I detect to be a harsher tone towards the Israeli Government than has been adopted in the past. Does he recognise that beyond the immediate priority of dealing with the humanitarian catastrophe in the aftermath of this horribly one-sided conflict, there must be a complete rethink of the way that the Quartet goes about development in the Palestinian territories? In particular, will he now accept that the Quartet's deliberate political isolation of the people of Gaza in recent years has been ruinous and counter-productive?

Mr. Alexander: I simply would not accept that characterisation of the Quartet's position. Only last week, I had the opportunity to meet the Quartet's envoy to the region, former Prime Minister Tony Blair, and discussed with him the level of ambition that he has for the people in Gaza as surely as for those on the west bank. Last Thursday, I met Abu Mazen, the President of the Palestinian Authority, and he made it clear to me that the United Kingdom, as part of the Quartet, has been one of the key funders of the Palestinian Authority, because, as he rightly argues, if we ultimately need to see a broader peace settlement in the middle east, it will be necessary for there to be a viable negotiating partner for Israel. That is why we continue to support efforts on the west bank and why we continue to support the efforts of the Palestinian Authority. We recognise that while humanitarian access is vital, ultimately it will be insufficient until we see the broader political moves of which the hon. Gentleman speaks.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Israel has always controlled the entry into Gaza but not always the southern border with Egypt. It would be much better if we could have an official entry into Gaza from Egypt. What progress is being made on that score?

Mr. Alexander: The nature of the crossing into Egypt is different in the sense that if one compares, for example, the capacity at Rafah with that at Karni, there are fundamental differences. The Egyptian Government have taken a leading role in some of the political discussions prior to the declaration of a unilateral ceasefire and subsequently following that ceasefire. We welcome those steps. At the same time, attempts have been made to ensure, notwithstanding the very real constraints on all the border crossings, that humanitarian aid continues to enter Gaza. We expect that in the coming weeks there will be conference in Cairo that will provide a further opportunity for those matters to be discussed.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): It is clear from my recent visit to the Gaza border that the work of the Department for International Development is widely respected both by Israeli Minister Herzog and Palestinian Prime Minister Fayyad. However, when I spoke to the UN agencies last night, they told me that still only a fraction of the 900,000 Gazans dependent on food aid were receiving it. Will the Secretary of State confirm that he is in daily contact with the United Nations Relief and Works Agency, which is so vital to all the humanitarian relief efforts, and to which he has allocated £4 million in the past few weeks?

Mr. Alexander: I am grateful to the hon. Gentleman for his gracious words in relation to the work of the Department and hope that they inform his other public comments on it in the months ahead. I can assure him that we are in regular contact with UNRWA. We have officials on the ground who are monitoring the situation, and as of yesterday morning, up to 200 humanitarian staff were on the list of people trying to enter Gaza. It is exactly that type of issue that we are discussing with the United Nations, as well as pressing the Israeli authorities on it.

Mr. Mitchell: We welcome the Secretary of State's announcement of a total of £27 million of humanitarian support for Gaza and note that he has so far allocated just over half of that. Could he clarify for the House when, where and how he intends to spend the remaining half of that money?

Mr. Alexander: That judgment will be based on the United Nations assessment, which has been carried out in recent days. Historically, there has been a difficulty whereby announcements have been made without allocations of funds following immediately. That is why on the very day that I announced the second tranche of British funds—the £20 million or so—I asked the Under-Secretary of State for International Development, my hon. Friend the Member for Worcester (Mr. Foster) to visit the region. He met the Social Affairs Minister, Minister Herzog, who also met the hon. Member for Sutton Coldfield (Mr. Mitchell) in recent days, and we are in the process of distributing the aid through British-based NGOs and the United Nations organisations, including the World Food Programme and UNRWA.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. Friend was clear in his views on the scandalous refusal by the BBC to broadcast the appeal from the DEC. Now that the BBC has perhaps had time to reflect on the public anger that the refusal caused, and on the fact that there is still a clear need for that aid to get to Gaza, would my right hon. Friend urge the BBC to rethink its decision and to broadcast any appeal it wishes to promote on this matter?

Mr. Alexander: I do not think that the BBC is in any doubt as to my position on the merits of broadcasting the DEC appeal. While having been clear from the outset that the decision ultimately has to be reached by broadcasters, the scale of suffering and the unimpeachable integrity of organisations such as the British Red Cross made a powerful case for the British people to be made aware of the mechanisms by which they could make a contribution to the alleviation of suffering. The reports I have received from the DEC indicate that it has received a significant level of support from the British people. I welcome that and continue to encourage people to make a contribution to alleviating such suffering.

Afghanistan

2. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What progress has been made on the policy of incentivisation for growing crops other than opium poppy in Afghanistan. [255786]

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): Progress is being made on promoting legal crop growing in Afghanistan. The number of poppy-free provinces has increased from three in 2006 to 13 in 2007, and to 18 in 2008. Poppy cultivation fell in 2008 by 19 per cent. across Afghanistan, and the percentage of agricultural land devoted to poppy growing has fallen to just 2 per cent.

Mr. Goodwill: When I was in Helmand province last year, I was surprised to learn that the reason farmers grew poppy rather than other crops such as wheat was Taliban intimidation, rather than profitability—it is more profitable to grow wheat, particularly if free seed and input is provided. Will the Minister assure the House that there will be sufficient supplies of seed and input for farmers so that they can feel sufficiently secure to turn to more conventional crops?

Mr. Foster: The hon. Gentleman is right to point out the challenges faced in Helmand province in allowing farmers to make the transition from poppy growing to legal crop growing, such as wheat. That is why our comprehensive approach involves greater security and enforcement of the rule of law. It is a matter of improving infrastructure, developing rural enterprise with micro-credit schemes and, importantly for farmers, allowing the freedom of movement of crops.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Would my hon. Friend tell the House what steps he is taking to ensure that there is co-ordination between his Department and the Ministry of Defence to provide the level of security to which he referred? Is he clear, as others may well not be, on the role of the UK in Afghanistan, and on any exit plans it has, in the light of some discussions this week that suggest that we could be there for years while making little progress?

Mr. Foster: My hon. Friend points out that there is an important role to play in co-ordinating military activity in Helmand with the reconstruction and economic regeneration that is so vital to the people of Afghanistan. That is why we have impressed upon Afghanistan the need to enforce the rule of law, which is done through our contacts with the MOD and military forces, and we have worked with Governor Mangal on the promotion of legal crop growing, such as the $11 million programme to invest in wheat seeds for 32,000 farmers in Helmand province.

Dr. Julian Lewis (New Forest, East) (Con): Within the past few days, there have been reports of a rift developing between a senior American commander at NATO headquarters, who wants to go back to a more aggressive policy of eradication of poppy by force, and the senior American theatre commander who, rightly, wants to ensure that it is a matter of incentives not crude, counter-productive methods. Will the Minister and his colleagues do everything that they can to convey which side of the argument we are on to our American friends and allies?

Mr. Foster: I am not aware of the specific discussions that the hon. Gentleman refers to, but there is an $11 million programme to incentivise farmers to move from poppy to wheat growing. DFID has supported it with some $8 million, and the United States Agency for International Development, the development body of the US Government, has contributed the remaining $3 million.

Zimbabwe

3. **Ann Winterton** (Congleton) (Con): What recent discussions he has had with his overseas counterparts on developing a co-ordinated approach to the humanitarian situation in Zimbabwe. [255787]

The Parliamentary Under-Secretary of State for International Development (Mr. Ivan Lewis): As a result of our funding, the World Health Organisation has been able to set up a control centre in Zimbabwe to ensure a co-ordinated response to the cholera outbreak. We are in daily contact with our donor colleagues, relevant UN organisations and international financial institutions to ensure a co-ordinated response to the wider humanitarian crisis and to prepare the way for recovery when the time is right.

Ann Winterton: Bearing in mind that Morgan Tsvangirai has just been sworn in as Prime Minister of Zimbabwe in what can only be described as a very imperfect deal, does the Minister believe that urgently needed humanitarian aid can be hastened? More than half the population rely on emergency food aid, and the cholera epidemic has already claimed about 3,500 lives.

Mr. Lewis: The hon. Lady makes an important point. We respect Morgan Tsvangirai's decision to assume the position of Prime Minister and take the Movement for Democratic Change into a power-sharing agreement. Equally, however, we will judge that agreement and the Government on their behaviour and conduct in the period ahead. Our job, currently and in the future, is to ensure that we get humanitarian aid to the people of Zimbabwe. We are providing £47 million for life-saving assistance, with £2 million more to come in the next few

weeks. We have been leading the charge to ensure that we bring the cholera outbreak under control. We are having some success, but by no means has the cholera outbreak been resolved.

Malcolm Bruce (Gordon) (LD): Does the Minister acknowledge that given the new situation in Zimbabwe, his Department will need to evaluate closely the opportunities that may arise to engage more fully in future? What steps will his Department take to co-ordinate with the neighbouring countries and to build a consolidated ability for local and international donors to ensure the rebuilding of the economy and the alleviation of poverty in Zimbabwe?

Mr. Lewis: May I tell the right hon. Gentleman that we are very clear about our view of the tests that should be applied to the conduct of the new power-sharing Government? Those tests must include the immediate release of political prisoners; an end to political violence and intimidation; the repeal of repressive legislation; crucially, the appointment of a credible financial team and the production of a credible economic plan; and a clear road map to the national elections, with guarantees that they will be conducted freely and fairly, in full view of the international community. Those are the tests that we will apply, and urge others to apply, to the new power-sharing arrangements.

Sir Nicholas Winterton (Macclesfield) (Con): Morgan Tsvangirai has taken a great gamble in joining in power sharing with Robert Mugabe. Do the Minister and the Government not consider that all neighbouring countries, Southern African Development Community countries including South Africa and international organisations should seek to give Mr. Tsvangirai and his party, the MDC, every support and encouragement to enable him to reduce the suffering of the Zimbabwean people?

Mr. Lewis: Let us be clear: we want the new Prime Minister to succeed. We believe that we should support his courageous and brave action over a period of time to try to free Zimbabwe from tyranny. We believe that we should give him every possible support in his new role, but it is crucial that we judge the behaviour of the new Government by their actions and policies before we decide on the scale of the responses of the UK and other donors.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): On the very day when Morgan Tsvangirai is being sworn in as Prime Minister of the new power-sharing Government, he faces a situation, as my hon. Friend the Member for Congleton (Ann Winterton) said, in which half the remaining population of Zimbabwe are facing malnutrition, there are at least 60,000 cases of cholera and there is a desperate need for medicines. What additional steps are the British Government taking with the Southern African Development Community to have discussions with the new power-sharing Government, and how long does the Minister believe it will take to evaluate whether there is any real improvement in the situation so that the devastation and humanitarian suffering in that great country can start to be reversed?

Mr. Lewis: It is important to be clear about the help that we already provide and that is getting through: £9 million in food aid; £10 million to fight cholera; £10 million for livelihood support; £10 million for HIV prevention, as well as the support through the International Organisation for Migration for orphans and vulnerable children. In the weeks ahead, we envisage that the International Monetary Fund, the World Bank and other international institutions will begin to engage in serious discussion with the new Government about the practical help that can be made available. We believe that that help should be made available only if that Government make credible economic reform proposals, which can be delivered in the interests of the people of Zimbabwe.

Sri Lanka

4. **Mr. Jim Cunningham** (Coventry, South) (Lab): What recent discussions he has had with the Sri Lankan Government on aid to that country; and if he will make a statement. [255788]

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): The UK does not have a bilateral aid programme with Sri Lanka. However, due to the unfolding humanitarian crisis resulting from the conflict in the north, we have committed £5 million to support agencies such as the Red Cross to deliver vital humanitarian aid. The Government regularly press the case for an end to the conflict and for allowing a full humanitarian needs assessment.

Mr. Cunningham: I thank my hon. Friend for that answer. I emphasise that it has been three weeks since humanitarian aid got through to Vanni. What are we doing about a ceasefire?

Mr. Foster: The severe restrictions on humanitarian agencies operating in the Vanni area means that it is difficult to get a clear picture of what is happening on the ground and how many people are affected by the conflict. That is why we have this week dispatched three departmental humanitarian experts to Sri Lanka to see for themselves the situation on the ground and to report back directly to my right hon. Friend the Secretary of State.

Michael Fabricant (Lichfield) (Con): The Minister has already said that the Government are applying pressure to try to relieve the position in the north of Sri Lanka. What pressure can they apply to stop the persecution of independent newspaper journalists in Colombo and journalists in the Sri Lanka Broadcasting Corporation? Sri Lanka is meant to be a democratic country. What can we do to ensure that it remains so?

Mr. Foster: We impress on the Government of Sri Lanka the need to uphold humanitarian law in the country. We also agree with the EU Commission's duty to initiate an investigation into the generalised system of preferences plus—GSP plus— trade preference scheme, which depends on Sri Lanka's maintaining a good humanitarian record.

Mr. Andrew Dismore (Hendon) (Lab): Has my hon. Friend seen the reports that health Ministers in Colombo have issued a final warning to the eight doctors and 1,000 medical staff in Mullaiththeevu and Ki'linochchi

districts to leave the Liberation Tigers of Tamil Eelam-controlled territories, and that defence Ministry officials were threatening them with

"dire consequences for helping supporters of terrorists"?

Will my hon. Friend do what he can to ensure that the Sri Lankan Government respect health facilities in the Tamil areas and fulfil their human rights obligations to the Tamil people?

Mr. Foster: We utterly condemn threats, violence and intimidation against humanitarian workers and aid agencies, and against civilian doctors and nurses who treat people. That forms part of the content of a letter that my right hon. Friend the Secretary of State wrote to the Sri Lankan President only yesterday, reinforcing the need to look after all civilians in Sri Lanka.

Extractive Industries

5. **Willie Rennie** (Dunfermline and West Fife) (LD): What the Government's objectives are for the forthcoming extractive industries transparency initiative global conference. [255789]

The Parliamentary Under-Secretary of State for International Development (Mr. Ivan Lewis): The UK has played a leading role in the development of the extractive industries transparency initiative and will work with key stakeholders at the global conference to advance it.

Willie Rennie: The initiative is a significant step forward in dealing with exploitation of oil and gas resources throughout the world. However, there is some resentment in developing countries and a feeling that the west is lecturing them about what should be done in their countries. Will the Government not only encourage such Governments to comply with the initiative, but sign up themselves and encourage Russia, India and the United States to do likewise?

Mr. Lewis: The hon. Gentleman makes a valid point. The organisation has been operating for seven years, and 24 implementing countries, 40 extractive companies and 80 institutional investors have signed up. We want as many countries as possible to sign up to the principles and the objectives that underpin the EITI's work.

Global Economic Downturn

6. **Hugh Bayley** (City of York) (Lab): What steps his Department is taking to reduce the effects of the global economic downturn on poor people in developing countries. [255790]

The Minister of State, Department for International Development (Mr. Gareth Thomas): We are reprioritising some of our aid to help mitigate the impact of the downturn on the world's poorest. We are working with the international financial institutions, other world bodies and traditional donors, in particular in the run-up to the G20 London summit, on measures to help developing countries to maximise levels of economic growth.

Hugh Bayley: What policies to protect poor people in developing countries will the UK Government propose to other donor countries at the G20 summit and the spring meeting of the World Bank?

Mr. Thomas: We are working to ensure that the international financial institutions, in particular the World Bank, but also the regional development banks and the European Commission, continue to fund, for example, infrastructure programmes that sustain jobs, and to release more support for safety nets. We have also brought forward some additional resources to help, for example, to provide more safety nets in Ethiopia, to cover the higher costs of social protection there due to rising food prices and rising food shortages.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [255800] **Mr. Khalid Mahmood** (Birmingham, Perry Barr) (Lab): If he will list his official engagements for Wednesday 11 February.

The Prime Minister (Mr. Gordon Brown): This morning I had meetings with ministerial colleagues and others, in addition to my duties in the House. I shall have further such meetings later today.

Mr. Mahmood: My constituents are fed up with irresponsibility from the bankers and the mistakes that are costing the country millions. Does my right hon. Friend accept that those allegations, including the most recent against Sir James Crosby, must be fully investigated to restore confidence in our banking sector?

The Prime Minister: It is right that we investigate serious allegations that are made about the banking system. These are serious but contested allegations; in relation to Sir James Crosby, these are allegations that he will wish to defend himself against, so it is right that he has stepped down as vice-chairman of the Financial Services Authority. It is important that the Financial Services Authority shows at this time that it is operating to the best standards possible. The Walker review that is being set up will look at exactly these matters—risk management, remuneration and the performance of boards—and I believe that the system of regulation in this country can and will be improved.

Mr. David Cameron (Witney) (Con): They can even plant questions at short notice. Let us be clear about what has happened. In the last half hour, Sir James Crosby, the man who ran HBOS and whom the Prime Minister singled out to regulate our banks and to advise our Government, has resigned over allegations that he sacked the whistleblower who knew that his bank was taking unacceptable risks. Does the Prime Minister accept that it was a serious error of judgment on his part to appoint him in the first place?

The Prime Minister: The allegations that were brought before the Select Committee on the Treasury were investigated by the independent KPMG in 2005. The allegations made by Mr. Moore were found not to be substantiated. That was an independent review, which was done by KPMG and reported to the Financial Services Authority. However, it is right that when serious allegations are made, they are properly investigated. No doubt the Treasury Committee will want to look at them; and no doubt the Conservative party will want to

wait to see how that investigation takes place. The Walker committee will look at every aspect of banking regulation, which we know can be improved. The unfortunate thing is that every time we have called for more regulation, the Conservative party has called for less.

Mr. Cameron: The Prime Minister talks about the KPMG investigation, but it was after that investigation that the bank virtually went bust. Taxpayers have poured billions of pounds into the bank. Not only was Sir James Crosby appointed as one of the top regulators in the country—and, I have to say, knighted by the Prime Minister for his services—but the Prime Minister has been relying on him for economic advice. Sir James Crosby was the man who was going to sort out the mortgage market, so will the Prime Minister confirm that, as well as standing down from the Financial Services Authority, Sir James Crosby is no longer one of his advisers? Is that the case?

The Prime Minister: Sir James Crosby did two reports: one for the Chancellor on mortgages, and one for me, when I was Chancellor, on security issues. He has completed these reports. He is no longer an economic adviser to the Government—[HON. MEMBERS: "Ah!"] And he has only been so in the context of doing two reports. If I may say so, we are facing very big issues in the economy at the moment, and the way in which the Conservative party wants to trivialise them does it no merit.

Mr. Cameron: There is nothing trivial about asking the Prime Minister about the man he appointed to regulate the banks. Why cannot the Prime Minister just admit, for once, that he made an error of judgment? Is this not a big part of the Prime Minister's problem? Sir James Crosby has had the decency to resign. Why cannot the Prime Minister have the decency to admit that he got something wrong? Is this not part of the problem? There has been no apology about boom and bust, and no apology about Britain being better prepared. Even the bankers have apologised—when is the Prime Minister going to? Won't you just admit, one more time, that it was a misjudgment to appoint him to all those roles?

Mr. Speaker: Order. I must tell the Leader of the Opposition that the term "you" is not permissible. He should not use it—*[Interruption.]* Order. Be quiet! I have said this time and time again, and I will not say it again.

The Prime Minister: Yesterday, he heard the four leaders of the two major banks that were brought to the point of collapse apologising for what they have done. If we had not stepped in to save the banks, I would have had to apologise for not taking the action that was necessary, but we took the right action. I just want to ask him about the judgments that he took on all the big decisions over the last year. We nationalised Northern Rock a year ago, but the Conservatives opposed the measure. On the fiscal stimulus, when every other country in the world is acting, he opposed the measures that we took. On the whole range of measures that we are taking to deal with the fiscal stimulus that is necessary, including raising the pension and raising child benefit, they are opposing what we do. I think that he has to answer to the House himself for what he has got wrong.

Mr. Cameron: I will tell him about the judgments that we have made. Voting against VAT—that was the right judgment. Supporting a national loan guarantee scheme—that was the right judgment. The Prime Minister says that the banks' collapsing was nothing to do with him, but let us have a look at the judgments that he made when he was Chancellor. Who gave us the biggest budget deficit in the developed world? He did. Who left us the most personally indebted country in the world? He did. Who set up the regulatory system that has so failed? He did.

Let us have a look at another of the Prime Minister's judgments. The Prime Minister and the Chancellor have told us repeatedly that the economy will start to grow again at the beginning of July this year. The Schools Secretary, the man who was the Prime Minister's chief economic adviser at the Treasury for so many years, says that we are heading for the worst recession in 100 years. Does the Prime Minister agree with his Schools Secretary?

The Prime Minister: Let us look at the judgments that he mentioned. On VAT, the Governor of the Bank of England and the Institute for Fiscal Studies have just said that it was the right decision to make. There is more money in people's pockets as a result of it. It is only the Conservative party, which has always put up VAT, that believes that the answer can never be to reduce VAT. Let us look at what we have done for business. We have introduced a loan guarantee scheme that is £1 billion. We have introduced a Bank of England facility that will start on Friday that is £50 billion, and 56,000 companies have already benefited from the schemes that we have brought in. If we had taken the advice of the Conservative party, no money would have been used. As Barack Obama said only yesterday, doing nothing is not an option.

Mr. Cameron: Let us have a little look at who backs the Prime Minister's judgment on VAT. The Dutch say that it was

"not a very wise thing to do".

The Germans—*[Interruption.]* These are his friends, by the way; I am not even talking about his enemies. The Germans say that the debt will take a generation to pay off, and the French President says that the Prime Minister is "ruining" the economy—*[Interruption.]*

Mr. Speaker: Order. Hon. Members should not shout down the Leader of the Opposition. It is not allowed—*[Interruption.]* Ms Keeley, you are usually very quiet; I do not think that you should push your luck.

Mr. Cameron: They should listen to the French President. This is what he said. He said that the Prime Minister was "ruining the economy" and that he, the President, would not be "repeating Gordon Brown's mistakes". What mistakes was he referring to?

The Prime Minister: The one pro-European that the right hon. Gentleman did not mention who supported the VAT change was the shadow shadow Chancellor, the shadow Business Secretary. I think it is remarkable—we really need to look at this—that at the point when we most need an injection of resources into the economy, the Conservative party is setting its face against ordinary families in this country who now have £20 more a month in their pockets. The people of this country will

remember that the Conservatives opposed the VAT cuts; they opposed the rise in pensions; they opposed the rise in child benefit; they opposed the extra billions that we are spending on public investment; and they did so in circumstances where they knew that we have one of the lowest public debts of major countries in the world, not one of the highest.

Mr. Cameron: The Prime Minister cannot get his facts right. The fact is that we have the biggest budget deficit of any country outside Egypt, Pakistan and Hungary—and two of them are already in the International Monetary Fund. Let us deal with a few more of the facts that the Prime Minister just gave us. My right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) voted against the VAT cut in this House. The Prime Minister never gets his facts right; he told us the other day that he was like Titian aged 90, but the fact is that Titian died at 86. For all we can see in the Government's response to this recession, they have appointed the wrong people, they have made the wrong decisions, they cannot give us a straight answer about the mess we are in, and they never apologise for anything. Now everyone can see the price that is being paid, as thousands of businesses go bust and people are made unemployed up and down our country. Is it not clear that incompetence plus arrogance equals 2 million unemployed?

The Prime Minister: What did the Leader of the Opposition say to the Conservative party conference? He said:

"Everyone knows that business need deregulation... Who's standing in the way? The great regulator... Gordon Brown."

He went on to say that we had to deregulate the wealth creators. At this point, when the right hon. Gentleman is calling for more regulation, perhaps he would be honest enough to admit that he has been calling for the last few years for total deregulation of many of the businesses in this country. As far as judgment is concerned, let me just say that his judgment on Northern Rock was to let it collapse; his judgment on regulation is to deregulate as much as possible; and his judgment on the fiscal stimulus is doing nothing. The decisions that he has made on the global financial crisis have been wrong, wrong and wrong every single time.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): The Prime Minister will be aware that it is almost 18 months since the Law Lords made a decision denying compensation to people suffering from pleural plaques as a result of negligent exposure to asbestos. Does he agree with me that we can restore justice and fairness only if that Law Lords' decision is overturned?

The Prime Minister: I met my hon. Friend last week and we talked about this very issue. It is very important that we get a resolution following the court judgment on pleural plaques. The Secretary of State for Justice has been looking at this matter and talking to his colleagues right across Government about the implications of what can be done, and I can assure my hon. Friend that an announcement will be made very soon.

Mr. Nick Clegg (Sheffield, Hallam) (LD): Since the Queen's Speech a few months ago, the Government have been churning out on average three new announcements each and every day. Will the Prime Minister tell me how many of those initiatives are being put into practice?

The Prime Minister: As I said a few minutes ago, more than 50,000 companies are benefiting from the measures that we have taken. Those measures include the new enterprise scheme; they include the working capital scheme that is being opened up in the next few days; and they include what we have done with the Inland Revenue and others to help people with the costs that they face at this time. I hope that the right hon. Gentleman will agree that we are not only helping businesses in this country, but we are helping people when they become unemployed. In only the past few weeks, we have put in an extra £500 million to help them. I hope that the right hon. Gentleman will also see the help that we are giving people with their mortgages, which is designed to keep the problem of mortgage arrears and repossessions down.

Mr. Clegg: Let us look at some of the Prime Minister's big announcements. He said that he would get the banks lending again; they are not. He said that he would get tough on bankers' bonuses, yet he is letting them keep millions in bonuses in return for a cynical apology. He said that he would create 100,000 new jobs, yet with unemployment today standing at almost 2 million and rising, our young people of today will be tomorrow's jobless generation. It is bad enough to be a do-nothing party; is it not even worse to be a say-anything, do-nothing Prime Minister?

The Prime Minister: I have tried to explain in recent weeks that the problem with bank lending is actually the loss of foreign banking and non-banking capacity in this country. Half the lending in mortgages and half the lending to businesses came from that source. When that source leaves, as the Irish, American and other banks have left the country or have run down their capacity, the existing banks must do more.

I can tell the right hon. Gentleman that the banks in which we have an interest are lending more than they were. The problem is that we must build out of a gap in capacity that existed because of the loss of foreign lending. I hope that the right hon. Gentleman will understand that that is what is happening at the moment. We are trying to sign lending agreements with the banks.

As for the right hon. Gentleman's other allegations, if I had taken his advice we would have made the wrong decisions.

Rosemary McKenna (Cumbernauld, Kilsyth and Kirkintilloch, East) (Lab): It is right that there is outrage over the fact that the highly paid bankers who helped to create the current crisis are considering being paid huge bonuses, but does my right hon. Friend agree that the bank workers at the lowest end of the scale should not be penalised for their bosses' failures?

The Prime Minister: Let me tell the House what we have done since October. I think that this must be made absolutely clear. First of all, on the boards of banks in which we have an interest no cash dividends are being paid, no cash bonuses are being paid and no share options are being paid. We have laid that down as a condition to each of the banks in which we have taken an interest. Meanwhile—I think that the House will want to know this—the four chairmen and chief executives

of the two banks that we have taken over have all left, the board of HBOS no longer exists and seven people have left the board of the Royal Bank of Scotland in the past few days. Our determination is to make sure that the banking system is built on better fundamentals than in the past.

As for bonuses, while I am aware that there are thousands of poorly paid bank employees in this country who rely on their bonuses, we must ensure that we protect the public interest as we look through what is being proposed by the Royal Bank of Scotland and other banks. I assure my hon. Friend that we are determined not only to make our banks clean of the problems that have existed, but to ensure that they operate on good principles and that the rewards are only for good, sustainable, long-term benefits that accrue to the company and not for short-term deals.

Q2. [255801] **Mr. Henry Bellingham** (North-West Norfolk) (Con): Does the Prime Minister recall that when the Home Office announced 15 months ago that over 7,500 illegal immigrants were working in the security industry—including one who was guarding his car—he and his Ministers announced immediate and tough action? Can he tell the House how many of those people have been deported?

The Prime Minister: I shall write to the hon. Gentleman on that very matter, but what I will say is that once the problem was identified, we took action immediately.

Q3. [255802] **Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): When I visited Jobcentre Plus in Washington, I saw for myself that the recent loss of 1,200 jobs at Nissan has been a bitter blow for the north-east, especially after 10 years of consistently falling unemployment across the region. May I ask the Prime Minister to echo my appreciation for the sterling work done by the people in Jobcentre Plus, and may I press him further to see what more he and the Government can do to protect jobs and keep people working in the north-east?

The Prime Minister: It is right to say that for every person who is made unemployed there is sadness and sorrow, and we will do what we can to help people back to work as quickly as possible. It is right to say that employment has risen in my hon. Friend's region over the past 10 years, but it is also right to say that the car makers and other industries are facing very big problems. Our determination is to give people help—help enabling them to stay in jobs where that is possible, help enabling them to get new jobs, and help enabling those who are already unemployed to get work as quickly as possible. When I met the members of the National Employment Panel this morning to discuss exactly these issues, many employers said that as a result of the 500,000 vacancies in the economy, they would be able to help people to get back into work.

Q4. [255803] **Mr. David Heath** (Somerton and Frome) (LD): In response to my right hon. Friend the Member for Sheffield, Hallam (Mr. Clegg), the Prime Minister mentioned housing, but although he announced a mortgage deferral scheme two months ago, it still has not happened. He said that he would protect the low paid, yet council house rents are increasing massively this year. He said that he would increase house building, yet only half as many houses were built last year as the year before. Is this a failure of management, or a failure of leadership?

The Prime Minister: On 1 January, we introduced the new scheme that will help people who are unemployed with their mortgages. That is now working; at 13 weeks, people will get help with their mortgages. We also negotiated with a number of building societies and banks that they will enforce a moratorium on those payments that it is necessary to make in situations where we can avoid repossessions. We are now bringing through the Banking Bill, which is in the House of Commons this week, and it contains the measures that will enable us to go further and provide a better insurance scheme for people who have problems with their mortgages. We have taken the action that is necessary, and we will continue to take whatever action is necessary. The hon. Gentleman should be supporting us, not criticising us.

Q5. [255804] **Andrew Gwynne** (Denton and Reddish) (Lab): Extensive gritting took place throughout my Greater Manchester constituency during the recent wintry weather, keeping roads open and services running. We should contrast that with the chaos in our capital city, London, where the tube was closed and bus services did not run. The Mayor blamed that on the divine; does the Prime Minister think that that embarrassment was down to an act of God or the inaction of Boris?

The Prime Minister: The combination of the policy of the Mayor of London with those of the Conservative party to cut public spending now would mean that Londoners would be in a far worse position, if ever we had the misfortune of having a Conservative Government. It should be pointed out to the people of London, and to the people of the country, that if the Conservatives were in government, they would in a few weeks' time be cutting local council funding plans, cutting police, cutting schools and cutting transport—they would be making cuts to vital services at a time when people need those services most. That is the Conservative party we know.

Q6. [255805] **Paul Rowen** (Rochdale) (LD): Will the Prime Minister tell the House what steps the Government are taking to ensure that allegations of war crimes in Gaza are investigated by the International Criminal Court? Have the Government asked the Security Council to refer these allegations to the ICC?

The Prime Minister: The position is, first, that the United Nations Secretary-General has asked for an inquiry into what happened, and particularly into what happened to the UN headquarters in Gaza, and, secondly, the Israeli Government have announced an inquiry into their actions. We must await the results of these inquiries.

Q7. [255806] **Mr. Bill Olner** (Nuneaton) (Lab): Does my right hon. Friend share the pride in Grenadier Guardsman Scott Blaney from my constituency of Nuneaton, who has just returned to duties after having lost a leg while on operations in Afghanistan? Does my right hon. Friend further agree that we should be doing as much as we possibly can to get all our injured Army personnel back to work once they have recovered from their injuries?

The Prime Minister: My hon. Friend is absolutely right. I have visited Birmingham, where people who have been injured in Iraq or Afghanistan have been given help to recuperate and get back either into the armed forces or into work. Seeing the progress that people who have been severely injured have made is a very moving experience. I think the whole House will be proud of the 22-year-old Guardsman Scott Blaney, who has been standing guard at the Tower of London this week despite all the injuries that he has suffered. He is a shining example of the bravery, fortitude and determination of our armed services.

Dr. Richard Taylor (Wyre Forest) (Ind): Will the Prime Minister consider providing Government help to enable medium-sized businesses to increase the pay to their workers on short-time working, as that might help stem the flow of redundancies of skilled, and possibly irreplaceable, staff?

The Prime Minister: The hon. Gentleman is right that there are things that can be done in this area. First, I ask him to look at the working capital scheme for medium-sized businesses, which will give them access to working capital—loan capital—over the period of the next year or two. I also remind him of the Inland Revenue scheme that allows a deferral of taxation, but we are also looking at how our training grant system can provide help for half a day or one day a week to allow workers to be kept on in industries that would otherwise be laying people off. In each area where we can take action, we will take action, and I will be very happy to look at any proposal that the hon. Gentleman puts forward.

Q8. [255807] **Ms Dari Taylor** (Stockton, South) (Lab): My right hon. Friend knows that on Teesside the renewables and biofuels industry is both vibrant and growing. The Teesside Ensus plant alone will produce a third of the UK's bioethanol demand—the equivalent of taking 300,000 cars off the road—while using soy animal feed in a significant form, which will reduce deforestation. What are the Government—

Mr. Speaker: Order. The hon. Lady must be fair to other Back Benchers. When a supplementary is too long, it is unfair to them.

The Prime Minister: Because of our ambitious carbon emissions targets—one for 2050 and one for the earlier period—we have a duty to invest, as well as the benefit from investing, in the low-carbon industries of this country. My hon. Friend is right to say that where we can gain advantage from investing in new environmental technologies that will benefit either the car or other vehicles, or businesses in general in our country, it is right to do so. We will shortly be publishing our proposals on how we can contribute to the development of a low-carbon economy for the future.

Q9. [255808] **Mr. Gary Streeter** (South-West Devon) (Con): Thousands of dairy farmers wake up every morning throughout the United Kingdom wondering whether this will be the day when the herd that they have so lovingly built up over their lifetime will be slaughtered because of a positive reaction to a test for bovine TB. When will this urban-centric Government put in place effective policies to deal with that dreadful disease?

The Prime Minister: As the hon. Gentleman knows, the means of dealing with that disease have been hotly debated over the years. I am happy to look at any proposals that he has for the future, but may I say that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs has regular discussions with the National Farmers Union on those very issues, and the investment that we have made in rural areas would be cut by the Conservative party?

Tom Levitt (High Peak) (Lab): Will my right hon. Friend commend the Tarmac cement plant in my constituency for its announcement of 60 new apprenticeships this year? Will he also commend the 100 businesses from Nottinghamshire and Derbyshire that came together recently to hear about the Train to Gain project? Does he agree that investment in skills now—recession or no recession—is the key to prosperity in the future?

The Prime Minister: My hon. Friend may have noticed an advertisement from the CBI and other organisations saying that it is time to invest in the future—it is time to invest in the skills of the future. We are increasing apprenticeships this year, as a result of the decisions that we have made, by 35,000, so that there is not a cut in training during a period of downturn. We are also investing more in Train to Gain to enable people not only to continue in work, but to get the skills for the future. I must repeat to the House that if we had followed the advice of the Conservative party, we would be cutting these programmes when they are desperately needed now.

Q10. [255809] **Angela Watkinson** (Upminster) (Con): Why has a former trustee of a secretive overseas bank that specialises in tax evasion been appointed to manage the taxpayers' stake in our banking industry?

The Prime Minister: He is acting chairman; he has not been appointed as full chairman.

Q11. [255810] **Dr. Desmond Turner** (Brighton, Kemptown) (Lab): I am sure that my right hon. Friend would agree that we must not let the financial crisis deflect us from tackling climate change. I do not know whether he is aware that companies involved in developing low-carbon technologies are suffering from the credit crunch and that projects are at risk. Will he undertake to ensure that the Government do all that they can to give these companies the support that they need in order to deliver?

The Prime Minister: My hon. Friend is absolutely right; there is a growing low-carbon environmental sector in this country that we need to support. It is worth about £100 billion and employs about 800,000 people, and we will do what we can to support it, even if the Conservative party seems to have a huge disinterest in the environment now.

Q12. [255811] **Philip Davies** (Shipley) (Con): In 2006, as many as one in six prisoners were released before they were halfway through their sentence—in 2007, that had risen to more than one in three prisoners. Can the Prime Minister explain to the House why he thinks it is a good idea to let so many prisoners out of jail early?

The Prime Minister: The early-release scheme proposals were agreed by the House. We have said that we will look at them as we build new prison places. We are already building new prison places and, if I may say so, far from being soft on prisoners, there are now 20,000 more people in prison now than there were when we came to power.

Mr. Speaker: I call David Chaytor: he is not here. I call John Mann: he is not here. I call Gordon Prentice: you are here.

Mr. Gordon Prentice (Pendle) (Lab): I have been here for the last five weeks, Mr. Speaker. *[Laughter.]*

Does my friend believe, as I do, that we need a mandatory register of lobbyists, independently managed and enforced? Will he introduce legislation without delay?

The Prime Minister: I agree that we have to take very seriously the problem of lobbyists and what they are doing in both the House of Lords and the House of Commons. We will have to look at all the measures that could make the system work better. I am happy to look at my hon. Friend's proposal and see what we can do.

Mr. Julian Brazier (Canterbury) (Con): Can the Prime Minister confirm that 150,000 work permits were issued to non-EU citizens last year—roughly four times the level under previous Governments, Labour as well as Conservative? How does that fit with his vision of reducing our unemployment rate?

The Prime Minister: We have just introduced a points system that means that unskilled workers will not get into the country—under the circumstances that the hon. Gentleman is talking about—unless they have a contribution to make. We are the first Government to do that, and it is the right thing to do. The hon. Gentleman will see the impact of the points system in the future. Despite all the figures that are bandied about, the percentage of non-UK nationals employed in the UK is 8 per cent., which is lower than in many of the countries with which people compare us.

Climate Change (Sectoral Targets)

Motion for leave to introduce a Bill (Standing Order No. 23)

12.32 pm

Mr. Martin Caton (Gower) (Lab): I beg to move,

That leave be given to bring in a Bill to set targets relating to energy generation and consumption; to make provision for the sectoral targets to be met; and for connected purposes.

The Bill focuses on the energy efficiency of residential accommodation; the level of energy use in the commercial and public services; the quantity of electricity generated from renewable sources; the amount of combined heat and power capacity; the number of dwellings with one or more microgeneration installations; and the level of carbon emissions from existing and new homes. It would set initial targets for those sectors, and would require the Secretary of State to specify further targets, especially if so advised by the Climate Change Committee or any other body established by Act of Parliament to advise the Government on climate change.

In addition, the Bill would require the Secretary of State to consult and seek agreement with organisations representing environmental interests, organisations representing business interests and, especially, organisations representing the energy efficiency industry, the renewables industry, the combined heat and power industry and the microgeneration industry. Within a year of deciding on his targets, the Secretary of State would have to publish, and then implement, a strategy for delivering them.

The central aim of the Bill is to help us meet our 80 per cent. CO_2 reduction target and thereby play our part in limiting the increase in the average temperature of our planet in order to avert disaster. It is also about trying to ensure that the energy needs of our country can be satisfied in the future.

This Bill owes much to the work of my hon. Friend the Member for Morley and Rothwell (Colin Challen), who introduced a similar measure in the last Session and also sought to cover some of the same territory in a new clause that he proposed to the Climate Change Bill—now, of course, the Climate Change Act 2008. His expertise and dedication on the challenge of global warming are recognised across the House, and his new book—it is entitled "Too Little, Too Late" and it was launched last night—is now available.

John McDonnell (Hayes and Harlington) (Lab): How much?

Mr. Caton: It costs £7.

The Bill is about providing a way of meeting our CO_2 reduction targets and protecting energy security by the establishment of a series of specific targets for energy saving and sustainable energy generation.

The 2003 energy White Paper described the energy that we do not need to use as the cheapest energy, and improving energy efficiency delivers just that. This is the low-hanging fruit on the climate change tree, but to date we have not harvested it anything like as well as we should have done—or, indeed, as well as some other countries have done.

The Bill sets an initial sectoral target for energy efficiency in residential accommodation of a 20 per cent. improvement on 2010 standards by 2020. The target for energy use in commercial and public services is a reduction of 10 per cent. on 2005 levels by 2010, and a further 10 per cent. by 2020. The target for combined heat and power is to have 10 GW of capacity installed by 2010. The target for microgeneration is that the number of dwellings with one or more microgeneration installations shall be eight times the figure pertaining in 2007. The Bill sets 2016 as the date when all existing homes shall be low carbon and all new homes zero carbon, and it also sets other targets with regard to building regulations.

The House may find the targets that I have just listed familiar; in fact, all of them are already stated Government objectives. What is new is that, if enacted, this legislation would make them binding, in the way that the targets set out in the Climate Change Act 2008 are binding.

I believe that we now have to move from aspiration to delivery, and the best way to do that is through establishing clear requirements in law that can be revised as more information about the scale of the challenge becomes available and as new green technologies are developed and improved. One of the major benefits of passing this legislation would be to give the industries responsible for those technologies a firmer platform to build on and more certainty about future opportunities.

Good firms involved in the manufacture and installation of insulation and other energy efficiency measures, as well as companies in the microgeneration industry, combined heat and power and renewables, would all benefit from the underlying certainty provided by a combination of legally binding targets and policies. That would positively impact on their plans and investment decisions, and that in itself would take us forward.

The Stern report made the point that earlier action to limit the rise in temperature would be most effective and least expensive. Much of the climate change science since then has pointed in the direction of still greater urgency. According to any number of indicators—such as the rate of thinning of the Arctic ice, the impact of the loss of reflection of solar energy as snow and ice cover shrinks, the intensified drought conditions in places such as sub-Saharan Africa and, of course, eastern Australia, the melt-rate of the Greenland ice cap, the slowdown in the gulf stream, insect migration, extinction rates in vulnerable habitats and the degrading of carbon sinks—the evidence is growing that time is running out, and probably doing so faster than we thought even a few years ago.

We need to act, locally as well as globally, and this Bill could help. First, it would mean that the Government had to meet their targets in the sectors identified. They would have to plan to make sure that they achieved them, and that would lead directly to significant reductions in greenhouse gas emissions. Secondly, the Bill would also send out a message about our resolve to move away from the high-carbon economy. At present, there is a bit of a credibility gap between what the Government and Parliament say about the threat of global warming—that it is the greatest challenge that we face and that, if we do not tackle it, the consequences could be catachysmic—and what is actually being done.

That perception problem exists in other nations and in our own population. Of course, this fairly modest Bill will not, on its own, turn that around, but it could help, because by enacting it, we would be saying, "We

[Mr. Caton]

will not just try to improve energy efficiency, energy saving, and renewable and sustainable energy; we are committed to succeeding."

Question put and agreed to.

Ordered,

That Mr. Martin Caton, Colin Challen, Mr. David Chaytor, Dr. Ian Gibson, Mr. David Heath, Dan Rogerson, Alan Simpson, Dr. Desmond Turner, Joan Walley, and Mr. Michael Meacher present the Bill.

Mr. Martin Caton accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 8 May and to be printed (Bill 61).

Opposition Day

[5TH ALLOTTED DAY]

Housing Waiting Lists

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

12.41 pm

Grant Shapps (Welwyn Hatfield) (Con): I beg to move,

That this House notes that social housing waiting lists have increased to a record 1.8 million families, over 4.5 million people, over the last 12 months; recognises that the Government's policies have reduced levels of house-building across all tenures; cautions that the number of families waiting for social housing is rising to record figures; expresses serious concern that the number of children living in temporary accommodation has doubled in the last 10 years; warns that the Government's changes to the system for counting rough sleepers will drastically under-estimate the problem; further notes that the Government's top-down policies with regard to housing have strangled it with red tape; and is concerned about the implications of the Government's housing policies for the future supply of housing in general and for families and the most vulnerable in society in particular.

Every Member of Parliament knows that sinking feeling they can have when someone comes into their surgery desperately needing help and assistance with housing. There is the vulnerable young man with no dependants and no priority on the housing waiting list; the woman fearful of an abusive partner, who is almost scared even to discuss her situation; or the couple who, with the recession biting, are struggling to pay their private rent and, incredibly, are advised that the only way to work the system is to make themselves "unintentionally" homeless by deliberately withholding payment from a landlord whom they like and trust. There are the endless letters from general practitioners, social services and us Members of Parliament, trying to plead exceptional cases. We MPs do what we can to help; we work the system, write those letters, and try to establish whether the process might have gone wrong, or whether an individual might be better represented in their case.

Every now and then, we have a small triumph, and get a letter from a delighted constituent saying that without our help, they would still be living in appalling, cramped conditions in unsuitable circumstances. Those letters may give us a little job satisfaction for a moment, but we always have the sneaking suspicion that although we did what we could to help in that case, there are still thousands of others suffering on the ever-growing housing waiting lists. It turns out that the figures fully justify our unease.

Bob Russell (Colchester) (LD): Does the hon. Gentleman think that there may be a connection between the scenario that he paints and the right to buy, coupled, most importantly, with the failure of successive Governments over the past 25 years to undertake a council house building programme, such as that which the two main parties rightly undertook—they can be proud of having done so—in the 1940s, '50s, '60s and '70s?

Grant Shapps: The question is almost as broad as the subject of the debate. We can debate the policies that were in place when I was at school, or we can talk about

the future. The most relevant period in history to discuss is probably the past 12 years, during which we have built just a tiny fraction of the amount of social housing previously built. I will come on to the figures in a short while, and I hope answer some of the other questions that the hon. Gentleman asked.

Today there is an all-time record of 1.8 million families languishing on housing waiting lists; that is getting on for twice the figure of 12 years ago. According to the Department for Communities and Local Government, that equates to approximately 4.5 million people, each of whom has their own, sometimes desperate, story to tell. The situation is definitely dire, but it is important to understand how we got here. I do not believe that the Government are hell-bent on increasing social housing waiting lists or on making people homeless, but regrettably it is as a result of policies that they pursued that we have ended up in this situation.

At the Labour party conference in Blackpool back in 1994, the shadow Chancellor, now Prime Minister, told his audience:

"When people ask 'what would a Labour government do today?' Let us tell them...we will get Britain building homes again".

Those are fine words, but how different the reality has been. Under the last Conservative Government an average of 171,000 homes were built each year across England. Under Labour, that average has fallen to 148,000—a drop of 23,000 homes a year. These are not just statistics. These are missing homes for real people. It is not just in the market housing area that the Government have a truly dismal record. Since 1997 there has been a persistent shortfall in the provision of affordable housing. In particular, there has been a failure to deliver sufficient housing for social rent.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab) *rose—*

Grant Shapps: I give way to a Member who I know agrees with that point.

Ms Buck: I am grateful to the hon. Gentleman for giving way, but I am not sure that he will like the point that I am about to make. Will he join me in criticising Conservative flagship Westminster council, which in the past two years has managed to achieve a proportion of affordable homes at only 11 per cent. of all the homes being built? Is it not the case that Conservative councils across the country, and indeed the hon. Gentleman in his capacity as a Member of Parliament, are blocking the building of affordable homes?

Grant Shapps: That intervention gets to the heart of the difference between the parties on housing. I will come to that later.

I know that the Minister has only recently taken on her portfolio, but she would do well to consider these figures. In the last recession, 60,000 affordable homes were built by my right hon. Friend the Member for North-West Hampshire (Sir George Young) when he was the Housing Minister. This year we will be lucky if 10,000 affordable houses are built. It is a question not so much of what proportion of the total are affordable as of how many homes are built in total. That is the main point that we have to understand. Eleven per cent. of a big figure means more than a larger percentage of a smaller figure.

Ms Buck: Is it a corollary of the hon. Gentleman's argument that he intends to increase direct Government subsidy in the building of homes? One of the issues, on which I have had a disagreement with those on my own side over the past 12 years, is exactly how we finance the building of new affordable and social homes. Is he saying that his party is now committed to increasing direct Government subsidy?

Grant Shapps: The hon. Lady knows a great deal about social affordable housing and she has hit on a vital point. It is obvious to anybody—we need not pretend otherwise—that we are not about to return to a situation where the section 106 building of all affordable housing will deliver. In the boom years when so many building applications were made, it did not deliver the required amount of affordable housing, so it will not deliver in the future. I will come on to the figures.

I understood the hon. Lady's question to be about whether a change in the system is needed. Of course there must be a change in the system. I will come on to—*[Interruption.]* If hon. Members will let me make some headway, I will come to what I think needs to change. It is clear that what has happened up to now has been a complete and utter failure.

The figures speak for themselves. This is the part that I know Labour Members understand. Less new social rent housing has been built in every year under the Labour Government than in any year under the Thatcher and Major Administrations—less social housing every year.

Chris Huhne (Eastleigh) (LD): I entirely agree that we are building too few houses for social rent. We have an enormous opportunity in the current circumstances, when many of the big five house builders are mothballing flats. In my constituency, for example, there is a development of 72 flats that have been half-built and are being sealed against the weather. They could be finished tomorrow if the finance was available. Does the hon. Gentleman agree that finance should be made available to bring that housing into social rent? If so, will he press on his hon. Friend the shadow Chancellor the need for a fiscal stimulus to do that?

Grant Shapps: The hon. Gentleman picks up on an important point. One of the extraordinary things about the Government's programme—I am sure they will talk about this in the debate—is that they allotted £8.4 billion for affordable housing in the comprehensive spending review from April 2008 to 2011. If we ask how much of that has been spent, we discover that it is very little, because the issue is driven by market housing, and the market housing is not happening for the reasons that the hon. Gentleman just outlined—mothballing. Aligned with that issue is the number of empty homes—those that have been built but not sold and those that have been previously sold but are now empty. We hear today from the Empty Homes Agency that that number has hit what is probably an all-time record, with 1 million homes left empty. That is a scandal, too, and the Government could do far more to address it.

Lynne Jones (Birmingham, Selly Oak) (Lab): I agree with the hon. Gentleman's criticism of the Government and their failure to invest in building new council and social housing. One of the problems in my constituency

[Lynne Jones]

is not so much the lack of new housing, although that is a problem, but the fact that so many existing council homes have had to be demolished because of a lack of investment in existing homes. That began with a 70 per cent. overall reduction in our capital expenditure during the Conservative years. He has to look at overall housing investment, not just at new builds. The problem with the current Government is that they continued for far too long—

Mr. Speaker: Order. An intervention should not be a speech.

Grant Shapps: I understand the intervention and the sense of frustration on the part of some Government Back Benchers. It is a fact that the number of social houses built for rent has halved over the past 12 years. Simply going back to a time when another party was in power—now 12 years ago—and claiming that all the problems can be traced back to somebody else is an argument that has long gone. We need to consider the situation over the past few years and to understand that if one builds only half the number of social houses available for rent, one de facto ends up with a big social housing waiting list. That is how we have ended up with 1.8 million people languishing on that list.

Sarah Teather (Brent, East) (LD): Let me take the hon. Gentleman on to his current policy. He mentions empty homes. Does he support empty dwelling management orders, for example? Does he support Liberal Democrat calls for a cut in VAT on renovation and rebuild?

Grant Shapps: I shall leave it to Liberal Democrat Front Benchers to explain their policies and shall instead make some progress.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I know that the hon. Gentleman does not want to go back to the situation before 1997, but does he not recognise that the fundamental problem that the Government have had since 1997 is dealing with the incredible backlog of disrepair in social rented stock that they inherited from the previous Government? There were 40-year-old bathrooms and kitchens, and windows that had condensation and leaked. Since 1997, the priority has been to repair them. The legacy of the previous Government under his party caused the concentration on that priority.

Grant Shapps: I am tempted to say that the current Administration always like to think that it is someone else's fault. If it is not the fault of somebody else abroad, it is the fault of the Government who were in power all those years ago. It is true that houses need repair, but I should have thought that that was obvious when the Prime Minister made the 1994 Blackpool conference speech in which he stated that the money from housing sales would be put to use to build more homes. That policy option was available at the time, but what has happened since is that the money that was ring-fenced from right-to-buy sales has not been used to provide new council housing.

In fact, when we left office, 1,550 council houses were still being built each year, whereas last year the figure had fallen to 450—and that, by the way, was an all-time record. There has been a tremendous drop in the number of council houses being built, and there are choices that the Government could have made over any of the last 12 years to help provide more social affordable housing. They failed to make those decisions, which is why they now preside over a housing waiting list that has nearly doubled during their time in office.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): The hon. Gentleman seems extraordinarily reluctant to recognise that the key issue is the number of homes that are in decent condition and available to let. The problem of the legacy inherited from the Conservative Government was that there was a £19 billion backlog of disrepair affecting millions of council houses. Will he now give credit to the Government for the action that has been taken to improve large numbers of those homes?

Grant Shapps: My No. 1 priority is the 1.8 million families—4.5 million people—who are now languishing on the Labour party's waiting list trying to get a decent home. It is an absolute scandal. The last Conservative Government created 52,000 affordable homes a year, but the Labour Government have managed just 27,000 a year. The Government's recession cannot be used as an excuse, either. As I said before, during 1992—a year of recession—the then Housing Minister, my right hon. Friend the Member for North-West Hampshire, ensured that 60,000 affordable homes were built. Estimates suggest that that can be compared with 10,000 this year.

Simon Hughes (North Southwark and Bermondsey) (LD): I join the hon. Gentleman in paying tribute to the right hon. Member for North-West Hampshire (Sir George Young); I remember his time as Housing Minister with pleasure. However, we want to know to what the Conservative party would commit in terms of the number of new social housing units, the number of council properties and the amount of budgetary spend from a Conservative Government in year one. What is the answer?

Grant Shapps: I appreciate the hon. Gentleman's interest in our manifesto, but I am afraid that he will have to wait for our Green Paper on housing to fill in the details and to find out what the next Conservative Government will do.

I am left with the impression that although this Labour Government never admit to doing anything wrong, they recognise at least privately that they have failed on housing policy. That is presumably why on taking power the Prime Minister came out with his bold statement about having 3 million new homes by 2020—a headline-grabbing initiative. To punctuate his commitment to housing, he invited the Minister for Housing to attend Cabinet, declaring that housing was from now on his No. 1 priority.

Considering the high priority status of housing, it is remarkable that in 2008 alone I have faced three different Housing Ministers across this Dispatch Box. That is the level of the priority. Of course, it is not the fault of the Minister for Housing that she inherited the 3 million by 2020 target, which we now see was based on wishful thinking. I think that she was immediately wise enough to recognise the difference between what she called a target and a mere ambition.

The debate is not about party politics or political point scoring; it is about real people's lives. Reports from the Conservative Homelessness Foundation reveal the real pressures that exist at the very bottom of the housing ladder—among people who are living on the pavements. All the years of failing to build have led to a severe lack of social housing, and even more to a dramatic loss of mobility in the existing social housing stock. As a result, those in temporary accommodation can expect to find themselves there much longer simply because so little move-on housing is available.

I am deeply alarmed by the Government's failure to do anything about the Department for Communities and Local Government's approach to bracketing down the rough sleeper estimates provided by local authorities. Rather than the accurate number of 1,000-plus people sleeping rough on the nation's streets each night, the official figure is therefore just 483. Worse is still to come. The Government's new rough sleeping strategy, "No One Left Out", which was published in November 2008 by the Under-Secretary of State for Communities and Local Government, the hon. Member for Hartlepool (Mr. Wright), states:

> "We will no longer ask local authorities that do not count to provide an annual estimate in their annual housing statistics return."

It is important to understand what that means. At a stroke, simply by fiddling the figures, the Government will report the laughable figure of 214 people sleeping on the nation's streets, compared with the more likely estimate of more than 1,000.

Lembit Öpik (Montgomeryshire) (LD): Is the hon. Gentleman aware of the work that Crisis, the homelessness charity, has done, which quite clearly shows that many more people are sleeping rough? The hidden homeless—people who are living in other people's homes, in frankly second-world conditions—contribute to the problem. Does he agree with me and with David Coulthread from Crisis that we have to be more honest about the figures before we can have a more honest strategy to resolve the issues?

Grant Shapps: The hon. Gentleman is absolutely right. I have some sympathy with the Government on this issue, and I have tried to work constructively with them. It is notoriously difficult to work out how many people are living rough because it is so difficult to count them. It is even harder to find out how many people are homeless, with definitions including living in hostels and bed-and-breakfast accommodation, and sofa surfing in other people's houses. I completely understand that it is not an easy science, but it is incredibly disingenuous to fail to count correctly the number of people sleeping on the streets.

I have pointed out the problem to Ministers before, and it could be resolved—at least to a reasonable extent. The latest proposals are artificially to halve the numbers to 214, but anybody walking on the streets knows that more than 214 people in the nation are sleeping on the streets. It is just not good enough, and I hope that the Minister will be able to respond to that severe problem.

If solving social mobility would ease some of the problems and 70 per cent. of social tenants want to own their own homes, one might think that the Government would have acted somehow. They have—under myriad complex, confusing and sometimes completely contradictory schemes, all branded under the "homebuy" label. The Government have a target of helping 120,000 households into home ownership between 2005 and 2010. How have they done? There have been 4,500 sales under their open market homebuy scheme and 18,500 under their new build homebuy programme; so far they have got to about 23,000 of their 120,000 target, which is not too good. Social homebuy, a scheme designed to have helped by now in excess of 10,000 households, has in fact assisted just 235 families.

A couple of weeks ago, I asked the Minister for Housing about the issue; she told me that social homebuy, which has helped just 235 families, was just a pilot. I know that she is just the latest incumbent to hold the fast-churn housing brief, but I have to tell her that she is wrong. The scheme may have been a pilot once, but it has not been for nearly a year, and by now we would have expected it to be having an impact. According to the Government's own figures, about 5,000 homes should have been purchased in that time. In fact, since the scheme ceased to be a pilot, it has been dropped pretty quickly by housing associations and local authorities.

There is a better way. We will scrap Labour's failed top-down targets and replace them with real incentives to create the kinds of communities where people really want to live. We will scrap regional planning, regional assemblies, regional spatial strategies and all the quangos directed to tell local people that the Government know what is best for them. We will replace it all with a system that works with, rather than against, local people, helping them to develop their own neighbourhoods.

Ms Buck: Has the hon. Gentleman communicated that desire to abolish targets to Boris Johnson, who, as we know, is the most senior executive Conservative in the country? He has an affordable housing target and, interestingly, has also completely failed to carry the boroughs with him. Of the 32 boroughs that have been asked to respond to the Greater London authority's housing target, 22 have simply failed to negotiate anything at all.

Grant Shapps: That is a matter for local authorities, local government and devolved government, where that exists. Local authorities decide on how to proceed with such matters. That is the whole point of handing power to people locally. The Mayor will decide what is best for his local area; that absolutely makes sense and is consistent with everything that I am saying about Whitehall and how it should not make such decisions.

Mr. Raynsford: Given the hon. Gentleman's earlier emphasis on the need to increase the output of social and affordable housing, what would he do if he were in office and discovered that devolving those options to local authorities, the Mayor of London and others did not produce the results that he expected?

Grant Shapps: I would quite simply increase the incentives. The difference between our approach and Labour's is that rather than thinking that the way to solve a housing crisis is to create ever-larger, top-down, Whitehall-driven, almost Soviet tractor-style targets for building homes in people's communities, we can work with communities to create the housing that is needed.

[Grant Shapps]

People are perfectly rational: all we need to do is provide incentives and allow people to get something out of them. We should allow people to improve the development of their communities and get something in return for creating more housing. When my right hon. Friend the Member for North-West Hampshire was Minister for Housing, that system built more homes; when we combine it with those additional incentives for local communities, even more homes will be delivered.

Mr. Betts: I am fascinated by that answer. Clearly there is a well worked out policy lurking there somewhere. Will the hon. Gentleman precisely define what the incentives would be and how much they would cost?

Grant Shapps: If the hon. Gentleman wants to descend into our policy papers, he is welcome to do so. As I said in my conference speech back in October, for example, an element of council tax should be kept locally when new homes are built. That would be an incentive for local authorities to build more homes and help to ensure that local people got something out of it.

Mr. Betts *rose—*

Grant Shapps: I am happy to go into an extended debate on this—

Mr. Betts *indicated assent.*

Grant Shapps: Fine; with interventions, I am sure that we can. However, I am keen that others should be able to contribute.

There are systems of incentives that we can put in place, such as the one linked to council tax. Furthermore, the Government now say that 15,000 homes have to be built in my constituency, but extraordinarily they think that that can be done by closing down our local hospital and cutting accident and emergency, maternity, elderly care and paediatric services and all surgery and operations. They then think that the local population will go for their housing targets. That does not work; we have to work with communities, join up the services and give people something in return.

The Government's record on housing is one of complete failure: top-down targets working against local communities, rocketing house prices followed by a crash, and the slamming in people's faces of the door to home ownership. Housing is central to today's financial crisis, and the collapse of our housing market is both a cause and consequence of the severity of Labour's recession, but the people who will hurt the most are the people on the all-time-record social housing waiting lists, whom this tired old Government seem incapable of helping—or are too incompetent to help.

1.6 pm

The Minister for Housing (Margaret Beckett): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"notes that the Government is investing over £8 billion between 2008 and 2011 to increase the supply of social and affordable housing, has invested over £29 billion since 1997 to bring social housing up to a decent standard and has made £205 million available for a mortgage rescue scheme to support the most vulnerable home owners facing repossession so they can remain in their home; further notes that there has been a 74 per cent. reduction in rough sleeping since 1998, that the long term use of bed and breakfast accommodation as temporary accommodation for families provided under the homelessness legislation has ended and that since 2003 the number of people who have been accepted as owed a main duty under the homelessness legislation has reduced by 60 per cent.; further notes that the Government has helped more than 110,000 households into low cost home ownership since 2001; believes that the introduction of enhanced housing options services provides tailored housing advice reflecting a household's individual circumstances while choice-based lettings schemes give social housing applicants greater choice over where they want to live; and further believes that the Government has taken measures to make best use of the social housing stock such as tackling overcrowding and under-occupation."

One thing—perhaps the only thing—that no one in this debate is likely to dispute is that there is substantial unmet housing need in the country today. That need is visible in every sector, whether it be social housing, private sector rental or home ownership. The motion before the House first highlights the levels of house building, particularly for those in need of social housing.

As he does on every occasion, the hon. Member for Welwyn Hatfield (Grant Shapps) made a feature of the level of new build. His fundamental argument—on house building, social housing, temporary accommodation and rough sleeping—seems to be that the former Conservative Government had a housing record of which today's Conservative party should be proud, and that it contrasts favourably with the record of this Government. I am not sure that that was altogether wise of him; there are one or two flaws in that argument.

What is unquestionably true—the hon. Member for Colchester (Bob Russell) referred to it earlier—is that in the early 1980s, the then Government instigated a whole-scale sale of council properties. Understandably, that was a very popular policy. The first hole in the argument of the hon. Member for Welwyn Hatfield appears when we recall that the properties sold were not replaced. In fact, repeated obstacles were put in the way of local authorities—many of them Conservative—that wished to replace lost stock so that they could continue to provide homes needed for social rent. From 1983 on, however much they built, there was a net reduction in local authority housing stock in every year of the life of that Conservative Government.

Ms Buck *rose—*

Margaret Beckett: I was not planning to give way so early, but, okay, I will give way to my hon. Friend.

Ms Buck: I am extremely grateful to my right hon. Friend for giving way. I want to emphasise the importance of her point. Are not Conservative councils such as the one in my area—and other ones, I am sure—renting back properties sold under the right to buy to house homeless households at a cost of about £400 a week to the taxpayer, when rent on the identical council flat next door costs £90 a week? Does that not expose the sheer insanity of a policy that sold but did not replace?

Margaret Beckett: My hon. Friend makes her point clearly and powerfully, and I am glad that I gave way and allowed her to make it.

I shall anticipate anyone who wishes to point it out by saying that, since 1997, it has clearly been open to this Government to put additional resources not just into housing, but into council housing. We have done

so. In partnership with housing associations, which were able to raise money from the private sector, we instituted a house building programme that built 25,300 homes for social rent last year; that was part of overall additions to the social rented stock of more than 29,300.

Sarah Teather: I am pleased to hear the Minister point out that the Conservatives began the policy of not allowing full receipts to be returned to councils after the right to buy. However, her own Government did not change that policy, and receipts from right to buy continue to go to the Treasury instead of being invested locally into new build.

Margaret Beckett: I will return to that point a little later in my speech; if the hon. Lady wishes, I will give way to her again then.

That brings me to the second flaw in the hon. Gentleman's argument: that it is somehow all our fault that we do not have enough social or low-cost housing. It is the case that not all the substantial resources—and they were substantial—made available for investment in housing went into new build. Why not? It is only right to remind the House that when we came to power in 1997, we found it necessary—I use the phrase beloved of the Leader of the Opposition and the shadow Chancellor—to mend the roof while the sun was shining. In fact, we found ourselves mending roofs not just in housing but in schools, hospitals, and laboratories; roofs that had literal—not virtual or metaphorical, but literal—holes in them; roofs in every part of the public sector and in every part of the country. What is more, when it came to social housing, we were not just mending roofs but replacing doors, windows, floors, kitchens and bathrooms. We were picking up the tab—billions of pounds-worth of tab—for 18 years of neglect, decay and dereliction, so that council tenants might have not just a roof over their heads but a decent home. It has long been a source of complete astonishment to me that anybody on the Conservative Front Bench has the unmitigated gall to accuse us of not mending the roof when the sun was shining. The Government we replaced left a £19 billion backlog of desperately needed maintenance and repair right across the social housing sector.

Moreover, this utter betrayal of stewardship—this gross dereliction of duty of which the hon. Gentleman seems to be so proud—was committed by a Tory Government who had had the greatest windfall of any in the history of this country. I refer, of course, to the windfall bounty of North sea oil and gas, which in the years up to 1997 produced the equivalent of at least £35 million per day, every single day of the week, for a solid 17 years. I will repeat that, because I know that there is nothing that the Conservatives hate to hear more: the equivalent, in official figures, of £35 million a year, every day of the week, for 17 solid years. No Government in this country's history have ever had a greater opportunity to invest in its future—whether it be in housing, in education or in infrastructure—and none have more disgracefully neglected their responsibilities. The Norwegians, who found themselves in a not dissimilar position, still benefit from a sovereign wealth fund. What we inherited were holes in the roads, holes in the roofs, and decay and dereliction in the very fabric of our country.

When we embarked on this huge programme of repair, we encountered yet another consequence of Conservative neglect—the effects of their recessions on the construction industry. Not only was there a dramatic drop in numbers—there was also a catastrophic deterioration in skills, with the departure of trained and skilled staff whom we could ill afford to lose. To this day, we can hear people in construction refer to the "lost generation" of building workers, who left the industry then and never returned. In the first quarter of 1990, there were 2.31 million people working in construction. By the last quarter of 1993, that had declined to 1.79 million, and it remained at similar levels throughout the 1990s. It was not until 2006—

Grant Shapps: What about now?

Margaret Beckett: It is no good the hon. Gentleman wittering on about that. He is the one who said that he wanted to dwell on the record of the previous Conservative Government, and I am going to talk about it.

It was not until 2006 that the number climbed back to over 2 million; and it may be no coincidence that that was when the numbers of new homes built began to return to the levels we need.

All this is, in part, why we have brought forward £550 million of investment from our forward programme to be spent over the next two years: not only to make sure that much needed affordable housing actually gets built but to support the construction industry while demand from the private sector is weak. Through real help now, we can keep people in work and businesses afloat, maintaining capacity in the industry so that it is ready and able to accelerate building again when the upturn comes.

Anne Main (St. Albans) (Con): Before the Minister gets overly confident with her remarks about skills and keeping the construction industry afloat, I draw her attention to the DCLG's conclusion, which says:

"There is a significant risk that major Government targets for development and regeneration will be missed because our planning system is unable"

to deliver. Indeed, the Government have had that pointed out to them for several years. There is a skills shortage in the planning system and they are repeatedly refusing to address that problem.

Margaret Beckett: We are taking steps to reform the planning system; we published a review only a few weeks ago. One of the major changes that has been made is the recent passage of the Planning Act 2008. I do not wish to mislead the House, but I think that I am right in saying that the Conservative party did not support large parts of the improvements that we made, including the creation of the Infrastructure Planning Commission. I entirely accept that there are defects in the planning system, but we are beginning to address them. I certainly accept that there is a skills shortage; we are addressing that and encouraging local authorities to do so.

Simon Hughes: The Minister knows that I welcome her commitment to improving greatly the Labour party's record in delivering affordable homes, and she is right to say that the construction industry has suffered terribly. Has she been able to make any progress in her discussions with the housing association sector to see whether it can spend the money that it wants to spend to do the work that it wants to do to bring people into jobs to build or finish the homes for which planning is agreed but which are not yet completed?

Margaret Beckett: Through the Homes and Communities Agency, we are talking to housing associations, among others—people right across the board—about places where there are, as the hon. Gentleman says, projects in various stages of progress and what can be done to remove any obstacles to bring them to fruition. We recognise that if we are able to free up those sites, that in itself would be a contribution to keeping the industry at a higher level of operation than it otherwise would be and to bringing those homes into being.

Mrs. Jacqui Lait (Beckenham) (Con): The right hon. Lady implied that the Planning Act 2008, which introduces the community infrastructure levy, would help to increase the number of houses being built. Is she saying that housing is now becoming subject to infrastructure statements and will therefore be the responsibility of the Infrastructure Planning Commission, because otherwise there is no reference in the Act to speeding up housing planning?

Margaret Beckett: No, I was not making that point, nor will the hon. Lady find, when she looks at the record, anything in my remarks that suggested that I was. I was merely drawing attention to the fact, a general point having been made about planning, that when it comes to improving our planning system the Conservative party has not always been supportive. I am not making any suggestion of the kind to which she refers.

The decent homes programme—a programme of repair and maintenance—is now coming close to completion. As progress has been made on making existing social rented properties fit to live in, so too the new build programme has increased and accelerated. We exceeded the spending review target of 75,000 new homes for social rent between 2005-06 and 2007-08; and in the present spending review period, the capital programme for new affordable housing increased by 50 per cent. to a record £8 billion-plus, £6.5 billion of which is for social housing.

Martin Horwood (Cheltenham) (LD): I am certain that the Minister would want to join me in congratulating Cheltenham Borough Homes in my constituency on its early completion of the decent homes programme, which has been genuinely appreciated by many of my least well-off constituents. Does she agree, however, that it is regrettable that energy efficiency and renewable energy did not play a bigger part in that programme, and that that now offers an opportunity for more Government investment that might help to counter the recession in house building and related trades?

Margaret Beckett: I certainly take the hon. Gentleman's point. If he casts his mind back, he will recognise that when the decent homes programme was first instituted, there was not the emphasis on energy efficiency that there is today. He will also find, if he looks at the recent homes survey, that there is a higher level of energy efficiency in social housing than in most other sectors of housing, but there is certainly more to do, and more will need to be done in this sector and right across the board. I do not want to enter an area of great controversy, but it is a source of astonishment to me that those who are concerned, quite rightly, about the impact of emissions and climate change say a great deal about the potential of another runway in various parts of the south-east, but currently about 30 per cent. of our carbon dioxide emissions come from domestic buildings. We hear very little about that.

Lynne Jones: I agree with my right hon. Friend that there has been substantial investment in the decent homes programme, but, great as that has been, it has still been inadequate, particularly for cities such as Birmingham, where the only prospect that the council has of meeting the decent homes standard is to embark on large-scale demolitions. We have lost about 1,300 houses a year for several years, and we have built only 850 new homes through section 106 expenditure and social housing grant. The council reckons that we need to build at least 4,000 new social homes a year. What prospect is there that we will reach that target soon?

Margaret Beckett: I take my hon. Friend's point entirely, but I will come to the issue of new build in this sector in a moment or two, if I may.

Our aim was to deliver 70,000 affordable homes, of which 45,000 would be for social rent in each year from 2010-11. However, I recognise the possible impact of the present downturn on those plans. We have already taken steps to address that and to keep the overall programme on track. Not only have we brought forward investment, as I have described, but we have been exploring new ways of securing new homes for social rent and affordable housing. For example, we have earmarked £200 million to spend on good quality, unsold homes from private developers. To date, about £160 million of that pot has been allocated, buying up almost 5,000 homes, including 3,400 for social rent.

More recently, we have supported local authorities who are interested in building new housing by utilising land that would not be developed by housing associations. We are currently consulting on a series of measures that would make it easier for local authorities to build new homes. Those include changing the revenue and capital rules that currently redistribute rent and capital receipts from new council housing. We are proposing that councils will be able to keep the full revenue and capital returns from new homes, which is itself a stronger incentive to build. Councils will also be able to bid for social housing grant from the Homes and Communities Agency for funds to subsidise building, and if there are other obstacles that prevent cost-effective schemes from getting off the ground, we will look at how to overcome them.

Bob Russell: Will the right hon. Lady discuss with other Departments the fact that the Government have control over empty houses, particularly the Ministry of Defence? In my constituency, more than 200 family houses are standing empty—admittedly privatised by the previous Tory Government and sold to Annington Homes—and £3,500 is paid per dwelling, per year, out of the public purse for them to stand empty. Surely the Government should be banging heads together and ensuring that those houses can provide accommodation for people living in bed and breakfasts and inadequate housing.

Margaret Beckett: I am sure that the hon. Gentleman has raised that issue many times, but if he writes to me about it, I will be happy to look into it again. I wonder whether it is something to do with where those properties are, but I take his point about the impact.

Sarah Teather: The Minister has come to the point that I raised earlier. Why is she consulting only on giving receipts for rental income and the right to buy for new homes, and not tackling the rental income for existing stock? It would make a huge difference to councils' ability to plan what they can borrow if they knew what money was coming in to pay back that loan.

Margaret Beckett: As I hope the hon. Lady is aware, we are taking a fundamental look at how the housing revenue account operates. I expect to receive a report on that subject a little later this year. In the meantime, we were anxious to remove the active disincentives to new build.

John Hemming (Birmingham, Yardley) (LD): Birmingham is relatively unusual in that it has retained council housing and 22 council houses were built last year. However, the council would like to build a lot more. What the Minister is saying implies that council housing is a second-best option to registered social landlords. Perhaps it should be seen as a positive option, particularly in the light of the credit crunch.

Margaret Beckett: I do not recall saying anything that would lead anyone to that conclusion, but if anyone did draw such a conclusion, let me immediately refute it. When I referred to the investment made through housing associations, I was pointing out that public money made available through a joint project with those associations, matched by money from the private sector, goes a lot further. That was undoubtedly the reason for the emphasis on extra build in the first place. I certainly do not dispute that. It is why we have created an opportunity for local authorities to bid for social housing grant.

Sir George Young (North-West Hampshire) (Con): This is a key point, which the Prime Minister touched on in his recent speech. Until such time as the rules are changed and local authority borrowing does not score against public expenditure totals, local authorities will never be cost-effective when compared with housing associations. Are there any plans to change those rules?

Margaret Beckett: As I am sure the right hon. Gentleman will recall from his own years in power, that matter is under continual discussion. However, the position on housing associations is also changing, and I do not think that anyone can be confident about the balance that will emerge in the longer term. It has unquestionably been more cost-effective for some time in the past, and it has been the model for building in partnership with housing associations that have mostly raised revenues from the sale of their own properties, but have also been able to attract investment and bank lending. It is not quite clear the extent to which that will be the case in the future, which changes the balance on these matters.

Mr. Betts: Does my right hon. Friend accept that local authorities must not only build homes but develop a housing strategy that encompasses all initiatives so that they can make the best of them for their constituents? Would she be as surprised as I was to learn that Liberal-controlled Sheffield city council has bid for only £60,000—to buy two empty flats—out of the £200 million that the Government have made available, compared with the £2 million that Labour-controlled Barnsley council has obtained?

Margaret Beckett: Yes, I am extremely surprised to learn that, and I am sure that my hon. Friend and other Sheffield politicians will do everything that they can to encourage a more robust approach.

I would like to touch briefly on some of the other issues raised by the Opposition motion. While we were repairing existing homes, and building more, strides were also taken to try to tackle the number of formerly homeless people living in temporary accommodation, and to reduce the number of rough sleepers. The numbers living in temporary accommodation were themselves, in part, a reflection of the inherited neglect of housing from those Conservative years. It is no use the hon. Gentleman pretending that levels of homelessness and rough sleeping were not a well-known social scandal during his party's years in office.

In fact, despite the hon. Gentleman's denunciation of all targets as Soviet-style, it was this Government, not his, who made an attempt to set a target to halve by 2010 the numbers of households in temporary accommodation, in comparison with 2004. I realise that that had other effects, which are causing unforeseen difficulties in other areas, but I hope that no one will contest that we did need, and do need, to tackle the issue. This Government have already overseen dramatic falls of 74 per cent. in the number of rough sleepers and we have committed ourselves to ending rough sleeping by 2012. I note that the Opposition motion fails entirely to give any recognition to what has been achieved, but merely expresses the pious hope that there will be problems with the system of counting the number of rough sleepers in future.

Grant Shapps: Will the Minister give way?

Margaret Beckett: I will, but very briefly, because I must finish.

Grant Shapps: I am grateful to the Minister for being so generous in giving way. She has not commented on the problem of the rough sleeping figures changing simply because of the failure to collect the data, which I mentioned in my speech. Will she comment on that?

Margaret Beckett: As the hon. Gentleman knows, the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hartlepool (Mr. Wright), deals with the issue of rough sleepers and has a good deal of specialist knowledge about it, and he will mention it in his winding-up speech. I know that he will cover the matters that the hon. Gentleman raised.

The Opposition's motion ends by expressing concern about the implications of the Government's housing policies for the future supply of housing, especially to the most vulnerable people. However, there are two notable omissions from its text. Extraordinarily, it fails even to mention the implications of the recent downturn, which are obviously grave, and it gives no indication of Conservative policy, which I therefore assume remains to do nothing to tackle the problem. That would certainly be consistent with the approach of the previous Conservative Government. I understand that they made resources available only by buying up stock, including some houses that had already been repossessed, to prevent it from dragging the market down.

[Margaret Beckett]

In contrast, we are doing everything we can to help households avoid the trauma and upheaval of repossession. We have secured an agreement from lenders that repossession should always be a last resort, and they have agreed to wait a minimum of three months before seeking to repossess. We have also expanded and introduced schemes to help households in particular circumstances and to support advice services, including by providing additional court desks.

Martin Horwood: Will the Minister give way?

Margaret Beckett: If the hon. Gentleman will forgive me, I will not. I have almost concluded, and I gave way to him earlier.

We have advanced and expanded assistance for those who have lost employment, and we have introduced a mortgage rescue scheme intended to help vulnerable groups who would be eligible for support from their local council under homelessness legislation if their homes were repossessed, meaning that they would automatically be eligible for social housing. That could include the elderly, disabled people and those with children. The scheme will help eligible families to stay in their homes as part-owners or tenants, with the support of a housing association.

Mr. Paul Burstow (Sutton and Cheam) (LD) *rose—*

Margaret Beckett: I have not given way to the hon. Gentleman, so I shall take a final intervention.

Mr. Burstow: I am grateful to the Minister, who has been very generous in giving way in this important debate. May I ask her, on behalf of many of my constituents who are council tenants, to say a little more about the comprehensive review of the housing revenue account, and particularly about negative subsidy? [HON. MEMBERS: "Hear, hear."] This year, council tenants in my constituency anticipate having to pay more than £10 million to the Government in their rent. They also know that the Treasury will be a net beneficiary to the tune of £200 million from the balance of subsidy receipts and payments in the coming year. They want to know, at the very least, whether during the review that the Government are still conducting, they will accept that there should be no further changes to the amount of subsidy that councils are given or to the negative subsidy that tenants are asked to pay. Will the Government consider that? At the moment, my tenants are feeling rather hard-pressed—

Mr. Deputy Speaker (Sir Michael Lord): Order. That intervention is verging on a speech.

Margaret Beckett: I will have to study the record, and I am not quite sure about the hon. Gentleman's final point. I can certainly assure him that we are fundamentally examining all aspects of the housing revenue account. I cannot yet say what the balance of the decision will be.

The hon. Gentleman's party has made less noise than some others about the Exchequer's surplus in the account, and I heard a lot of "Hear, hear" from the Opposition Benches when he mentioned it. Much has been said about that, as if it were a completely new phenomenon. The records go back only as far as 1994, but they show that the housing revenue account was in surplus under the Conservative Government and did not go into deficit until we instituted the decent homes repair programme, which I have mentioned. Such a surplus is not a new phenomenon at all. I accept that colleagues will have differing views about whether it is desirable for the housing revenue account to be in surplus, but there is nothing new about it. I am sure that Opposition Members will draw that to the attention of all the tenants' groups to which their local authorities are making representations on the matter.

I can assure hon. Members that we are continuing work with lenders on a further scheme to help those who face potential repossession or suffer a sudden drop in household income, who were mentioned earlier, and we hope to bring it forward in the not-too-distant future.

I note that despite the concerns raised in the motion, it makes no mention of what is presumably supposed to be the Conservatives' better offer if, as they hope, they win the next election. I know that the hon. Member for Welwyn Hatfield mentioned that in his final remarks, although I am not entirely sure whether he left the House much clearer about it. Perhaps the motion does not mention it because the Leader of the Opposition's budget proposals indicate that the budget for my Department would not be allowed to grow by more than 1 per cent. a year. In other words, if the hon. Gentleman were to become Housing Minister, he could expect to preside over a budget cut of, at best, about £800 million, or a potential cut of 10,000 new homes for social rent.

I welcome the concern for the most vulnerable people expressed in the motion, but a debate on housing should definitely be the occasion for more than a few home truths. The plain truth is that neither the Conservatives' record in office nor their proposals for the future, insofar as they are clear, match up in any way to their rhetoric on what I agree is a vital issue for our country. That is yet another example of why it would not be safe in their hands.

1.36 pm

Sarah Teather (Brent, East) (LD): When I saw today's motion, I could not quite believe my eyes. The Conservatives knocking the Government for failing to tackle the social housing waiting list is a little like Jonathan Ross complaining about the lack of moral fibre in the BBC, or perhaps Jeremy Clarkson fronting a new campaign for Scottish pride. It is simply not credible. I wonder what we will see next from the Conservatives. Perhaps the next Opposition day will bring a motion condemning the sinking of the Belgrano, talking up the benefits of free milk for every child or expressing posthumous solidarity with the 1984 miners' strike.

I have to admire the brazen, bare-faced cheek of the hon. Member for Welwyn Hatfield (Grant Shapps). However, he delivered his speech without any obvious sense of irony, which demonstrates either a breathtaking absence of self-awareness or a degree of self-delusion that puts to shame even the best of narcissism in this great place.

Mr. Paul Truswell (Pudsey) (Lab): I think that it was Disraeli who described the Conservative party as "an organised hypocrisy". Was not today's speech by the Conservative spokesman a perfect example of the fact that hypocrisy is still alive and well in the Conservative party?

Sarah Teather: Something like that—I am not sure whether I would dare to use such a term, as it might be deemed unparliamentary, but I agree entirely with the sentiment.

The Minister said that the Conservative motion entirely lacked policy proposals. The only one that I could find in it was to cut red tape, which seems to be the Conservatives' sticking-plaster option for all their policy gaps at the moment. But it takes bricks, concrete and builders to build houses—solid, expensive and tangible things. The Conservatives' approach to house building is a little like one of those Etch-a-Sketch toys I had when I was a child. Everything is in outline, but the drawing dissipates as soon as anyone shakes it. The Conservatives are the party that invented the right to buy and prevented councils from reinvesting the full receipts in new homes, that slashed the Housing Corporation's budget and whose legacy was a catalogue of disrepair.

Since 1980, about 2.5 million council properties have been purchased under the right to buy from a council stock that then stood at more than 5 million. The hon. Member for Welwyn Hatfield tried to make a point about the replacement of those houses, but I am afraid that the successive policies of both Conservative and Labour Governments have prevented councils from reinvesting the money from the right-to-buy scheme locally. That is why we have seen such a shortfall in social housing. Worse, the Conservative party would impose the same policy on housing associations—an idea that experts in the sector have universally condemned. Housing associations already face financial difficulty because of the climate of lending and the extent of their debt. However, the Conservatives want to remove their rental income and dwindle their asset base. The Conservatives are right about the problem—the Government have failed to tackle the housing waiting list—but they have offered us no solution today.

There is no solution for my constituent Mr. Ahmed, a single man approaching his 60s. He is disabled, unable to work and struggling to care for himself now that his children have moved away. By any measure, he is profoundly vulnerable, yet he has been on the housing waiting list since 1984. After four Prime Ministers—two from each main party—people such as Mr. Ahmed have little or no chance of finding a home.

In my constituency, if we continue building at the same rate but lose properties through the right to buy, it will take more than 200 years to house the 20,000 families who are waiting for new homes—and that assumes that no families are added to the list.

Ms Buck: On that point, and the impact of the right to buy and a possible extension of the policy to housing associations, does the hon. Lady have the same experience as I do? In my constituency, approximately half the properties sold on several estates are now in the hands of property companies and multiple landlords. The argument that the right to buy automatically translates into home ownership for individuals and does not influence the total stock of affordable housing is therefore wrong.

Sarah Teather: I agree. There are elements of our constituencies that are very similar. However, I also know from colleagues in the south-west that some properties sold under the right to buy are now second homes for people who live in London and come down to holiday in them during the summer. The hon. Lady is right to say that the right to buy has not meant that those properties are left for people in the community.

Simon Hughes: Does my hon. Friend agree that there is an alternative—a way to allow the occupant to get possession, while retaining the local authority's right to take the property back when the possession ends? The most progressive authorities in the country—South Shropshire comes to mind—have done that. It means that the properties stay with the community for local residents to take up tenancies after the initial occupation.

Sarah Teather: My hon. Friend is right. Last week, we debated proposals for community land trusts, which Liberal Democrat Members have championed for some time. *[Interruption.]* The Under-Secretary is saying that the Government championed it, too, and the Conservatives are joining in—

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): We championed it first.

Sarah Teather: I am not going to get into that sort of competition, but I am pleased that there is all-party agreement on the matter. However, it does not detract from the point that the right to buy, without giving the money to local authorities to invest, has caused much damage and created housing need in local communities.

One in 10 of my constituents lives in temporary accommodation. That is typical of many areas in London—the figure is even higher in some parts of the city. Most of them are in a poverty trap, with high rents and housing benefit meaning that they cannot afford to work. I have many constituents whose parents were in temporary accommodation when they were born, and they experienced all the regular moves and disruption to school work that that entails. Some of them are now having families of their own, still in temporary accommodation. A whole generation has been condemned to uncertainty and poverty. The misery and helplessness of those waiting for housing eats away at their existence. The Government's failure to tackle the problem is a betrayal of the people who elected them.

Justine Greening (Putney) (Con): I am trying to follow the hon. Lady's argument because, a minute ago, in reply to the hon. Member for Regent's Park and Kensington, North (Ms Buck), she mentioned her concern about the right to buy, yet the Liberal Democrat amendment would in many ways strengthen the policy by allowing local authorities to keep receipts. Is it the Liberal Democrat position that right to buy is good or bad?

Sarah Teather: I am amazed that the hon. Lady cannot grasp the point. I must have made it about four times in the debate, including in interventions on Labour and Conservative Front Benchers. Councils should be allowed to keep receipts from the right to buy and invest them locally. However, we do not want the policy to be

[Sarah Teather]

extended to housing associations because it would disrupt their asset base. For those that are charitable organisations, it is even against their charter. I thought I had made that point clearly.

Jeremy Corbyn (Islington, North) (Lab): Does the hon. Lady agree that far too few new buildings for council or housing association rent have been developed in the past 10 years or more? One problem is that, in local authority planning, the threshold is too high, so that most small developments, which are the norm in central and inner London, simply have no social element. For several years in my borough, less than 5 per cent. of all new buildings were for social rent.

Sarah Teather: The problem is that such properties are not being built under section 106 anyway.

Lynne Jones: I am prepared to say that the right to buy has been an unmitigated disaster. I will not go into detail, but if we are to encourage councils to build more homes—I sincerely hope that we will—how will we prevent their asset base from being destroyed if the right to buy continues unabated?

Sarah Teather: Sometimes it depends on the subsidy offered under the right to buy. There are many variations to ensure that, especially in areas where there is a lack of stock, it is not degraded further. However, I accept the hon. Lady's point.

The most important thing that the Government could do for families in my constituency and in constituencies across the country is to tackle the policy problems that prevent councils from building new homes. They should give councils back the receipts from the right to buy, as I have said many times—perhaps I had better say it again to ensure that Conservative Front Benchers understand me—and they should give them certainty about their rental income so that they can plan. *[Interruption.]*

Maintaining social homes in Brent and many other parts of London costs more than can be raised through Brent's council tenant rents. *[Interruption.]* There is so much hilarity that I shall repeat my point. When it comes to subsidy and housing revenue account, in places such as Brent and other constituencies in inner London it costs more to maintain those homes than can be raised by Brent's social tenants. Why should the responsibility for paying for the shortfall lie with council tenants in Cambridge, Chesterfield or Solihull? Why have the Government imposed an additional tax on council tenants—individuals and families who already live on low incomes? Any subsidy should come from general taxation, paid for by people on a higher income, not the poorest people in council housing. The system of pooling council tenants' rent nationally amounts to a tax on tenants.

Julia Goldsworthy (Falmouth and Camborne) (LD): My hon. Friend is making an excellent case. Is the housing revenue account not made even worse by the Treasury's retaining some of the funds, so that the poorest people not only pay for improvements in other areas but pay a tax directly to the Treasury?

Sarah Teather: I agree. The point was made earlier to the Minister, who tried to say that the problem was not new. Yes, it is an old problem, and it is time that the Government fixed it. I know they are consulting about it, and they say that they will conduct a review. Unfortunately, their current proposals suggest, as usual, that they have taken the title but not written the prose. I want the Government to reform the housing revenue account radically and introduce proposals as soon as possible.

Mr. Robert Syms (Poole) (Con): The hon. Lady makes a good point about the negative subsidy. It is a big disincentive to local authorities to maintain council housing and a big incentive to opt out or have stock transfer. In the long term, it will lead to poorer standards of council housing unless it is reversed.

Sarah Teather: I agree with the hon. Gentleman. It means that councils have no certainty about their income, thus making it impossible, when they are also losing receipts from the right to buy and do not know what their rental income will be from one year to the next, to plan.

The plight of families waiting for housing will get worse with the recession. However, the ability of housing associations and councils to match the problem is getting weaker under existing policy. Housing associations say that building has ground to a halt as they are hampered by banks renegotiating existing loans and raising the stakes on new ones. Worse, they can no longer cross-subsidise developments through private sales and shared equity homes. As I said to the hon. Member for Islington, North (Jeremy Corbyn), councils that relied on section 106 agreements to get social housing built find that everything stops as private development stops.

We must accept that, in the short term, a higher subsidy is required in many areas to keep homes being built. The Homes and Communities Agency has said that it is willing to be flexible. However, that needs to filter through to housing associations urgently. I think it will require the intervention of the Minister to ensure that that happens.

We must keep building. If we stop building in this recession, when banks start lending again there will be a real danger of hyper-inflation in the housing market—need does not go away because people cannot get mortgages, and people do not stop needing social housing because there is not enough available. If we stop building, we will lose the construction workers who build the homes that we need, and if we lose their skills it may take a generation to replace them.

But the recession is also an opportunity. Land is cheaper. Homes are cheaper. However, the Government have invested just £200 million in the national clearing house scheme to allow housing associations to buy up unsold property. The Government say that they want to build to create jobs, yet they have brought forward just £400 million to build 5,000 new homes. That will barely dent the list of need in this country.

Instead of spending money on a VAT cut that made little or no difference to most families in this country, the Government could have spent the money providing insulation for 1 million people languishing in fuel poverty and building 40,000 new zero-carbon homes. If the Government really wanted to offer a VAT cut, how

much more useful would a cut in the rate for renovation and rebuilding be? Today the Empty Homes Agency has said that it expects the number of empty properties in this country to reach 1 million for the first time. If we really want to tackle both the social housing waiting list and the blight of derelict properties in our communities, such a cut would be a tangible change that would make it cheaper to bring those homes back into use.

Finally, I want the Government to go further in trying to prevent the recession from increasing the number of people who find themselves requiring emergency social housing. The Council of Mortgage Lenders has estimated that 75,000 families will face repossession this year. We have seen a raft of announcements that provide solutions for small numbers of families who meet specific criteria, but the announcement that held out the most promise for the most people—the pre-action protocol—is the announcement that suffers most from a lack of teeth. The Government urgently need to update mortgage law to drag it into the 21st century and give courts the powers to intervene if they see fit. I urge the Government to legislate and not to leave the problem until it is too late.

Housing need is a serious and urgent issue—an issue that causes devastation for millions in this country, traps whole families in poverty, ruins life chances and extinguishes hope. In the face of this depth of need, we have seen from the Conservatives a motion that is so shallow and narrow in its solutions as to be insulting to my constituents who desperately want help. The Conservative party needs to start taking the issue seriously and come up with a proper policy. That is the job of the Opposition, and the Conservatives are failing in their duty.

1.52 pm

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): This debate started very interestingly, when the official Opposition tried to institute collective memory loss about what happened before 1997. Those of us who lived through that period as local councillors—I was chair of housing in Sheffield in 1980, when some of the problems began—have a slightly different recollection of how the problems that this Government inherited started.

In Sheffield we were building around 1,000 council houses a year; people could walk into the housing department and get a flat almost on demand; and it took two to three years on the waiting list to get a family home. We had an ongoing building programme and a significant programme of modernising and upgrading our existing housing stock. In the next few years of the early 1980s, our housing investment programme was cut from more than £100 million to less than a third of that amount. That is why we got into the problems that we faced in 1997: not only did we stop building houses because there was no money, but we largely stopped modernising, leaving the backlog of disrepair to be picked up by the decent homes programme.

I remember delegates from the association of municipal authorities, as we were then, going to see various Environment Secretaries in the Conservative Government. I particularly remember one meeting with the late Nicholas Ridley, at which we got cups of tea but no sympathy whatever. It was not just Labour councillors who were outraged, as we clearly were, at the end of the meeting; the Conservative councillors who had gone to report their problems had to be told, "Well, simply stick up your rents to pay out of your revenue for long-term capital problems." That was the only answer—it was not an answer, of course—to the massive backlog of disrepair that had been identified and which steadily got worse.

That was the reality of the situation, and that was why we were in the position that we were in in 1997, when the Government understandably had to concentrate in the first instance on the problems of disrepair and repair the 40-year-old kitchen units, the 40-year-old bathroom suites—it was hard to call them that in most cases—and the windows that leaked water, as well as the roofs and walls that were not fit for purpose. That was absolutely right. Indeed, one thing that the Government can be proud of is their investment in the existing housing stock and the fact that thousands—indeed, millions—of people's lives have been made better as a result of that programme.

At the same time, we had the right to buy, although it was interesting that the Opposition spokesperson referred to commitments made by the Prime Minister previously to spend capital receipts on building new homes. Funnily enough, that is exactly the same promise that local authorities were given in 1980, when the right to buy was introduced. One Conservative Minister after another said, "Don't worry—sell your homes off to sitting tenants, and the money that you get from those sales can be reinvested by councils in building new houses."

Of course, what happened was that the amount of money that was allowed to be spent was 25 per cent. of the capital receipts gained, which had to go into making up the shortfall in the repairs and modernisation programmes that had been cut by the Government. That is the situation that we were in. Virtually not a single penny ever went back into building new homes as we had been promised. That was a broken promise that created long-term damage and difficulties.

Since the 1990s house prices have increased, which has meant that houses have become less and less affordable to people on low incomes who want to buy. We have experienced enormous pressure from the increasing numbers of people who want to rent homes. In Sheffield, we had 90,000-odd council houses back in 1980, but that number, including stock transfer, has gone down to just over half. If we have only half the houses that we had and if we have not been building over a long interim period, there will be pressures on the waiting list. That makes it rather difficult to understand why, when the Lib Dems were in power in Sheffield at the end of the 1990s, they knocked down several hundred family homes in the city. To put things into a historical perspective, that was a most enormous mistake for which they ought to be held accountable, so I have to smile a little when I hear their comments today.

The hon. Member for Welwyn Hatfield (Grant Shapps) was right: this issue is about personal tragedies. When people come to my surgery with their housing problems, they all have very good reasons why they should be the top priority—they are sleeping either at friends' or parents' houses; their families have split up; their homes are massively overcrowded; or they are living in poor private rented accommodation. In 2007, the figure in my constituency for allocations of three-bedroom family houses off the waiting list in Sheffield was 12. That is

[Mr. Clive Betts]

the problem. The shortage is of family homes in particular, rather than flats. If we are looking to build more homes in the future, I hope that we will concentrate on family homes.

The problem is not just the number of houses we build but how we allocate them. I am waiting for the Government's response to the Hills report about our allocations policy and other management issues, because by changing the policy we could make better use of our housing stock. In particular, I understand that when pressure is put on the waiting list, and when there is a shortage, there will always be more and more priority cases. However, that means that people who have been on the waiting list for many years—a constituent has written to me to say that he has been on it for 10 years and wants a move—are denied their right to a move, because there is always someone with a higher priority. My constituent says that around 90 per cent. of the homes that he now sees through choice-based lettings advertised by Sheffield Homes go to priority cases, whether those cases have arisen because of the demolition of properties or whether they involve homeless families or other people with a particular need.

The Hills report identified one particular issue, by pointing out that in many cases people need to move within social housing in order to access work or be nearer families who can offer them child support so that they can access work. Those are important issues. Sometimes when a house becomes vacant, it should not necessarily go to the person at the top of the priority list. It might be that another tenant can move into that property and thereby release their home, so that in the end we have better allocations and better use of properties. That issue is something in the Hills report that I hope the Government will respond to positively and give guidance to local authorities about.

Jeremy Corbyn: The problem of the lack of family house building is not exclusive to Sheffield; it is a nationwide issue, and it certainly affects a great many people in London. Is my hon. Friend aware that exactly the same problem pertains in private sector developments, some of which have now been taken over by housing associations or local authorities? We now have a disproportionate number of large families in short-stay, temporary accommodation, living unrealistic lives and being forced to move from one temporary home to another.

Mr. Betts: Absolutely. That is a major problem. The idea that children brought up in those housing circumstances have any realistic equality of opportunity in education, health or anything else is clearly nonsense.

It is important to acknowledge that the Government have recognised that tackling the backlog of under-provision in social housing is a real priority. There are clearly immediate problems, which I will say more about in a moment. When the Communities and Local Government Select Committee, of which I am a member, produced its report on the supply of rented housing, it welcomed the Government's increased target of 45,000 homes a year, although we said we were not convinced that that figure was high enough. Given the evidence that Kate Barker and the National Housing Federation took, we should be talking about at least 50,000 rented social homes a year to deal with the immediate shortage and to do something to address the backlog.

Mr. Truswell: Does my hon. Friend agree that we need to be much more robust with local housing targets for such cities as Sheffield and Leeds, to ensure that they are geared to meeting housing need rather than housing greed, as has been the case in the past? That greed has led to many flats being built, and it is now impossible to find occupiers or buyers for them.

Mr. Betts: I absolutely agree with my hon. Friend. I was going to mention that later. Local authorities have an important role to play, not only as the providers of rented homes—which I hope they will become—but as the strategic housing authority for their area, to ensure that there is a proper match between the demands of families, in particular, for homes and the supply of homes across a range of different tenures and provision.

The immediate crisis facing us all—and facing the Government in particular—is that section 106 deals are not going to be done in the present climate. In many parts of the country, section 106 arrangements have been responsible for more than half the social rented homes that have been built, but housing associations can no longer get the necessary private funding or the cross-subsidies from selling houses to provide rented homes. There is encouragement for local authorities to develop housing companies to enable them to build homes, but those companies are not going to get off the ground in the current climate because they, too, will have to rely on an element of private sector cross-subsidy to make the social rented homes affordable that the local authorities want to build.

The reality is that if housing associations are going to build homes, they are going to need much higher levels of social housing grant. If the level of the grant remains at that indicated by the Government, fewer homes will be built by the housing associations as a result. I certainly welcome the Government's bringing forward finance to enable homes to be built more quickly, to address the immediate problems, but the solution is not just about bringing money forward; it is about increasing the amount of money available, in this spending review and the next. Even increasing the amount in this spending review would probably not lead to any more homes being built, because of the need for higher amounts of social housing grant for each unit of accommodation provided.

In principle, I welcome the Government's commitment to allowing local authorities to build. Sir Bob Kerslake, chief executive of the Homes and Communities Agency, was here the other day talking to the all-party parliamentary group on local government. I think he would accept that, if local authorities are going to build in the current circumstances, they will need Government support—which I think they are going to get, at least in principle—and, to quite a large extent, social housing grant from the Homes and Communities Agency. Also, local authorities are going to have to put in their own land for free to make these schemes work. I hope that the Government will make that clear and encourage them to do that. In the present circumstances, there could be no better use for local authority land than making it available for building social rented homes. These schemes will simply

not stack up unless the local authorities are prepared to make that commitment, so I hope the Minister will encourage them to do so.

I welcome the steps that the Government have taken to provide £200 million of resources—although more might need to be provided now—to buy up empty homes in the private sector. We must be cautious, however, because, as my hon. Friend the Member for Pudsey (Mr. Truswell) said, there are many empty private flats that cannot be let or sold at the moment, and they are not necessarily the right properties for the social sector to buy. We need to concentrate on family homes. There are some interesting statistics available. Some local authorities are working with the housing associations to target that kind of property, but it is a great shame that the Lib Dem Sheffield city council has managed to buy two flats so far, and not one family home, with the money that the Government have made available. It should be ashamed of that.

It is also important for local authorities to adopt a collective strategy across their areas, to ensure that all the Government's initiatives are made available to local people. The other day, one of my constituents went to see a representative of Sheffield city council. They were having desperate problems with their mortgage, and had been made aware of the Government's excellent scheme that will, in some circumstances, allow people to convert their mortgage into rent. The answer that they got back from the city council was, "We know nothing about this scheme, and we haven't got any money." Lib Dem Sheffield city council should ensure that it is at least able to offer advice to people and point them in the right direction so that they can get access to this excellent scheme that the Government have promoted.

Bob Russell: Will the hon. Gentleman give way?

Mr. Betts: I certainly will. I hope that the hon. Gentleman is going to defend his Lib Dem colleagues.

Bob Russell: I am hoping that the hon. Gentleman, as a good constituency MP, was able to furnish his constituent with the right advice to help him.

Mr. Betts: That constituent is certainly in the process of getting that advice; we are in regular dialogue. We are also going to advise the city council that it could do a little better in its efforts to help local people.

I also welcome the Government's scheme to help people who go on to income support. They will now get help with their mortgages after 13 weeks, rather than nine months. It is important to prevent those people from having to place demands on the social rented sector and make waiting lists even longer. I look forward to hearing from the Minister when the Government will be able to implement a similar scheme for families who have not gone on to income support but who have suffered a loss of family income—because of reduced earnings through short-term working or a family member becoming unemployed, for example—which makes it virtually impossible for them to pay their mortgage. At present, they cannot get access to such a scheme if they are not on income support.

We are not going to roll back and unscramble the right to buy altogether. There have been some advantages to it, as well as some serious disadvantages, which have already been highlighted. The right to buy was about two things: it was about allowing people to get on to the home ownership ladder, and it was about breaking down some of the monolithic tenure areas in which every single property was a council house. In 1980, one ward in Sheffield comprised 99.9 per cent. council houses. The only non-council houses were the doctor's house and a few shops; that was it. The problem now, however, is that the opposite has happened. In some areas, all that is left is a tiny handful of social rented properties, and all the rest are owner-occupied, with a few in the private rented sector.

Following the Select Committee's inquiry, we said to the Government—who I know are looking into this—that local authorities in such areas should be allowed to suspend the right to buy until such time as there were more rented houses available. For example, in an area where it was possible to count on the fingers of one hand the number of family houses available for rent, unless the right to buy were suspended there would be never be any property available to young people who had grown up in the community and who would never be able to afford to buy, but who wanted to remain in the community for family or other reasons. Without being against the right to buy completely, I believe that there should at least be a strategic approach to deal with those problems in certain areas.

Earlier, I challenged the hon. Member for Welwyn Hatfield about building new homes. The reality is that some communities will not want social housing in their area, whatever the incentives being offered. At a public meeting in my constituency two years ago, we talked about some new homes being built. Eventually, one person got up and said, "Well, I suppose we might have to have some new homes in the area, but we don't want homes for those sorts of people, do we?" We knew what he meant by that, and I stood up and said that everyone in the community, including those who could not afford to buy, had a right to live there if they had grown up there and wanted to stay. I said that we should be providing homes for rent. However, some communities will refuse to do that.

Parliament has a responsibility to say that, right across the country, people who can afford only to rent a property have a right to live in their community. If we can get agreement with local councils to build homes, we should proceed by agreement, but if we cannot, Governments and this Parliament must retain the right to say that homes have to be built in those areas for the people who need to rent. In the end, the Opposition have to address that problem because there is a gaping hole in their policy in that respect.

Finally, I am prepared to say that there may even be a role for the private rented sector, but not for the sort of shoddy landlords that we are sometimes used to who rent out squalid properties. There may be a case in the long term for involving the pension funds with investment in high-quality, private sector accommodation for rent. The organisations that build such properties should go into their long-term management rather than proceed on a buy-to-let basis. There are interests at stake here, so the Government should look at how to encourage these developments.

There is also a responsibility to look further into the problems that the Select Committee saw when we went around homes in Westminster. We found that ex-local

[Mr. Betts]

authority properties in tower blocks had been sold off under the right to buy, only to be sold off again, then rented out by a private landlord and managed by a housing association. Westminster council then put homeless families in them and was being charged £400 a week rent. Thus, a property sold with a public subsidy and discounts under the right to buy was subsequently massively subsidised by the taxpayer in order to put a homeless family back into the property.

An organisation called Local Space, which is operating in Newham, Hackney, Tower Hamlets and one or two other London boroughs, is putting forward some interesting schemes. Instead of those housing benefits going to private landlords, they go into a housing association that has been set up to buy property, which will eventually become available for social rent over a number of years. Instead of the public subsidy going into the pockets of private landlords, it is going into housing association funds and it will eventually create more properties for social rent.

Lyn Brown (West Ham) (Lab): Does my hon. Friend agree that when we set up companies that may well put properties back into the public sector, as with Local Space, we must ensure that the model is not predicated on using the highest ever level of housing benefit, as that traps people once again in a cycle of dependency on benefits?

Mr. Betts: My hon. Friend makes a very good point. I think that Local Space is offering a better solution than that of private landlords in these circumstances, although there are still some problems. I hope that Local Space will be able to work with the Government to address them. It represents an important step forward, but my hon. Friend is right to suggest that it does not provide the absolute solution.

To conclude, the Government have an excellent record on their decent homes programme. It was made necessary by the complete absence of any attempt to improve and repair properties in the 18 years of Conservative government. We must now address the serious problem of the lack of supply of social rented housing. There are some immediate difficulties with the current housing crisis. I believe that the Government have to commit more funds to build homes in the future and they have to engage with local authorities here and now in order to get more housing grant to them and encourage them to put land into schemes to get more homes built. It should be a major priority for the next few years to put an end to the enormous personal tragedies that we all see on such a regular basis at our constituency surgeries.

2.13 pm

Anne Main (St. Albans) (Con): The Government set themselves what I believe was an over-ambitious target of 2 million homes by 2016 and 3 million homes by 2020—a significant number of which I assume would be affordable homes for sale or rent. I dispute the Government figures, particularly when we have so many perfectly useful homes lying empty—a matter I shall touch on later.

In response to my inquiry about skills shortages, the Minister for Housing said that she was dealing with the matter. The hon. Member for Sheffield, Attercliffe (Mr. Betts) is, like me, a member of the Select Committee, and I hope that he will reflect on some of the comments I am about to make about skills shortages, which I believe are further delaying the Government's delivery of their particularly ambitious housing agenda.

What, then, are the main obstacles to the delivery of the Government's proposed housing targets? They are skills shortages in planning. In July, the Select Committee on Communities and Local Government, on which I serve, published its report, "Planning Matters—labour shortages and skills gaps", regarding the lack of skilled staff in planning. Anyone living in a high-price area such as St. Albans will testify to the fact that it is extremely difficult to get experienced planners into the system and then to retain those officers.

The Government published their response on 3 November 2008. To say that the Government have given a somewhat vague and lacklustre response to this report would be an understatement. If they are really serious about delivering their housing targets, however ambitious, and if they are really serious about cutting waiting lists for social rented housing and about speeding up build delivery, it would be logical to assume that they would be really serious about ironing out some of the obstacles or problems that appear to beset our planning delivery at a local level—obstacles and problems that have been pointed out to them by the Select Committee, most noticeably shortages of planning skills.

Our Committee concluded in its report:

"Perhaps the most surprising, and frustrating, point to arise repeatedly from this inquiry is the fact that labour and skills shortages in planning are so unsurprising. They have been evident for well over a decade, but review after review, report after report, recommendation after recommendation have not resulted in their reduction. This must change."

That is a damning indictment of 10 years of the Government's inability to tackle the problem. Although the Government acknowledged in their response that progress had been slow and that there was more to be done, they maintained that

"the Government is confident that there will be both a greater supply of people to work in planning, and that professionals working in local government will have a more appropriate skill set to do the work which is necessary".

Where, given the years of inactivity that I have alluded to, do they get that confidence from?

The Government's response contains little or no detailed commitment to specific action. We cannot build houses if the planning system cannot deliver them. Instead, the Government showed an over-emphasis on the roles of others, rather than themselves, and simply restated existing or past initiatives without any new proposals to deal with those acknowledged problems. Do the Government really expect us to accept that the constant assertion that progress will be made will indeed mean that progress happens?

A key issue raised in the report was training for councillors in planning matters. Again, it was acknowledged that many councillors were expected to make complex decisions and that the turnover of councils sometimes means that there is little in the way of a training base for councillors. Again, we are led to believe that development is thwarted or held up through lack of informed decision making. Our recommendation 22 urged the Government specifically to address that problem, but in response to our request for councillor training, the Government simply agreed that it should not be compulsory and

provided examples of where training was already given. One of their key examples, however—the Planning Advisory Service 1:1 support programme—has delivered training to only 36 councils, which is hardly a seismic shift in speeding up the planning upskilling that councillors need.

The Committee's report concluded:

"The Minister for Housing and the Department for Communities and Local Government seem likely to continue to suffer from 'review-itis'".

I am not sure that that is really a word, but it appeared in our report—

"until the repeated concerns expressed and recommendations made over the past 10 years are translated into actions that raise both the number of people who want to be planners and the range and level of skills they possess."

So, instead of the decisive action that we urged on the Government, who have set themselves hugely ambitious targets to deliver more and more houses, they have buried their heads in the sand. The Government's response disagreed with, or failed to address, the key issues in the report's recommendations.

Given the stated recognition by the Government that

"planning is crucial to the economic prosperity of the country"

and the acknowledgement that there are low numbers entering the profession, our report recommended annual assessment so that shortages could be addressed and more encouragement given to get more people into a profession that is so sadly lacking in critical numbers. However, the Government chose not to accept that recommendation; they simply gave a commitment to undertaking three-yearly audits of existing numbers of planners and of their skills base and needs. This three-yearly audit of trends implies a passive monitoring role on the Government's part rather than proactive engagement in, and pursuit of, a solution to this serious professional shortfall, which will no doubt hobble the Government's intention to build more houses. Why, if the Government want to speed up delivery, do they fail to accept the report's findings? I would like the Minister to answer that.

In the case of planning skills shortages, the Committee was so concerned that it felt it had to point out to the Government:

"There is a significant risk that major Government targets for development and regeneration will be missed because our planning system is unable to manage either the volume or the variety of tasks it will be required to perform between now and 2020."

What is the Government's response? To do nothing. Perhaps the Minister will at least attempt to explain how even a reasonable percentage of those extra homes can be built when the Government have refused to address one of the biggest obstacles to delivering them—the lack of skilled planners.

The Government's other glaring deficiency is their absolute failure to deliver their own legislation in the shape of empty dwelling management orders. As we have already heard several times today, the Empty Homes Agency has estimated that more than 1 million homes in the United Kingdom are empty. The vast majority—more than four out of five—are believed to be owned by private landlords. The Government have been intending to address the problem, but little has been done.

The EHA estimates that of the 762,000 empty residential properties in England, 650,000 are owned by private landlords, and almost half are thought to have been empty for more than six months. According to the charity's own estimates, there are at least another 77,000 empty residential properties in Scotland and 50,000 in Wales and Northern Ireland. Surely, at a time when we are being pushed to "build, build, build", if there are tools in our toolbox enabling us to return empty, serviceable homes to use so that families can live in them, that should be our first duty. I do not know why the Government have abandoned it.

The EHA's chief executive, David Ireland, predicts that the total number of empty residential properties will pass 1 million, a prediction that we have heard again today. He has said:

"The situation is getting worse…Even these figures were compiled in October 2007, before the property downturn led to a rise in repossessions. We're at the beginning of a trend of rising empty homes, which is what we have seen at the beginning of other recessions."

The Housing Act 2004 made provision for local authorities to take over the management of certain residential premises, but, in October 2007, the Government reported that only six interim empty dwelling management orders had been approved since that provision came into force, and very few orders have been employed since then. In November, in reply to a question asked by the hon. Member for Brent, East (Sarah Teather), the Minister for Housing revealed that only 15 had been issued—15, when 1 million homes stand empty! In St. Albans alone, an extremely highly priced area, there are 1,500 empty domestic dwellings. The Government's council tax records show that, in 2007, there were 762,635 in England as a whole, so St. Albans is fairly typical.

The Government are now quietly shelving the EDMOs. Although levels of homelessness are expected to rise, we shall have 1 million empty built homes along with the sclerosis in the planning system that prevents us from building the homes that are desperately needed. I pay tribute to the charities in my constituency that pick up the pieces for those 1,500 people: Centre 33, Emmaus and Open Door. I visit all of them regularly, and all of them tell me that this is a growing problem affecting homelessness in St. Albans, and a growing problem for all local authorities that cannot deliver fit and decent homes for people speedily enough.

2.23 pm

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): Access to housing that is adequate in terms of both size and condition is by far the most serious problem for my constituents and, I suspect, those of many Members representing inner-London and other inner-city areas. The pressures related to schools and health care experienced by inner-London areas as a result of social deprivation and population mobility are exaggerated in comparison with those in other parts of the country, but the housing pressures that they experience are exaggerated to an even greater degree.

Although I am pleased that we are debating this issue, I am frankly appalled by the trivial and content-free stance that the Opposition have chosen to take. This is student politics. They have picked a Labour issue on

[Mr. Andy Slaughter]

which the Conservatives have an atrocious record over many decades to see how far they can get with it. In the time available to me, I shall give a London perspective. I hope to demonstrate not only that this is a complicated issue, but that where the Conservatives are in power—as they predominantly are in London, at both regional and local level—what they are doing, often through deliberate policy, is the opposite of what the motion suggests.

Housing waiting lists are a guide to housing need, although, interestingly, my local Conservative council says that they are irrelevant because anyone can sign up to them. The statistics on overcrowding or temporary accommodation are probably a better guide. They show that 75 per cent. of families in temporary accommodation are in London, as are 40 per cent. of overcrowded households.

I am pleased that the Government are now investing, but their priority was dealing with conditions that had to be dealt with. I wish that investment to deal with housing supply and the size of units had begun earlier, because we are now having to play catch-up. As was pointed out by my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford), we should appreciate that the appalling conditions in which council housing had been left had to be addressed; however, because of the increase in housing need—largely due, in London, to the state of the property market over the past few years, which has not been redressed by the fall in prices—we need immediate investment to deal with the number and size of units.

The problem is that the delivery arm of that necessary investment—which, in terms of both policy and action, consists of registered social landlords, local authorities and the Mayor of London—is simply not reacting. The Mayor's housing strategy involved two significant factors, one of which was the removal of targets. I have heard the rhetoric, and I see it again in the motion, but I have yet to hear anyone explain convincingly how the absence of targets would increase the number of affordable housing units built in London. In the financial year ending in March 2008, the first year in which the Conservatives were responsible for housing starts in Hammersmith and Fulham, fewer than 5 per cent. were affordable housing starts.

Grant Shapps: Five per cent. of what?

Mr. Slaughter: It would have to be 5 per cent. of a very large number to make any contribution, and it certainly was not that.

The other significant factor in the Mayor's housing strategy was the raising of the affordable housing income threshold to £72,000. Recently, during a debate in Westminster Hall, my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) asked the hon. Member for Welwyn Hatfield (Grant Shapps) to what extent he believed people earning significantly more than Members of Parliament were a priority for housing need in London. I think that the hon. Gentleman has yet to answer that question as well.

The principal culprits in relation to London's housing strategy at the moment, however, are the Conservative boroughs. Let me run through some of the policies that are currently in force. I shall be happy to give way to Opposition Members who may wish to say whether they support them. It is true that there is a decline in the property market, but local authorities still have a fair amount of section 106 money. My Conservative authority has said that it does not wish to use for the purpose of building affordable housing money given to it specifically for that purpose. When units have already been built or planning consent has already been granted, it wishes to return those units to the developer so that they can be used for luxury housing. That happened to 250 units on the Imperial Wharf site in Fulham last year. Apparently, those units—50 shared-ownership and 200 social rented—were not needed by a local authority with 8,000 people on the waiting list and more than 1,100 families in temporary accommodation.

The Conservatives are quick to criticise the Government for not making Government land available, but Labour councils, when land was available to them—it is at a premium in inner London now; it really is quite precious—used to pass it to RSLs, at nil value, for the development of social housing. Obviously that meant that the land went further: with the social housing grant that was available, it was possible to build more and cheaper units. Those bits of council land that do become available are now auctioned off to private developers or RSLs, with the consequence that the predominance of housing on those sites is either market housing or what is called intermediate housing, which is very expensive. As a result, most RSLs in west London are now property developers. They are not building affordable housing at all; they are simply building market housing or what is called discount market sale housing.

The motion briefly mentions rough sleeping—I think it crept in as an afterthought. Policy on that is dealt with in my local area not by the councillors who are responsible for social care, but by the councillors who are responsible for antisocial behaviour and crime. As a consequence, when the BBC offered us a night shelter and all the funding for it, that was refused by the local authority on the grounds that it might encourage undesirable elements into the area. The one large day-centre for homeless people in Shepherd's Bush—the Broadway project, which I sat on the board of for about 20 years—is an excellent project operating from a purpose-built building, but the authority is seeking to withdraw its grant and to close it, because it believes it lowers the tone of the area.

The key policies Conservative councils are pursuing are the disposal and demolition of social housing, and the failure to construct new units of social housing. In policy terms, we have moved from a situation in which 40 per cent. of all housing built in the borough was socially rented housing—that was under a Labour administration—to one where the target is 10 per cent. but the reality is zero; the real target is that zero units of new housing should be socially rented, on the basis that there is already too much socially rented housing in the borough. There is, in fact, 32 per cent. social housing in the borough, which is less than the inner London average, and, of course, any sensible person would say, "Well that creates a need for more social housing, as families grow and houses are sold through the right to buy and so forth." In reality, however, the policy is that that is too much and we need less. Therefore, we now have situations such as that in White City, which is quite

famous because the Mayor was caught out changing his mind: all the social housing was stripped out of a new development, contrary to what the tenants and residents of the area had been promised, simply to ensure that market housing was built on the site. That regularly happens across the borough.

Last week, I attended a public meeting called by the leader of the council for tenants and residents of 800 council leasehold and tenanted flats in west Kensington. Rather than give my own no doubt partial version of events, I shall read the account that was published on the front page of the local newspaper. The headline was, "Rich inherit the borough: residents seethe at council leader's plan to bulldoze homes to make way for wealthy to regenerate economy". The article reports:

"Householders reacted with anger and dismay to plans to bulldoze their homes as the council leader claimed he wanted 'very rich people' to live in North Fulham.

Stephen Greenhalgh confirmed his redevelopment proposals for West Kensington and Gibbs Green estates as part of a wider revamp including Earl's Court and Kensington Olympia.

Addressing a crowd of seething residents this week he declared: 'We want to attract people who are very rich if we want to boost the local economy.'"

[Interruption.] So 800 council rented and leasehold flats are to be demolished to build an international conference centre, and no—*[Interruption.]*

Mr. Deputy Speaker: Order. If Members wish to intervene, it is much more helpful if they stand up and do it in the usual way. Is the hon. Gentleman willing to give way?

Mr. Slaughter: Yes.

Justine Greening: I actually wished to make a point of order, Mr. Deputy Speaker. The concern I wished to raise is that the hon. Gentleman is making a speech about a constituency that is not his own; he keeps on referring to Fulham, which is represented by another Member.

Mr. Deputy Speaker: Members' remarks are in no way confined to their own constituencies. They may talk about whatever they like to talk about.

Mr. Slaughter: Is that really the best the hon. Lady can do? She is a near neighbour of mine as she represents Putney. That is also an inner-London constituency. Despite Wandsworth council's attempts over the years to move all the poor out of the borough, she must experience some of the same concerns as I do. I have invited Opposition Members to intervene on any of the examples I have given. I am speaking very slowly so that they can understand what Conservative housing policy means in practice in inner London. I have given about six examples so far; Conservative Members are yawning a bit and looking at their watches, and I am sorry if what I have to say is not more entertaining. I invite them by all means to challenge me and say whether or not they support their authorities' policies, but for the hon. Lady to come up with a point of such triviality just confirms what I have been saying.

The second area I would like to look at is low-cost home ownership, because Hammersmith and Fulham council has put a huge amount of money into promoting that. I shall at this point respond to the hon. Lady's remark. She probably understands that even in Wandsworth housing allocation policies are done on a borough basis. Therefore, what happens in Fulham affects my constituents in Shepherd's Bush. The 200 homes that were given back, in a cosy deal, to a private developer would have been homes for people living in Shepherd's Bush as much as for people living in west Kensington and Fulham. Therefore, the hon. Lady's point is not only trivia, it is inane as well and I am sorry that it is the best she can do.

No one is against low-cost home ownership; indeed, the previous Labour council in Hammersmith and Fulham brought in a much higher proportion and amount of low-cost home ownership than the current Conservative council. The real shift has been away from social rented housing to market housing. However, there is a problem with low-cost home ownership in London: it is not low cost. That is a problem for many authorities. On the council's own figures, the average income of people accessing low-cost home ownership in Hammersmith and Fulham is currently £38,422. The Conservatives would like it to be higher than that—that is why the Mayor has extended the upper income limit to £72,000—but an income of £38,000 excludes almost everybody in housing need; on those terms, the numbers we are talking about are almost in single figures. The vast majority of people on the low-cost home ownership register are not council tenants or those in temporary accommodation, and they are certainly not people who are disabled or people from black and minority ethnic backgrounds, because the council itself concedes that its policies discriminate against those classes of people as they tend to be on lower incomes. Already, people accessing this kind of housing are earning £40,000-plus, but 40 per cent. of households in the borough are on incomes below £20,000, and they are, in general terms, those most in housing need. This average figure is distorted by the fact that a lot of very wealthy people live in west London, but even the average income is only £28,000.

The ratio in 2007—I appreciate this might have changed, but not to a very great extent—between average income and the average price of a home was 19; people needed to raise 19 times their average salary in order to buy a property in Hammersmith and Fulham. The general costs of shared ownership properties are about two thirds of market rates when one takes into account discount, rental element, service charges and so forth; that is the formula that housing associations and RSLs tend to work on. Even if the ratios are no longer as much as 19 and two thirds, it does not take much imagination to understand the sort of income level that people need to have to access low-cost home ownership property. This is a problem.

Hammersmith and Fulham is the local authority that has made it an absolute testament only to invest in property for sale; it is not interested in property for rent whatever. So far this year, five properties have been sold under the right to buy, and about 40 people have accessed housing through the total raft of home ownership schemes. That includes through social homebuy. It speaks very highly of that—although I know those on the Opposition Front-Bench do not—yet it has failed to sell a single unit through that scheme. So, the approach simply does not work.

[Mr. Slaughter]

Low-cost home ownership is used by Conservative councils as a Trojan horse for doing nothing. They are happy for people on £50,000 or £60,000 to have a property that they would not otherwise be able to access unless they were on £70,000 or £80,000, but these so-called home ownership schemes are simply not a possibility for people on £20,000 or £30,000—the key workers, and the people on low, average or even twice-average incomes. The Government need to take note of that, because we often all fall into the trap of saying that we are providing for people who just do not qualify for social rented housing when, in reality, we are not providing for that class of society at all—things are being done with extraordinary cynicism.

The final point that I wish to deal with is slightly topsy-turvy, because although these policies are being pursued with some gusto by Conservative councils across London, their net effect is to keep waiting lists down. That is partly because of the temporary accommodation targets, which are a good thing, but they have unintended consequences. Conservative authorities, in particular, are looking at ways of keeping people off the housing register come what may, and that can be done through the crudest and cruellest measures.

For the 25 years that I have been going to Hammersmith town hall, if a homeless family turned up out of hours—after 4 o'clock and thus having not been able to get into the housing office—they would have to wait in the reception at the town hall until the emergency service could find them emergency accommodation. In such circumstances, people now have to wait outside the town hall, where a red phone has been put up. They speak to someone on the other end of the line and they then wait for one hour, two hours, three hours in the rain or the cold because they are not considered fit people to wait in the town hall foyer of an evening. Staffing, too, has been considerably cut back.

These are all old tricks learned from Wandsworth and Westminster in the 1980s. There is a story that may be apocryphal, although I do not think it is, that back in the early '80s Wandsworth council closed its housing advice services and put a map on the front door showing the way to Hammersmith and Fulham town hall, because that is how much it was interested in people in housing need in the area. The messages are unmistakable. If a Member of Parliament writes in to complain about somebody who is wrongly banded in an allocation scheme or who has been waiting an inordinate amount of time, they receive the most cursory letter back emphasising—it does not apologise or give an explanation—the length of time people would have to wait to access social housing. These letters say, "For this type of property, the wait will be a minimum of 12 years." Everything is geared to encouraging people not to register, to move out and to go somewhere else—that is the policy. It is not surprising that that is the policy, given what I said about the absolute decline that has taken place—the demolition and sale of housing, and the failure to build it. In such circumstances, of course these councils cannot cope with more people on their waiting lists.

Someone who does manage to see a housing adviser at Hammersmith and Fulham will be pressurised into signing a form that says that they do not wish to go on to the housing register. What they will be given instead is a little assistance with accessing housing benefit and possibly with a deposit. They will then be introduced to a friendly private landlord who will offer them a property—this is called "direct lets". Typically, it will be an ex-local authority property—under some of the schemes that we have heard about—in another borough, it will be vermin-infested and it may not have gas or electricity. But the council does not mind that, because the person will be not only off the list, but out of the borough. The relationship that local authorities have with some very dubious landlords of this kind simply in order to be able to prevent people from accessing social housing or even getting in the queue for it is, again, something that the Government need to examine. The irony is that this system means that the housing waiting lists are lower than they perhaps otherwise would be. I do not deny, and have never denied, that this is an issue with which the Government must come to terms; it will not be resolved by local authorities in London.

I shall give one more example, because it was used earlier in relation to temporary accommodation. There is some good council-owned temporary accommodation in residential streets throughout the borough of Hammersmith and Fulham—not only in Shepherd's Bush and Hammersmith, but even in Fulham. That is being sold off for auction; in other words, the families who are in those properties are being moved out. Either these families jump the queue, which is good for them, but bad for others on the list, or they go into private sector temporary accommodation, which is, again, usually outside the borough, and the taxpayer will be paying up to £700 a week in housing benefit charges. Again, the council does not mind that, because it gets a capital receipt for selling off the property in the borough. The council also does not mind that the total cost to the taxpayer might have been £100 or £200 a week when the family was in the original accommodation and will be £700 a week in the new accommodation—after all, it is not the council's money; it is the Government's money.

This approach is being taken on every possible criteria and in every possible area of policy. What is the reason for that? Part of the reason is social engineering and, indeed, political engineering. The Tories who are running London make Shirley Porter look like Joseph Rowntree in terms of that degree of policy. A deeper motivation is involved, which came up in the Tory policy review. I have put this to the Opposition spokesman on many occasions and he wriggles a bit. The press release put out by my local Conservative council celebrating the overturning of targets states:

> "Council housing can be a great safety net to help get people back on their feet, but that should be all it is. Council housing is a springboard—not a destination".

That is what lies behind the Conservatives' housing policy, and these authorities are simply a stalking horse for what I believe we will see if they get into government; permanent council housing—rented housing—is no longer considered to be an option, which is why we will see right to buy in respect of registered social landlords and why we will see no new building, despite what is said here. We have heard nothing from them to say where the money will come from for that building. We will see a continued pressure on the most pressurised part of our society—people who live in housing need—with all the socially detrimental effects that we all know that has in

terms of schooling and health. This is a deliberate policy—it is not incompetence and it is not down to a lack of money or resources—of studied cruelty, which the Conservative party has decided to put into effect. It has certainly done so in London, and I suspect that it has done so in other parts of the country too.

That is why I say that despite this welcome opportunity to debate these issues, rather than making the trivialising and schoolboy points that we have heard, the Conservatives should look at what they are doing to a significant sector of our society—people who are being marginalised and punished for nothing more than not having the means to afford good quality housing in our capital city.

2.47 pm

Sir George Young (North-West Hampshire) (Con): It is a pleasure to follow my successor but one, the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter). I was not surprised to hear that housing remains the most challenging problem for his constituents—it certainly was for the 23 years that I represented Ealing, Acton—but I must say to him that he overstated his case. Accusing my hon. and right hon. Friends of having a housing policy of "studied cruelty" is absurd, and saying that it is our intention to punish poor people is a parody of my party's housing policy. I honestly do not think that that sort of language advances very far what should be a serious debate about housing.

I wish to pick up a point made by the hon. Member for Sheffield, Attercliffe (Mr. Betts). I am sure that some communities are resistant to more social housing being built, but other communities do not have the rather narrow vision to which he referred. There is a village in my constituency in Hampshire that is accommodating all the extra houses required by the local plan and still has taken the view that there is not adequate social housing in the village. There is a move to sell off the allotments owned by the village and relocate them at the edge in order to provide more social housing in the middle of the village, over and above that which it has to provide. The reason for that movement is that the village is in control—this is not additional housing being foisted on it by a remote authority; it is local people seeing a local need for houses for the teachers, the postmen and the nurses, and wanting to make that provision. So, there is another side to that coin of resistance to new housing.

I do not want to fight old battles, although there is a real temptation to do so, given that some of the speeches we have heard have gone back to the 1970s, the 1980s and the 1990s. However, I will say that the introduction of the right to buy was a progressive and enlightened social reform that was bitterly resisted by Opposition parties at the time. It enfranchised millions of people and made a reality of home ownership for people for whom it had previously been a dream. It transformed monolithic local authority estates and generated large sums of money that either reduced public debt or were recycled back into new housing. I make no apology for being a keen supporter of the right to buy when it was introduced.

Other policies were bitterly opposed at the time—housing action trusts and large-scale voluntary transfer—but are now an accepted part of housing policy. They are the foundations on which housing policy is now built.

Bob Russell: Will the right hon. Gentleman give way?

Sir George Young: I hope that the hon. Gentleman will not invite me to fight old battles.

Bob Russell: I just wanted to ask the right hon. Gentleman whether he agrees that if the proceeds from the right-to-buy policy had been invested in new housing stock, we would not be in our present situation. Will he acknowledge that connection?

Sir George Young: I was a housing Minister in the 1980s, and the receipts from right to buy tended to clock up in Tory-controlled boroughs outside the cities. We prevented them from spending those receipts and we recycled the spending power into the inner cities, which were not generating right-to-buy receipts to the same extent. That was not a popular policy with my colleagues, but it was the right thing to do. So it was certainly the case that we stopped some local authorities spending their capital receipts, in favour of areas of greater need.

With the benefit of hindsight, the Government must be wishing that the £12 billion spent in December on the VAT reduction had been spent, at least in part, on helping those in housing need. Instead of an imperceptible reduction in retail prices, the money could have been used to buy up land at low prices; build out sites with planning consent; buy properties overhanging the market; increase grant for section 106 schemes frozen in the pipeline; and put more resources into the mortgage rescue scheme, helping those in housing need and threatened with being homeless. We would then have had something tangible to show for the huge debt that the Government have clocked up in our name. We would have had some assets on the other side of the balance sheet.

If people are in housing need, what matters to them is not the number of new homes being built, but the number that are re-let. That is the currency that really matters. I was disappointed to read—I think that it was in *The Times* last Saturday—a badly informed piece attacking the tenants incentive scheme. If one wants to provide a new home to rent to someone on the housing list, it is much cheaper and quicker to encourage someone to move out of an existing local authority or housing association home and re-let it. It is perfectly acceptable to say to people whose circumstances have improved since they became the tenant of a registered social landlord, "Can we help you achieve what may be your ambition of becoming a homeowner?" In that way, public money can be used to generate a re-let and increase turnover. I hope that the tenants incentive scheme and related schemes will remain part of the portfolio, and that the Government do not fall for the criticism that I read last Saturday.

A constituent who came to see me at my advice bureau a few days ago said, "Why are the Government putting so much money and energy into rescuing the motor industry and not doing nearly so much for housing?" He had a good point. I note in passing that both the motor industry and the construction industry have as their sponsors experienced Ministers who left the Government when Tony Blair was Prime Minister, but who came back last year at the invitation of the Prime Minister—Lord Mandelson and the Minister for Housing.

[Sir George Young]

We all have sympathy with those who work in motor manufacturing, but I start from the premise that people need homes more than they need cars. In the motor industry, there is excess supply and inadequate demand, as pictures of cars stacked at docks constantly remind us, but when it comes to affordable housing, there is excess demand and inadequate supply. So, to the neutral observer, the case for additional Government support is far greater for housing than for motor manufacturing, especially as houses, by definition, are manufactured locally, whereas a good percentage of the cars we buy are imported.

My constituent had a good question. Why, since the beginning of the year, have we had statements, initiatives and publicity on the one, but not on the other? It may be because the motor industry is better organised and located in politically sensitive areas. Whatever the reason, we need to redress the balance, and I hope that in the next few weeks we will have an announcement of support for the housing and construction industries. The £12 billion spent on VAT reduction was a wasted opportunity, and I wonder what housing Ministers were doing during the debates before that decision. Did they make their case forcefully?

I wish to be brief, as many hon. Members wish to speak, but I want to touch on two options, one a dead end and the other a possibly useful way forward. The dead end is a return to council house building. I have nothing against local authorities building houses, but it is not a sensible use of public money. As Bob Kerslake said in *Inside Housing* last week:

"The problem is that the HCA has been forced to treat money councils borrowed to build homes, on top of grant, as public subsidy. If a housing association bids, only the grant is counted as public subsidy, making council schemes more expensive to the public purse."

So anyone who wants to get more homes for a given amount of public money will route the money through housing associations, not through local authorities.

The pressure to build council houses is not coming from those on the waiting list. All they want is a good quality home, at an affordable rent, with a responsible landlord—they do not mind whether it is a local authority or a registered social landlord. The pressure to build council houses comes from councils that do not realise that the world has moved on and that they now have a strategic and enabling role, rather than one as a direct provider.

The Prime Minister has raised false hopes on this front. Speaking at the New Local Government Network, he said:

"If local authorities can build social housing in sustainable communities that meets the aspirations of the British people then we will give them our full backing and put aside anything that stands in their way."

Elsewhere he inserted the key phrase "cost-effectively". When he was Chancellor, he was pressed on several occasions to change the rules to allow local authorities to borrow without that scoring against public expenditure, and he refused. It would be an astonishing U-turn if he now agreed to that, especially as we now have an independent body in charge of the definition of public borrowing. Those who believe that the resumption of council house building will solve our problems are crying for the moon. A much more promising option is not mentioned in any of the motions, but it would help those on waiting lists and in housing need. It is to revive the debate about getting private institutional funds into renting, through housing investment trusts or real estate investment trusts. For 15 years, there has been an all-party consensus on the need for a new investment vehicle to promote investment in residential property that would attract long-term institutional funds, broaden the market, give a wider choice to those who want to rent, help those on the waiting list and enable private and institutional investors to get exposure to the residential property market that they cannot get at the moment.

Such trusts were envisaged as the last stage of a series of reforms to promote the increased supply of good quality rented housing. We introduced assured shorthold tenancies to put tenancies on a viable basis. Once we had that underpinning the private rented sector, there was going to be a new fiscal framework to get serious, respectable, long-term institutional funds into property for rent. At present, such institutions can get exposure to equities and to commercial property, but not to residential property. Such trusts would allow that exposure. No one knows whether we are at the bottom of the property market, but we are a lot closer to it than a year ago. There is therefore a real appetite to invest now, with billions of pounds available, as long as we have the right investment vehicle. Unfortunately, the Government have been very dilatory.

In March 2004, the Treasury consultation paper said that a real estate investment trust

"structure in the UK would therefore set a challenge for the industry to encourage development of new housing, which could...be managed within"

that structure. It continued:

"The Government is keen to encourage greater renewal in the property sector, and the development of new...residential buildings".

In 2006, the then Chancellor said in his Budget speech:

"To attract more capital into house building, we are now legislating to introduce for Britain the real estate investment trusts that are so successful in the USA."—[*Official Report*, 22 March 2006; Vol. 444, c. 293.]

However, nothing has happened since. The only investment trusts have been in commercial property and pubs.

At a meeting with Bob Kerslake a few days ago, I was interested to hear that that dialogue is being revived, at long last. With public expenditure now stretched to its limit, we need a fresh look at how institutional funds can be harnessed to tackle the needs that my hon. Friend the Member for Welwyn Hatfield (Grant Shapps) mentioned so eloquently in his opening speech. It is going to need some flexibility and lateral thinking, but the time is right for a fresh initiative. I hope that the Minister, when he winds up, will tell us that that option is being actively explored, as I believe that it would offer very real benefit to those in housing need.

3 pm

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): First, may I draw attention to the interests declared in my entry in the Register Of Members' Interests? Secondly, may I say what a pleasure it is to follow the right hon. Member for North-West Hampshire (Sir George Young)? I followed him, although not quite so immediately as this afternoon, in the role of Housing Minister. Both of

us know, as do almost all hon. Members, just how important housing is to the lives of our constituents and how crucial an effective and good housing policy is to ensuring social well-being and economic prosperity for the country.

Housing is an issue that has commanded considerable political salience throughout much of the past century, but the policies adopted at various points during that time have not always been as intelligent and far-sighted as they might have been. In the period immediately after the second world war, and for much of the following three decades, the focus was remorselessly on numbers. It was understandable why numbers were seen as important, as we were dealing with the backlog of wartime damage, dereliction and the fact that no homes at all had been built for some years.

However, the danger with the remorseless focus on numbers that was very much the driver of housing policy at that time was that other issues tended to be given a lower priority. The remorseless focus on numbers displayed today by the hon. Member for Welwyn Hatfield (Grant Shapps) will not do a service to the country if his remarks serve to draw attention away from the equally important issues of quality, sustainability and the need for appropriate mixed-tenure developments that provide a decent environment for people to live in.

Sir George Young: Will the right hon. Gentleman apply his criticism to the Government's target of building 3 million homes by 2020?

Mr. Raynsford: I was going to say that all Governments have tended to adopt that approach. It is very easy and simplistic. A politician under pressure is likely to say that he will deliver numbers. Nye Bevan did it immediately after the war when he increased the housing output dramatically. Harold Macmillan did it in the 1950s: he promised 300,000 homes a year and delivered them. Harold Wilson said, "I'll go one better, I'll do 400,000 homes a year," and he did it.

In their own terms, those politicians were successful, but the legacy was not so successful. When the right hon. Gentleman was Housing Minister—and this was still the case when I was in the post—he had to deal with the problems associated with an excessive focus on quantity not quality. Those problems were partly seen in the very unsatisfactory council estates that were often badly designed and shoddily built, and which above all were inadequately maintained. Many of them had to be either demolished or substantially remodelled at enormous cost.

However, an equal problem involved the many very unsustainable private housing developments that were often built on greenfield sites to unsustainably low densities. Their very poor energy efficiency has left us with a huge legacy of homes that are very difficult to keep warm economically and which contribute massively to global warming through carbon emissions. So let us not go down the route of focusing uniquely on numbers and forgetting the wider issues that are vital to a good and sensible housing policy.

Bob Russell: Is the right hon. Gentleman saying that people must be sacrificed? He must accept that people need to be housed, yet people are numbers so housing them must be a question of numbers. If we go for quality rather than quantity, what happens to the surplus that does not meet the quality criteria?

Mr. Raynsford: Of course we have to be responsible about meeting demand, but focusing remorselessly on numbers was a problem in the past—and I am afraid that it was the problem with the speech from the hon. Member for Welwyn Hatfield—as it meant that quality and other issues tended to be forgotten.

The result of such thinking is that dwellings have to be demolished—and this Government had to demolish hundreds of thousands of them—because they are unsatisfactory. That is a vast waste of resources that could be better spent, and I put it to the hon. Member for Colchester (Bob Russell) that the problem cannot be resolved by increasing numbers in a simplistic way. Instead, we need a housing policy that addresses a range of issues, only one of which is quantity.

When we came into government in 1997 there was a huge backlog of substandard housing, as has already been noted. The bill to put right all the disrepair in the social housing sector alone came to £19 billion. There was also a problem with unsustainable patterns of development, and the disproportionate building at low density on greenfield sites quite rightly provoked public anger and led to charges that the countryside was being concreted over. In fact, the legacy belonged to the previous Conservative Government, but the new Opposition were quite clever about shifting the political responsibility and blame on to the present Government. However, the legacy that I have described was the product of unsustainable patterns of development, and that policy had to be changed.

There was also a problem of social division that resulted from a curious aberration of housing policy in the 20th century. For the first time in human history, to my knowledge, a policy of social apartheid was deliberately adopted. Estates were created with uniquely owner-occupied housing in some areas and uniquely social housing in others. The two never met.

I am open to correction, but it seems to me that one can look back to the 18th or 19th centuries, or back to mediaeval times or even before that, and see that although richer people obviously enjoyed better housing, communities did not suffer from rigid social stratification with areas treated exclusively as the preserve of only one social class. That was a pernicious influence, and it needed to change.

That is why I say that a good housing policy has to be about more than just numbers: it has to be about the quality, style, location and mix of a development too. The incoming Labour Government put in place measures to tackle precisely those problems. The decent homes programme has been a very significant success, as I think hon. Members of all parties must accept, and it has helped to turn around the huge inherited problem of the backlog of disrepair in the social sector. Moreover, the change in emphasis away from greenfield development and the greater focus on brownfield development have undoubtedly helped to reduce pressure in the countryside, while the work to try and get acceptance for mixed-tenure developments has been very important, especially in the long term.

That was not an easy task, as the house building industry was strongly resistant. Its members wanted to go on building in the patterns that they had traditionally used throughout most of the post-war era and with which they felt comfortable. Getting them to accept that it was desirable and appropriate to build mixed-tenure

[Mr. Raynsford]

developments with some social housing, some intermediate housing and some housing that was for sale outright took time, but we got there and the industry accepts that mixed-tenure development is appropriate.

The house building industry also accepts the need to improve hugely the energy performance of housing. I was Minister for construction in the very early days of the present Government, and I remember the resistance among housebuilders to the change in part L of the building regulations that was designed to improve energy efficiency in housing but which they saw as a burden and an undesirable imposition. Fortunately, the industry is now engaged in a constructive dialogue with Government about how to achieve the hugely ambitious target of zero carbon emissions by 2016. That will not be at all easy to achieve, but the fact that housebuilders are engaged in the dialogue represents a sea change in the industry's attitude.

I am aware of some of the developments that have been achieved, and one of them is the Greenwich millennium village in my constituency. I live there, and it is frequently talked about: a mixed-tenure development of very high-quality housing, with a lovely environment, it has excellent transport linkages, a school and a health centre. It was built on sustainability principles, and it works. Such exemplars exist and we should be proud of them. We should talk about them more and promote them, but unfortunately all the processes of change take time.

My local authority is Greenwich council, and it was awarded the beacon council award for new housing development precisely because of its support for developments such as the millennium village. Part of the beacon council arrangement is that people from other authorities are invited to come and learn from the ones that win the award, but many of the people who came to Greenwich did not believe that it was possible to use section 106 and other such mechanisms to achieve that sort of development. That is a politics and social policy issue; it is a question of effecting change, and getting people to see what can be done.

Using new mechanisms better takes time. All the changes have taken time, and I accept openly that there has been a problem of an inadequate supply of new housing. The irony is that just before the impact of the credit crunch was felt, there was a rising trend in new building, both in social housing and market housing, as a result of the Government's increased emphasis on output. We were approaching a figure of 200,000 homes a year, and the objective of 240,000 homes a year by 2016 was not unreasonable. Things have totally changed. We are living in a completely different world. The impact of the credit crunch, the withdrawal of mortgage facilities from large numbers of people, and the inability to maintain the traditional development model of cross-subsidy from market housing to social housing have all created huge problems in delivering a homes programme on a decent scale.

Fortunately, there is one bright spark in the otherwise grim situation, and that is the creation of the Homes and Communities Agency. For that, I give great credit to the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hartlepool (Mr. Wright), who will respond to the debate, and who took the Bill that created the agency through Parliament. The creation of the agency was a really positive move. I am sorry that the Opposition were opposed to it at the time, and cast all sorts of doubts on the agency; they must now recognise that in this extremely difficult period, the agency is the one body that gives us a chance to achieve a sustained housing programme of some capacity to meet needs.

The agency has some very difficult tasks. It has to help to prevent the current level of repossessions from undermining confidence even further. It has to ensure that developments that would otherwise have stalled are helped to proceed through the judicious use of investment. It has to try to maintain capacity in the construction and house building sectors. It has to ensure that the housing association movement can continue to develop when its traditional model, based on cross-subsidy from sales to rented housing, is no longer effectively workable. It has to ensure that a range of standards that make housing desirable continue to be met, even though the industry is increasingly resistant to meeting the high standards expected of it because of financial pressures.

The agency has a hugely difficult task, but we are lucky that it is there, and very lucky that it is led by an absolutely first-class team, headed by Sir Bob Kerslake. His colleagues on the agency's senior management team are a very experienced and high-calibre group of people. I am delighted that we have their expertise to help us through extremely difficult times.

What is required is not sloganising or simplistic political debates, but a serious analysis of how we guide ourselves through difficult times, how we build as many homes as possible in these difficult circumstances, and above all, how we ensure that they meet the quality and sustainability objectives that we now understand are fundamental to good housing policy. For that reason, I do not believe that the Opposition's motion merits support. I hope that it will be decisively rejected.

3.13 pm

Mr. Robert Syms (Poole) (Con): I declare my interest, as set out in the Register of Members' Interests; I am the director of a building company and a property company, and have one or two other entries.

This is an interesting and important debate. Unemployment did not quite break the 2-million mark today, but many Members see people with housing problems in their surgeries. It is fairly clear that many of the people who come to see me time and again with great, long-term problems have difficulties that date from their being caught with negative equity in the early 1990s, when my party was in government. They have never quite recovered from the housing difficulties that they faced then.

The difficulty today, as opposed to 10 or 15 years ago, is the level of personal debt; mortgage debt is far higher. I fear that as unemployment rises, the consequences for individuals will be pretty severe. One welcomes any kind of assistance with mortgages, but the reality is that if somebody is out of work for any time, they will get into financial difficulty. If there are two people in a household who work, and one loses their job, the household does not necessarily qualify for mortgage help. The rules mean that those who are highly geared up, in particular, will face problems. As we heard from my

hon. Friend the Member for Welwyn Hatfield (Grant Shapps), our Front-Bench spokesman, the figures show an increase in the number of people on the waiting list for social housing. I think that in the next two or three years, there will be a large growth in those figures.

There was not much that I could disagree with in the speech of the right hon. Member for Greenwich and Woolwich (Mr. Raynsford); it was a well-turned speech on housing policy. Numbers are not the only issue, although they are important. The difference between this country and the United States of America, which has surplus housing, is that longevity and divorce mean that there will be continued housing demand here in the long term. However, we must ensure quality housing, and we must manage our housing stock better. Financial or tax incentives to manage our housing stock better are necessarily far more productive than sallying forth with targets for 3 million homes.

We should bear it in mind that there are some 2 million empty flats over shops, and local authorities and social landlords still have quite a lot of void properties. There are far too many empty properties in the private sector, and a lot more could be done to use existing housing stock to house people. We have to consider the issue as a whole if we are to provide housing, that most basic requirement. My right hon. Friend the Member for North-West Hampshire (Sir George Young) mentioned the difference between the car industry and the housing industry. He was right; it is important that we house people, because the consequences of poor housing for families and children are substantial. I am on the Health Committee, which is looking into health inequalities, and the issue of housing tends to come up fairly regularly in relation to health inequalities. The issues are intricately linked.

In the brief time available to me, I would like to raise an issue that I mentioned in an intervention. We are fortunate in my area to have Poole Housing Partnership, an arm's length management organisation. It does a very good job in providing housing for people. It is still within the housing revenue account system. This year, it is paying £3.4 million of negative subsidy—in other words, it pays that amount into the pot. Next year, it is expected to pay £4.5 million into the pot, which is about 20 per cent. of council rents. Our area has high housing costs, and we have a waiting list as a result. Social housing has to take the strain. Local people find it difficult to understand why, when they pay rent to Poole Housing Partnership, that money is recycled elsewhere and goes towards national public policies. It was pointed out in an intervention that if it is right to subsidise council rents, the subsidy should come from general taxation; it should not be other tenants who subsidise council rents. That is a powerful point.

We are heading towards the decent homes standard, which is good; I think that we are all in favour of that. However, many authorities and arm's length management organisations will find it difficult to continue to maintain their houses at a decent standard if the sums that I have mentioned are to come out of their budgets. Poole Housing Partnership is worried that the current system may not be sustainable in the long term because of the sums that are taken out of the rents. Those sums could be spent on maintaining properties, reducing the number of void properties, and providing a real service.

I make a plea to the Minister. I know that the issue is under review, and that there are no magic bullets. I know that things are difficult, because if we ended the system, there would be complications and difficulties elsewhere, but my constituents, particularly those in council housing, find it difficult to understand why they are subsidising other parts of the country. They have a good arm's length management organisation in Poole Housing Partnership; they will not forgive it if, in the long term, it has to become part of a bigger organisation because of the method of financing.

As we all know, housing is a basic service. It is important to our constituents. The point that my right hon. Friend made about the VAT reduction was valid. Given the situation in the building industry, the number of surplus building workers, and the fact that there is potential housing land on the market, the money could have been much better spent on a long-term objective that would meet the demand that many of our constituents want met.

3.19 pm

Bill Wiggin (Leominster) (Con): I am pleased to follow my hon. Friend the Member for Poole (Mr. Syms), and I shall keep my comments short so that the hon. Member for Colchester (Bob Russell) can contribute.

I shall speak about rural housing. Over the past five years alone, the proportion of rural households that form part of the national homelessness figure has more than doubled from 16 per cent. to 37 per cent. of the total. There are more than 700,000 people joining rural housing waiting lists. The rural housing time bomb is not ticking; it has gone off.

In Herefordshire, numbers on housing waiting lists have risen from 3,218 in October 2002 to 5,507 today, including 164 homeless households. There are just 10 to 15 housing association properties available each week. Young families are not only priced out of buying houses, but see themselves as just a number on a list. Without a gold band from Home Point, they have no chance of getting a house in my constituency.

I have heard appalling stories, the worst of which concerned a child molester who had been released from prison on early release. He had come back to the property in which he had lived before, which happened to be on the other side of the garden fence from his victim. To get that family out of that house took a considerable effort. I have no criticism of excellent local housing associations such as Marches, but when we see what such people are going through, our heart goes out to them. They face a very tough situation.

The targets being set do not contribute to solving those problems; in fact, they distort the communities that they are meant to help. Targets overwhelmingly dominate local planning. The wonderful section 106 solutions that could have been used to provide local housing for local people are put to one side, and we see people coming from outside my constituency who, in some cases, are even more desperate for housing. They are parachuted in, so all those well thought out ideas do not deliver the housing that we need.

In Bargates in Leominster, an old Army base that became a turkey factory now has planning permission for 440 new homes. That is a significant number in a

[Bill Wiggin]

town the size of Leominster, which has only 10,000 people. My fear is that not only have those building plans been put on hold, a point that the Liberal Democrats raised earlier, but there is no way in which those houses will be built in the current economic climate. Because it is a large scale development, nobody will be able to build the one or two houses that are urgently needed, so nothing is happening.

On top of that, Bargates in Leominster already has such a significant traffic problem that I suspect that even rural Herefordshire will fail to meet the European emissions standards for traffic fumes. That is equally relevant to the debate, because without the necessary infrastructure it will be impossible for people to live in the houses that are planned.

Hereford city contains the Edgar street grid, and we need to be far cleverer about the houses that we are building. The city desperately needs its inner core rebuilt, and the houses that are built must not be for just one sector of society. The right hon. Member for Greenwich and Woolwich (Mr. Raynsford) was right when he said that we must not have segregated societies. We need some housing of each type. We cannot expect a business to relocate to Hereford, for example, if the only person who can find a house is the managing director. Different types of housing are needed for different types of people, according to the money that they have to spend and according to the incomes that they expect to receive. We need a far broader and more localised solution to the problems facing us.

When I talk about local planning, I cannot help but mention the Reves hill wind farm that is being foisted upon us in probably the most beautiful part of the most beautiful county in the whole of England. I have no objection at all to renewable energy—indeed, I believe passionately in it, but it must be appropriately sited. I hear hon. Members on the Government Benches laughing, thinking that areas of outstanding natural beauty where there are severe restrictions on what can be built should immediately be turned into wind farms.

There are good places where wind farms are appropriate, but when one sees the number of objections, one realises that the Reves hill project is entirely inappropriate and does immense damage to all those who believe in renewable energy. How on earth will we persuade people that that is good technology that is needed if we dump it in places where it is wholly inappropriate and ruins a community? We must get this right. The balance is totally out of kilter and it is wrong. I hope the Government will listen to the letters that I have written to them and call in that decision, which is wholly against the wishes of the local people.

Those local people want housing. They want to see their villages grow to accommodate people who were born and brought up in the area, but, oh no, they are not allowed that. We must stop the centralised planning system that dumps huge scale housing in certain areas that does not get built, does not allow small scale development in small villages, which is desperately needed, and allows the mass desecration of exceptional countryside—I am sorry that Government Members laughed when I spoke about the wind farm—in a way that I do not believe the Government ever intended. I believe that their intentions were good when they considered ways of encouraging renewable energy, which, as I said, I support, but in this instance it is wholly and utterly wrong.

If we are to address the needs of people who live in the countryside, who want to live in their communities, and who have different needs according to their ages, we must have a far more intelligent approach to planning and to the way we build houses. I regret that of all the speeches that I heard from the Labour Benches, not one Member said that the £12 billion that was spent on a VAT cut should have been spent on housing. I listened to the hon. Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) talking about Hammersmith and Fulham—I did not intervene on him because I did not want him to last any longer. He used to run that council, which kicked him out so severely that it is not surprising that his speech contained so many sour grapes. On an issue as important as planning, we must get it right for people who live in the countryside.

3.27 pm

Bob Russell (Colchester) (LD): I understand that the hon. Member for Welwyn Hatfield (Grant Shapps) is visiting my constituency tomorrow. He will be welcome in the beautiful town of Colchester. I am delighted that he is coming to Essex. On an Opposition day, not one of the 13 Conservative Members representing Essex constituencies has bothered to turn up for a very important housing debate.

I rely on the hon. Gentleman to put that right. He will find an inspirational Liberal Democrat-led local authority whose housing policies in a very difficult time have won awards for their ways of trying to deal with the housing crisis and homelessness. I understand that the hon. Gentleman is going to the night shelter where those who are in desperate straits are accommodated, and he will find a town where we have the mayor's project, the YMCA foyer, a women's refuge and so on. What we do not have, unfortunately, is a house building programme such as we had 25 or 30 years ago.

It is important that we look back in order to learn the lessons so that we can go forward. It is to the credit of successive Labour and Conservative Governments in the middle 50 years of the 20th century, bypassing the war, that there was mass house building of family houses which meant that by 1980 there was no such thing as homeless people in my town. Families could be guaranteed a family home within six months of going on the waiting list. It is not good enough for the Government to try to blame the previous Government for the shortage of housing. If one looks back, one finds that the record shows that Conservative Governments built more council houses in towns, cities and villages than Labour Governments over that period.

There was a time when there was municipal pride—both Labour and Conservative—in providing housing for those in need. It might come as a bit of a surprise to the Minister to hear that one of the reasons I was driven out of the Labour party in 1981 was that I did not object to the principle of the sale of council houses, although I objected to the way it was rolled out with huge discounts. I find it quite astonishing that I was driven out of the Labour party because of my stance in support of those who wished to buy their home, only to

find new Labour further to the right than the Conservative party of 30 years ago. I do not have any desire to return to Labour—certainly not as it is today.

Short of failing to defend the realm, the biggest sin of any Government is to fail to house their people. In my constituency, the number of names on the housing register is nudging 4,000, and more people are involved than those who are named. I am sure that in my constituency and in others there are empty dwellings. I want to see the Government and Opposition parties of the day trying to reach consensus on how we could look at the housing stock in its broadest sense and maximise its use. The Under-Secretary of State for Communities and Local Government, the hon. Member for Hartlepool (Mr. Wright), will have heard my intervention on the Minister for Housing. In my constituency the Government are responsible for more than 200 dwellings, and are paying rent on them, yet they are standing empty. That cannot be right. I am sure that there are other examples of empty dwellings around the country, some publicly owned but predominantly, I suspect, privately owned.

If the Government can fund an arguably illegal war in Iraq and can bail out the bankers, why can they not fund the housing sector, as suggested by the right hon. Member for North-West Hampshire (Sir George Young), so that housing can come through the system? Not only would that provide work for unemployed building workers and the supply industry—including those involved in fitting the property out with carpeting, furniture and so on—but, above all, it would provide decent family accommodation for hard-working families and their children. The Government have failed the children miserably when it comes to providing housing. If the children are not housed, a whole generation of dispossessed people is created.

The right hon. Member for Greenwich and Woolwich (Mr. Raynsford) mentioned the new quango. My constituency—I cannot believe it is the only one—has about 100 acres of land zoned for housing, but nothing is happening. Why can the left hand of government and the right hand of government not come together, release that land and get unemployed building workers to build the houses to house those who are homeless? It strikes me that that is what government should be doing: government should be about considering the broader picture and it should be joined up. Housing should be provided for the Government's people.

The Government have failed, but that is no surprise. I challenged the former Prime Minister at Prime Minister's Question Time, the former Deputy Prime Minister when he was responsible for housing, and the Prime Minister on this point. I have been banging on about it for about 12 years. We can blame the last Conservative Government for their failures, but the Thatcher Government built considerably more council houses than this pathetic Government have done in 12 years.

Those are the facts and the numbers, but we can have the emotion, too. We are all housed. If we are running our advice bureaux and surgeries properly, we all know from the people who come through our front door, seeking our help, that there is a shortage of housing. If a post-war Labour Government—a real Labour Government—could build housing for homeless people in need in the aftermath of war, why, after 12 years of new Labour, do we have a housing crisis that is the worst we have had in 100 years?

3.34 pm

Justine Greening (Putney) (Con): Today's debate has been interesting and important. The consequences of the problem of housing waiting lists reach far beyond the lists themselves; the reality is that there is all too often a human and negative impact on a whole range of affected families and communities. I am thinking of problems of education and health inequality, family problems and even crime. We all see such issues in our constituencies; every single week as a London MP, I see constituents in my surgery who face them. We know that, more often than not, a housing issue is at the heart of many of the social problems on our streets and in our homes.

Housing troubles are not the sole cause of society's problems, of course. However, we need to consider the impact on us as a nation of the increased waiting lists that we have seen, certainly in the past 10 to 12 years. Some 1.8 million people are now waiting for social housing in Britain, and they are desperate to get a home. As we have heard today, a growing number of people are homeless—they do not have a home at all. Yet Government statistics are changed and goalposts are moved to make the situation look better than it is. The situation is dire. We all recognise that we cannot fix the problems overnight, but many in the House are concerned that the Government have gone backwards; they certainly have not fixed the problems in the 12 years they have been in power.

There have been a number of passionate and interesting contributions from Members across the House. The hon. Member for Sheffield, Attercliffe (Mr. Betts), who is no longer in his seat, is a member of the Communities and Local Government Committee. He talked of his experience in Sheffield and the need for more flexibility in the management of housing stock as well as the need for more social housing. He was followed by my hon. Friend the Member for St. Albans (Anne Main), also a member of the Select Committee She talked, perhaps more honestly, about the Committee's concerns and what she called the "damning indictment" in its recent report. She expressed her own view, saying that we need to consider very grass-roots issues, including the capability of planning officers up and down the country. We need to make sure that they can get through the developments that communities want.

The right hon. Member for Greenwich and Woolwich (Mr. Raynsford) said that the debate should not come down to numbers, but there is no doubt that the numbers tell the story. As the hon. Member for Colchester (Bob Russell) just said, it has been this Government who have dropped the ball on social housing and who, year after year, have created less social housing than the previous Conservative Government did. If social housing had been created at the same rate, nearly 250,000 more social houses would have been built under the Labour Government. That fact is hard to deny. There is a desperate need for housing, but at the same time, as we have heard, there are plans to demolish 400,000 homes in the north of England. That suggests that the Government have no practical housing strategy that will make a difference to the very people who most need one.

One of this afternoon's finest speeches was made by my right hon. Friend the Member for North-West Hampshire (Sir George Young), and it followed an unfortunately vitriolic speech from the hon. Member

[Justine Greening]

for Ealing, Acton and Shepherd's Bush (Mr. Slaughter). My right hon. Friend put forward a more reasoned view about the right to buy. As he pointed out, that gave millions of people the chance to buy a home and fulfil the dream of home ownership; without the right to buy, they could never have done that.

Under this Government, the right to buy has been consistently reduced and trimmed back, so that current sales on that basis fell to just 15,000 in 2007-08. Many Government Members criticised the right to buy, yet their own Government have not got rid of it. Nevertheless, they seem to want it to wither on the vine. That is unfortunate, because a report by the then Office of the Deputy Prime Minister, just a few years ago, stated that the right to buy was one of the most successful housing policies because it enabled many households to become owner-occupiers who would otherwise not have been able to do so. The Government's own reports say that it was a successful policy, yet they are not maintaining it. Of course, they have brought forward other schemes such as social homebuy and shared ownerships, but those are all falling well short of the 120,000 sales target that the Government set themselves. So we have a restriction of the right to buy and a restriction in the operation of alternatives whereby people could start to share in the ownership of their home and see a route to owning their own home. Overall, it is a failing policy.

Let us not forget that many people face severe overcrowding in their homes. In London, 98,000 families are living in overcrowded properties, and it is often children who are at the sharp end of that. They must find it like trying to study for their GCSEs on the tube in terms of the amount of privacy and peace that they get. That is the sharp end of this Government's failure to invest in and to create social housing at the levels of the previous Government.

We have also talked about homelessness. Perhaps the people who have suffered most of all are those who do not have a home. We do not even know the exact numbers, but charities such as Crisis estimate that the total number of hidden homeless people may be up to 400,000.

Mr. Slaughter: I will try not to be horrid to the hon. Lady, but what would she say to local authorities who regularly send back millions of pounds of unwanted social housing grant to the Housing Corporation, as it was—the Homes and Communities Agency, as it is now—because they do not wish to build the very houses that she is saying should be built?

Justine Greening: I am interested by the hon. Gentleman's comment. In his time on Hammersmith and Fulham council, to which he is referring, the waiting lists went up. He should ask his question not of me but of his own Ministers. Given the concerns about housing that most Government Members expressed, one would have thought that they were in opposition, yet it is their own Government who have, for more than a decade, presided over a decline in social housing the like of which we have not seen for 30 to 40 years. If we had had over the past 12 years the same level of social home building that we saw under the last Conservative Government, there would be 250,000 more social housing units for people to live in..

What today's debate has shown, if nothing else, is that ultimately everybody starts from somewhere. Everybody in this country looks to the future and to what they can achieve not only for themselves but for their children, and they want something better. As an individual, as a community, as a country, we all aim for better lives for ourselves and our children, and often at the heart of this hope for the future is an aspiration to own one's own home. For many families, that is the building block of their family life, but it is a building block that this Government appear not to value. That is demonstrated by what we have heard today about the decline in social house building over the past 12 years.

Owning one's home is perhaps not a right, but it should certainly be a choice. Unfortunately, over the past decade, under this Government, it has become a choice that has been increasingly denied to more and more people. Labour MPs ought to be asking their own Ministers why they have failed. What we need to kick-start the housing market is a general election. That would be the best way to start dealing with some of the challenges that we all see in our surgeries, to get our housing market back on track, to get social house building back on track and to get waiting lists back down.

3.45 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I start by welcoming the hon. Member for Putney (Justine Greening) to her Front-Bench team and the Communities and Local Government brief. It is the first time that we have debated, and I wish her well. I disagreed with about 98 per cent. of what she said—*[Interruption.]* I will say what the 2 per cent. remaining is shortly. I agree with her that this has been an important debate, as befits the significance of housing. I also agree with her that it is difficult to think of a single other topic that incorporates feelings of safety, security and well-being, community cohesion, health chances, life expectancy, economic prosperity and environmental concerns, but housing does precisely that. That is why the debate has been important and invaluable.

We have heard about the Belgrano, Iraq and Disraeli, and when I woke up this morning, I did not think that we would be debating those subjects. I did think that we would be debating shallow, superficial arguments from the Opposition, which is what we have heard today. My right hon. Friend the Minister for Housing analysed the argument of the hon. Member for Welwyn Hatfield (Grant Shapps) and systematically and methodically demolished it. She effectively exposed the holes in his argument, as well as the holes that were in the roofs of council houses when we took power.

The hon. Gentleman was quite astonishing. He was so vague about what a future Conservative Administration would do, and on what "incentives" meant, as to be virtually incoherent. My hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts) had him on the ropes after a challenging intervention, and the hon. Gentleman simply could not respond. I ask him again: what does he mean by incentives? Will they be financial incentives? Will he match the unprecedented £8.4 billion that was provided by the Government for the supply and provision of affordable housing over the comprehensive spending review period of 2008 to 2011? What does he think of

the £510 million that we have provided for the housing, planning and delivery grant? In a previous debate, he saw that as a bribe; I see it as an incentive. I do not understand where he is coming from on that.

The hon. Gentleman says that local authorities should be doing more, but he provided no alternative answers. More than that, however, what really struck me about his comments and those of the hon. Lady was the sheer gall—the breathtaking audacity of their comments. When in power, their party presided over a housing policy that was characterised by neglect, disrepair and underinvestment. The legacy left by the Conservative Administration was downright disgraceful. My hon. Friend brought to the debate his considerable expertise and knowledge as chair of Sheffield council's housing committee in the 1980s. He rightly mentioned the negative nature of our inheritance in 1997, and the sheer scale of what we had to do.

The hon. Lady said that we all start from somewhere—a very profound statement—but where we started from in 1997 was appalling disrepair and underinvestment. Quite rightly, the Labour Government had to address and put right the enormous repairs and maintenance backlog that we saw after 18 years of Tory Government.

Bob Russell *rose—*

Mr. Wright: It was absolutely disgraceful, and I hope that the hon. Gentleman will agree with me.

Bob Russell: The Minister quite rightly pointed out the appalling legacy of the previous Conservative Government. However, will he acknowledge that that awful Conservative Government built more council houses than new Labour has in 12 years?

Mr. Wright: Actually, that brings me to a point that I wanted to make in response to my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford) about the fixation on numbers, whether in the case of waiting lists or otherwise. I pay tribute to my right hon. Friend for the enormous contribution that he made to the decent homes standard, which gave us the ability to take a whole generation of poorly housed council tenants out of poverty and substandard housing. Some of the dwellings that were built after 1979 were, frankly, of a shocking quality. They were absolutely disgraceful and unfit for human habitation. We had to deal with the poor quality of fittings such as bathrooms and kitchens and the poor building quality of dwellings, as the 1996 English house condition survey showed vividly. We had to repair what the Tories failed to repair and put right what they had done. There had been a decade or more of neglect and underinvestment, and they should be thoroughly ashamed.

Grant Shapps *rose—*

Mr. Wright: In a week when people are apologising, I certainly give way to allow the hon. Gentleman to apologise. He is embarrassed about his party's record on housing, and I hope that he will take the opportunity to apologise.

Grant Shapps: I imagine that the Minister might be the one apologising—to the Prime Minister, for what he has just said about targets. Can he confirm that 3 million homes by 2020 is no longer a Government target?

Mr. Wright: This is an important point. There has been a gross imbalance between the demand for and supply of housing. Kate Barker said in her review that 223,000 new households were formed each year. The target of 3 million homes by 2020 is backed by empirical evidence. It is not a figure that has been plucked from the air but as the result of long-term social demographics. People are living longer, thanks to the recovery of the NHS under this Government. More people are living on their own and need to be housed. I suggest that rather than be fixated on the figures, we should consider the underlying causes. I shall come later to rough sleeping, in which I know the hon. Gentleman has a particular interest.

Robert Key (Salisbury) (Con) *rose—*

Mr. Wright: I will give way, but I am conscious of time and have a lot of points to cover. Given that the hon. Gentleman was not here for the rest of the debate, I hope that he will be very brief.

Robert Key: I am grateful to the Minister. He knows that I am very fond of him and of Hartlepool, and that when I was a Minister, we spent a great deal of money on Hartlepool. One problem that we had when I was a Housing Minister was that the councils in the north-east of England, which were all run by Labour, did not know who were the tenants in a quarter of their council houses. People could go to Nigeria and buy the key to a council flat in the north-east.

Mr. Wright: I expected better of a distinguished Member. The fact remains that, as my right hon. Friend the Minister for Housing said, we inherited a backlog of repairs and maintenance estimated at £19 billion. Half a million more dwellings were classed as unfit between 1991 and 1996—a symptom of neglect, decay and a lack of care. Britain became the object of shame throughout the world as the number of people living on the streets and in doorways in the capital and elsewhere rose by thousands. As the hon. Lady said, we all have to start somewhere, and that was where we started. That was our inheritance, and we had to deal with it.

The Government have invested more than £29 billion since 1997, having taken a definite and correct decision to rebuild the fabric of our appallingly maintained housing stock, with a target of bringing all social housing up to a decent standard. More than £40 billion will have been invested by the end of 2010. I pay tribute to my right hon. Friend the Member for Greenwich and Woolwich and others who have participated in that process.

My hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) made what I thought was a measured speech. He is a real champion of affordable housing, and he made an important point about the rigour of housing waiting lists, saying that we should not be fixated on them. There is undoubtedly a housing problem that we need to do something about, and this Government are investing substantial and unprecedented resources to do that. However, I could

[Mr. Iain Wright]

go on to a housing waiting list in Hammersmith and Fulham and one in Hartlepool, so there can be an element of duplication. My hon. Friend rightly said that we needed to focus on temporary accommodation and homelessness acceptances to tackle urgent need. We have achieved genuine success with that.

The number of households in temporary accommodation stabilised in September 2004 and has been reducing since the fourth quarter of 2005. Current statistics show a reduction of 13 per cent. in September 2008 compared with the same date the previous year, and figures have fallen below 75,000 for the first time.

Homelessness acceptances have reduced steadily since late 2003, following the effective homelessness prevention work that housing authorities and their delivery partners have undertaken. That is a key point. The hon. Member for Welwyn Hatfield was kind enough to mention the rough sleeping strategy that I launched in November. It has three Ps. First, we need partnership working—working together to ensure that we do something to end the scandal of rough sleeping. Secondly, we need prevention—we must put resources up front so that we do not have to deal reactively with rough sleeping. Thirdly, we need personalised services—we must tailor services to the needs of the individual rather than having a blanket, one-size-fits-all system.

I know that the hon. Gentleman is worried about rough sleeper counts, which he has mentioned on several occasions. I hope that he will join me in celebrating the enormous success of the rough sleeping strategy in the past 10 years. We have never professed that rough sleeper counts provided a bed for everyone who sleeps rough on a specific night. However, they provide a snapshot, and I am keen to make it clear in the new rough sleeping strategy that annual figures are not estimates of all those who sleep rough in the country. I want to focus resources on the street need audit because I want the rough sleeper count to be perceived as the beginning, not the end of the process, and not only to offer an opportunity to identify need, but, more important, to act as a call to arms.

The hon. Member for Brent, East (Sarah Teather) made a witty and perceptive speech. She mentioned the slashing of the Housing Corporation's budget and the catalogue of disrepair under the previous Administration. She is right about both points. I agree with much of what she said, but I temper that by saying that I would like more consistency from her party. Her warm words in the Chamber were welcome, and we should celebrate them. However, as my hon. Friend the Member for Sheffield, Attercliffe said, when Liberal Democrats run things, it is a different story. Durham city is ably represented here by my hon. Friend the Member for City of Durham (Dr. Blackman-Woods), but the Liberal Democrats there were shambolic. Good, honest people were let down by Liberal Democrat councils in the City of Durham and elsewhere. I should therefore like more consistency from the Liberal Democrats.

The hon. Member for Colchester (Bob Russell) made an entertaining contribution, in which he mentioned the role of councils—a theme that has run throughout this afternoon's debate. Local authorities have always had a key role in assessing the housing needs of their area. We want to increase that so that, as well as playing an important strategic role, they have a direct delivery role. The Prime Minister has been firm about the matter. We want to remove some of the disincentives that have been established in the past 30 years so that we can provide a direct delivery role. I therefore hope that hon. Members from all parties will work with us to achieve that. The consultation paper about allowing councils to build was issued on 21 January and I urge hon. Members to look at it.

The key theme of the debate is the alternatives that the Opposition propose. I have waited throughout our discussion for a credible alternative from Conservative Members. The hon. Lady and my hon. Friends suggested alternatives. I wanted to hear from the Conservative party a substantial policy that moved away from party political point scoring and towards addressing the concerns of the people of this country. How will Conservative Members deal with the housing waiting lists? How will they tackle the long-standing imbalance between supply and demand for housing? How will they stimulate the construction industry and help the economy by building the homes we desperately need? How will they address the worldwide lack of credit and subsequent drying up of mortgages? How will they improve the quality and design of the housing stock? How will they make the housing stock greener by ensuring that existing homes are made energy efficient and that new homes minimise damage to the environment?

We had it confirmed in today's debate that the Tories' housing policy is this and this alone: they will provide incentives. What an astounding abdication of responsible opposition. What planet are they on? Who do they purport to represent? It is certainly not the decent and hard-working young families of this country who are concerned about housing and who want high-quality, affordable and well-designed homes and communities in which to bring up their children.

The Opposition seem removed from the concerns of real life. The Conservatives have no credible alternative and they will do nothing. In contrast, we are providing unprecedented sums of investment and we are working night and day to address the concerns of families in these difficult times. We will continue to provide real help now—

Mr. Patrick McLoughlin (West Derbyshire) (Con) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith. That the Question be now put.

Question agreed to.

Question put accordingly (Standing Order No. 31(2)). That the original words stand part of the Question.

The House divided: Ayes 229, Noes 311.

Division No. 35] **[4 pm**

AYES

Ainsworth, Mr. Peter	Bellingham, Mr. Henry
Alexander, Danny	Bercow, John
Atkinson, Mr. Peter	Bernard, Sir Paul
Bacon, Mr. Richard	Blizzy, Mr. Brian
Baker, Norman	Blunt, Mr. Crispin
Baldry, Tony	Boris, Mr. Peter
Barker, Gregory	Boswell, Mr. Tim
Baron, Mr. John	Brady, Mr. Graham
Beith, rh Sir Alan	Brake, Tom

Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. (Monmouth)
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Greve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robinson, Mrs. Iris
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Bill Wiggin and Mr. Stephen Crabb

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Campbell, Mr. Alan
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John

Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mark Tami and Helen Jones

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).

That the proposed words be there added.

Question agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House notes that the Government is investing over £8 billion between 2008 and 2011 to increase the supply of social and affordable housing, has invested over £29 billion since 1997 to bring social housing up to a decent standard and has made £205 million available for a mortgage rescue scheme to support the most vulnerable home owners facing repossession so they can remain in their home; further notes that there has been a 74 per cent. reduction in rough sleeping since 1998, that the long term

use of bed and breakfast accommodation as temporary accommodation for families provided under the homelessness legislation has ended and that since 2003 the number of people who have been accepted as owed a main duty under the homelessness legislation has reduced by 60 per cent.; further notes that the Government has helped more than 110,000 households into low cost home ownership since 2001; believes that the introduction of enhanced housing options services provides tailored housing advice reflecting a household's individual circumstances while choice-based lettings schemes give social housing applicants greater choice over where they want to live; and further believes that the Government has taken measures to make best use of the social housing stock such as tackling overcrowding and under-occupation.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): On a point of order, Madam Deputy Speaker. Can you tell the House whether you have received representations from the Leader of the Opposition, wishing to correct the comments that he made about Titian? Or is it enough, in this modern technological age, for his staff simply to alter Wikipedia?

Madam Deputy Speaker (Sylvia Heal): The right hon. Gentleman, who is an experienced Member of the House, knows that that is not a point of order for the Chair; but his comments are on the record. *[Interruption.]* Order. Will Members who are not staying for the next debate please leave the Chamber as quickly and quietly as possible?

Royal Mail

4.18 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I beg to move,

That this House welcomes the Hooper review of UK postal services; and urges the Government to implement rapidly the review's proposals for the partial privatisation of Royal Mail.

I regret that I am not the spokesman for my party on the subject of Titian or any other great Venetian painter. I am, however, addressing a serious issue, and presenting what I hope the whole House will consider to be a helpful motion. I am aware that over the years I have acquired a slightly clichéd reputation as a rather combative politician, and I sometimes weary of being described as a bruiser, so I decided to table a constructive and helpful motion as the first Opposition motion on the subject of a DBERR responsibility.

Lord Mandelson—Peter Mandelson—has rightly described himself as an old political friend of mine. I thought I would table a motion that agreed with an important statement that he had made in December last year, supported his announcement about the future of Royal Mail and urged him to proceed with that policy. My hon. Friends and I will have to ask some very important questions—in two months the Government have failed to clarify aspects of the policy, so there will be serious issues for me to raise—but I had assumed that the motion, as drafted, would stand alone on the Order Paper.

Rob Marris (Wolverhampton, South-West) (Lab): Will the right hon. and learned Gentleman give way?

Mr. Clarke: I will in just a second. First, let me explain the slight puzzlement that I am currently experiencing.

If one tables a motion that appears to be supportive of what a Government spokesman said on a subject only two months ago, one rather expects the Government to join Opposition Members in any Division that is called; we might expect to see whether there are Members who have failed to be persuaded by Lord Mandelson and who wish to hold out against this wide consensus, and perhaps expect an informative debate, particularly for those interested in the serious subject of Royal Mail, to then take place—but no. On the Order Paper has appeared a long, convoluted and almost impenetrable amendment, which someone has decided to table to correct our simple support for Lord Mandelson, and it actually arouses more mysteries than it solves.

So there will be other questions. Will the Government explain whether they are sticking to their policy? What do they mean in seeking to qualify an endorsement of what the Cabinet Minister with responsibility for Royal Mail was committing the Government to two months ago, as was the Minister for Employment Relations and Postal Affairs, who repeated the same statement and agreed to the policy?

Rob Marris: The problem with the right hon. and learned Gentleman's motion is the adverb.

Mr. Clarke: I have never seen a longer amendment to remove an adverb in all my life. I think that those who drafted the Government amendment had more on their minds than an adverb.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): Will the right hon. and learned Gentleman give way?

Mr. Clarke: I will give way shortly, but I do not want to be drawn on to Titian now. Let me make a little more progress first, as we must get on to the serious substance of the debate.

When Lord Mandelson made his statement on the Hooper report on 16 December, which was repeated by the Minister now present, he could not have been clearer about what the policy would be. He accepted the three main recommendations of the extremely good Hooper report. There were questions on pensions, regulation and, most importantly, part-privatisation. He and the Minister were clear—there was clarity in both Houses—that they were committed to bringing in a partner through a minority stake in Royal Mail. They made it clear that that would not apply to the post office network, so Post Office Ltd would have to be separated out, as it was Royal Mail that was having private sector capital and a private sector partner introduced. We have reflected on that and waited for the details, but as our motion shows, we are prepared to agree that that needs to be proceeded with with some urgency.

I realise that there were some difficulties at the time; not everybody agreed with what the Ministers said then. Indeed, the Minister for Employment Relations and Postal Affairs suffered a considerable misfortune, because on the following day, 17 December, his trusted parliamentary aide—his own Parliamentary Private Secretary, the hon. Member for Dundee, West (Mr. McGovern)—resigned. He left the Government, saying—I am relying on the BBC online site—

"I do not support what looks to me like partial privatisation of the Royal Mail."

I do not blame the hon. Gentleman for saying that it looked like partial privatisation of Royal Mail, because what had been announced was partial privatisation of Royal Mail. I thought that that was what we were going to debate, but I shall now have to wait and see what we are going to debate.

Mr. Kilfoyle *rose—*

Mr. Clarke: I shall give way once more, and then I will turn to the substance, which I hope will enable us to unravel this mystery, because it is indeed a mystery, of the Government's current policy.

Mr. Kilfoyle: I am grateful to the right hon. and learned Gentleman, and I do not want to paint him into a corner, but the only artist he is in danger of becoming is a political con artist, and let me say this to him in all sincerity—[Hon. Members: "Withdraw!"]

Madam Deputy Speaker (Sylvia Heal): Order. Please will the hon. Gentleman withdraw that remark?

Mr. Kilfoyle: I certainly withdraw the remark; I am sure the right hon. and learned Gentleman understands what I am driving at. In his comments so far, he has already made it clear that his strategy is to drive a wedge between Lord Mandelson and the rest of the Government. *[Interruption.]* Does he accept—*[Interruption.]* Will he not accept—*[Interruption.]*

Madam Deputy Speaker: Order. The House must come to order.

Mr. Kilfoyle: Does the right hon. and learned Gentleman accept that there is a difference between the Conservative and Labour Members: we are concerned about those with a real interest in the Post Office—Post Office users and staff—whereas the Conservatives want to score cheap political points?

Mr. Clarke: I share all the concern about the Post Office—I use it and realise that it is in an important institution—but to say that the Conservatives are the con artists in all this, which is out of order, is ridiculous. Our position could not be one of greater clarity. What is mystifying—what justifies the description that the hon. Gentleman uses—is the complete obscurity of the Government's position, given what they have gone through.

It is important that we know where we stand, given where we have come from. I was the Minister with responsibility for the Post Office about 20 years ago—I have done the job that the Minister for Employment Relations and Postal Affairs, who is sitting opposite me, is doing—and I faced all the same problems of how to ensure that Royal Mail became a modern service organisation that could have a very strong future and could modernise in line with what was being done in other countries and so on.

At that time, I went to the then Prime Minister, Margaret Thatcher, to try to persuade her that we needed to introduce some private capital and private expertise as part of the programme that we were carrying forward in many of the public services. For reasons of which I am still unaware, I and many others were not able to persuade Margaret Thatcher to proceed with the partial or full privatisation of Royal Mail. I do not want to go too much into the history, but it was widely publicised that Michael Heseltine and I made efforts to persuade the Major Government to introduce private capital into Royal Mail—I am afraid to say that I argued to my colleagues that it would not last 10 years if we did not go down that path—but, again, I was unsuccessful.

The Conservatives' approach has been consistent and clear. In 1998, when Lord Mandelson was last Secretary of State for Trade and Industry, he put forward some proposals and my right hon. Friend the Member for Wokingham (Mr. Redwood), who was then speaking on behalf of my party, suggested that private capital should be introduced into the business. We offered to support the Government if they wanted to do that, but they were vehement in their rejections. Lord Mandelson was dismissive of our proposal, saying that it

"should be stamped 'return to sender'".—[*Official Report*, 7 December 1998; Vol. 322, c. 26.]

As recently as 2006, the current Secretary of State for Health, who was then Business Secretary, said that he would give an "absolute, unequivocal commitment" that a stake in Royal Mail would not be sold to the private sector.

The Conservatives have been clear in their approach. I have certainly been clear and consistent and the Labour party has been pretty clear about things so far. I congratulate Lord Mandelson on his courage and his success. Who would have thought that after all those years the labour movement would be introducing this proposal, with

Lord Mandelson, echoed by his Minister for Employment Relations and Postal Affairs, commending it in this House. I welcome and support that.

Several hon. Members *rose—*

Mr. Clarke: I shall give way when I finish this passage.

This proposal is a U-turn. I do not criticise the Labour party for making a U-turn, because all Ministers have had to make U-turns. They should be made clearly and explained, and they should be done with a straightforwardness and elegance. Is that what was done on 16 December? I congratulate the Secretary of State on tearing up his election manifesto commitment, which had been so foolishly given, and on being so explicit—but what has happened now? The Government's amendment is not a U-turn—it is an obscure wriggle; I have never seen meaning vanish into a burrow before. It is plainly drafted by a committee, probably chaired by a nominee of the Chief Whip. If it were parliamentary for me to use the term "con artist" about anybody in this Chamber, the authors of this amendment would be strong contenders for it.

I shall move on to the substance. I anticipated that I would be pressing the Minister to go through the substance of what has been proposed and what interest has been expressed—TNT was said to be very interested. When the stake is sold, will the proceeds go to Royal Mail? In addition, there are the very difficult questions about the pensions and the regulator. However, the Minister now has more questions to answer than simply on the policy, because the Hooper report—which we all find very convincing—compellingly sets out why the status quo is not an option and change is necessary; that more private capital would be welcome; and that some managerial experience of change in this kind of industry needs to be introduced urgently.

Mr. Peter Hain (Neath) (Lab): This is good, knockabout, Oxbridge stuff—*[Interruption.]* That is why all the Oxbridge types behind the right hon. and learned Gentleman are cheering him. But if he welcomes the Hooper report, why does he not support the Government's efforts to address the pension deficit? The Tories would leave Post Office pensioners in the lurch by pursuing their obsession with privatisation, as they always have.

Mr. Clarke: We have been trying to get the Government to say what they will do about the pension deficit. I trust that we will receive some enlightenment today.

I shall put the issue in context. I have already said that there is widespread consensus about Royal Mail. For example, there is widespread consensus that any proposals for its future should be based on the universal service obligation, which Royal Mail should accept, whatever its form. It is necessary to have a nationwide service, with deliveries to any citizen or household at a uniform price; Royal Mail must continue to discharge that obligation. Indeed, the Hooper report says that the changes that it recommends are above all necessary to ensure that the universal service obligation can be continued.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The right hon. and learned Gentleman makes an important point about protecting the universal service obligation for the sake of all our constituents. Is there not a lesson to be learned from the fact that, yet again, the UK introduced competition into postal services faster and deeper than did countries in mainland Europe, meaning that rival companies have a protected home market and are able to cherry-pick in our market? Would it not be more sensible to have a levy on competition to protect the universal service and ensure a level playing field in this country?

Mr. Clarke: There should certainly be a level playing field, and the consumer benefits from such competition. It will be extended across Europe and I hope that Royal Mail will be a powerful contender in wider markets, if it can be modernised and reach the standards of efficiency of its competitors. The Government introduced that competition. We agree that it is of lasting benefit to business and the ordinary user of the service in this country, but competition is not responsible for the present difficulties.

Royal Mail's long-standing difficulties are being compounded by the change in the medium of communication. Far more revenue has been lost—the threat to the taxpayer from Royal Mail's current state is considerable—from the introduction of new technology and the steady loss of traffic than has been lost to competition. Hooper is right that the loss of volume—the amount of letters and parcels to be delivered—is speeding up. It could be 7 to 10 per cent. next year without any difficulty, and that is leading Royal Mail in an ever-more downward direction. Other problems include the fact that it has not adopted the modern technology of its competitors in Europe, the enormous pension deficit hanging around its neck like a millstone and the lack of change over the past few years. As Hooper rightly said, it also suffers from extremely bad industrial relations. As we all remember, there was a most unfortunate strike in 2007, which weakened the business still further. Many small and medium-sized businesses joined their bigger competitors in deciding that they could not longer trust Royal Mail, and they turned away from it.

I have merely summarised the analysis set out in Hooper. I have not left myself time to repeat it, but it has been accepted completely by the Government and I think that it is unanswerable. The status quo is not tenable in any way at all.

These problems are familiar to anyone who has ever followed Royal Mail. Similar discussions have gone on for a very long time, and I am sad to say that Hooper's analysis and the litany of problems that he sets out remind me of when I was the Minister in charge. That was a very long time ago, but the problems have actually got worse and worse in the past 10 or 12 years.

Lord Mandelson's clarion call to action before Christmas came after 12 years of inaction or pointless action, and when one looks at the state of the business one realises that it is getting nowhere fast. In 2001, the Government gave Post Office Ltd commercial freedom, but none of the reforms that have been tried has worked. Over and over again, the Hooper commission refers to the political background that has inhibited the management's ability to take decisions. It is obvious that a succession of Ministers—until these men of courage came along—have been intervening, slowing down the management and giving in to pressure in trying to make sure that the changes do not take place.

[Mr. Kenneth Clarke]

I believe that the time has come for a genuine consensus about action. Does the Government amendment mean that, after two months of failing to produce any detail, they are now buckling at the knee and deciding to leave the matter for a bit? If they are going back to the 12 years of pretty useless inactivity that has been their policy so far, the message of the Hooper report is that the Royal Mail may not survive, as it says that the universal service obligation depends on the changes that it recommends.

I hope that the Minister will correct my misunderstanding and that he will make it clear that partial privatisation—not even full privatisation—is an option. That is quite a concession from someone who was in the Thatcher Government, but the Opposition are not pressing for anything other than a minority partner to enter into a mixed public-private sector partnership. I hope that the Minister will confirm that that is the Government's policy, and that progress is being made with it.

I leave the Minister to make the case for private capital. Where else is the capital going to come from, given the state of the public finances, the needs of the Post Office and the circumstances of the next few years? Does anyone really believe that the Post Office will be able to compete successfully with health, education and defence for the capital that it requires? As Hooper argues compellingly, private sector competitors that are prepared to come in as partners in Royal Mail will be able to bring with them the experience of change and of management that will help the transition to go smoothly. They will be able to deal with the understandable fears of staff and stakeholders, and the understandable need to win back confidence in the business.

Mr. John Heppell (Nottingham, East) (Lab): Will the right hon. and learned Gentleman give way?

Mr. Clarke: I will not, as many hon. Members want to speak in the debate, and Back Benchers are under a time limit.

The regulatory proposals make sense. It plainly makes sense to transfer the regulatory responsibilities for Royal Mail from Postcomm to Ofcom. The change goes with other things, as Hooper says, but it makes sense in any event, as the relationship between Postcomm and Royal Mail has been fairly unsatisfactory. In addition, it no longer makes sense to deal with Royal Mail apart from the other responsibilities that Ofcom has.

The pension question is, as the right hon. Member for Neath (Mr. Hain) says, very important. The Government have allowed the pension deficit to become extremely severe by the standards of any commercial organisation in the country. The report does not clearly recommend anything; it leaves options. However, it does say that the Government should address the growing pensions deficit.

Mr. Heppell: Will the right hon. and learned Gentleman give way on that point?

Mr. Clarke: No, I am afraid that I do not have time to give way any more.

The report says that the Government should address the pensions deficit—and so they should. We are talking about £22 billion of assets and £29 billion of liabilities. The company as a company, and the business as a business, is balance-sheet insolvent, as Hooper rightly says. It will probably be quite impossible to get a private sector partner to take an equity stake, when the company has that around its neck. There are options, and the Minister for Employment Relations and Postal Affairs should by now be able to tell us what options will be pursued to deal with the problem.

The real fear, which my hon. Friend the Member for Rutland and Melton (Alan Duncan) has previously expressed, is that the Treasury—or perhaps the Cabinet as a whole, having been induced to agree to the remarkable new policy—has taken the view that the simple solution is to have a look at the £22 billion of assets. It is very useful to have £22 billion of assets, which the Government can take care of by taking them into their coffers. The £29 billion of liabilities will therefore be added to that great stock of unfunded public sector pension liabilities that the future taxpayer already faces. Who knows what will be done to those liabilities? That option would be irresponsible and very short term.

Alternatives are difficult. We faced those difficulties in the past with British Telecom and others. Given what is happening at the moment, more public money being spent in vast sums is unlikely, but there may be statutory guarantees in case the new entity goes bankrupt; British Telecom was placed on that footing when it was privatised. That idea is canvassed in the report, and it could be considered carefully by the Government. We need, and have today provided the opportunity for, the Government to address the pensions problem, now that two months have passed. We need them to tell us how they will face that problem, which, so long as it lasts, puts job security and service improvements in Royal Mail in tremendous doubt. It is a tremendous threat to today's taxpayers, future taxpayers or both. How do the Government propose to address what Royal Mail has piled up on its desk?

I conclude by going back to the main question, although I did not think that it would be the main question. Of course, I dwelt on this point when I started my remarks, but there is a most remarkable outcome of the amendment that appeared on the Order Paper this morning. Instead of having a comparatively low-key debate, as I thought we would, in which we would ask questions and Ministers would give details and some indication of when the legislation would come forward and what form it would take, we find that we are trying to ask what on earth the policy is at all. *[Interruption.]* Well, a note of indignation comes into my voice.

The Government are merely proposing that the House vote for the suggestion that the Government should address the pensions problem. Of course the Government should address the pensions problem; we have been saying that for two months. Exactly how do they propose to address it? The Government amendment

"notes that modernisation in the Royal Mail is essential and that investment must be found for it".

That does not sound as clear as Lord Mandelson was two months ago. I have never seen a more ridiculous statement of the obvious put on the Order Paper, but if the Government are inviting us to agree with the suggestion that investment must be found for the modernisation of Royal Mail, I suggest that they tell us what their proposals

are for finding it, if they are abandoning the proposals that they had two months ago, when they had a private sector partner.

The motion dregs everything up, including an attempt to compare the Government's investment record with the investment record of the Conservative Government some time ago; it is all our fault, apparently. That was more than 12 years ago. The motion is obviously written by a committee. It is obviously written with parliamentary process in mind. Indeed, the amendment winds up with the ringing reassurance that

"legislation on these issues will be subject to normal parliamentary procedures."

I do not know which Labour rebel needed to be reassured that the Government would at least allow Parliament a debate—a short, cursory one, no doubt—touching on the subject, or why a motion had to be passed to indicate that normal parliamentary procedures would be used to scrutinise the measures.

I can only say that this is an important debate, Royal Mail is an important service, the service is in crisis, and the Government have produced a report that says that the universal service obligation may well not survive unless they address it now. It is a serious motion. The Government had a clear policy that we would support if they went back to it. I hope the Minister will say that he will cling to it. I hope he does not obscure all questions, going through an elaborately orchestrated regime where he tries to reassure rebels on the Labour Benches that the Government are not going to do anything at all. That would not be in the national interest. In the light of the Government amendment, the future of Royal Mail is a more urgent and worrying question than it was even yesterday when we tabled the motion.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. I apologise to the House that I omitted to inform it that Mr. Speaker has selected the amendment in the name of the Prime Minister. I was clearly distracted by the difficult point of order that I had to deal with.

4.46 pm

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"notes the threats to the future of the Royal Mail and welcomes the conclusion of the Hooper Report that, as part of a plan to place the Royal Mail on a sustainable path for the future, the current six days a week universal service obligation (USO) must be protected, that the primary duty of a new regulator should be to maintain the USO, and that the Government should address the growing pensions deficit; notes that modernisation in the Royal Mail is essential and that investment must be found for it; endorses the call for a new relationship between management and postal unions; urges engagement with relevant stakeholders to secure the Government's commitment to a thriving and prosperous Royal Mail, secure in public ownership, that is able to compete and lead internationally and that preserves the universal postal service; further notes the Conservatives' failure to invest in Royal Mail when they were in power in contrast with Labour's support for both Royal Mail and the Post Office; and notes that legislation on these issues will be subject to normal parliamentary procedures."

We welcome the opportunity to debate the future of Royal Mail. I thank the right hon. and learned Member for Rushcliffe (Mr. Clarke) for his introduction to the debate. I confess that my research on his past career must have been less than complete. I had not realised that he had held the post of Minister with responsibility for postal affairs some years ago, so let me begin my thanking him warmly for the legacy that he bequeathed to us. His experience will have given him a familiarity with the issues. The difference between the time when he had responsibility for these matters and now is the technological revolution, which lies at the heart of many of the difficulties that the company faces.

The right hon. and learned Gentleman is an experienced and very canny politician, but I do not think the motion tabled by his party is the most canny thing that he has done. If he is serious when he says that there is nothing in the Government amendment that he or his colleagues could disagree with, I warmly welcome him to join us in the Lobby tonight to vote for the Government amendment.

For its 300-year history, Royal Mail has been able to rely with a considerable degree of certainty on mail volumes rising and falling in line with the country's gross domestic product. That was the case for many years, but in recent years that pattern has been overtaken by the technological revolution and the choices that citizens make every day about how they communicate with one another and how they do business: an e-mail sent is a letter not sent; a bill paid by direct debit is a letter not sent; family pictures posted on a photo-sharing website such as Flickr are pictures not sent through the post. All this has become clear and all of it has become worldwide.

Albert Owen (Ynys Môn) (Lab): I am grateful to my right hon. Friend for giving way on that important point about new technology. Is he a little surprised, as I am, that the shadow Business Secretary seems not to have been to a sorting office since he was in charge? When I go, I see an increased volume of parcels. It is new technology such as eBay that is allowing that extra business. The Post Office, when given the opportunity, can deliver a good service.

Mr. McFadden: My hon. Friend is correct to say that there has been an increase in the volume of packets posted, but I have to tell him that the volume of mail sent overall has declined not just in this country but in many others. In just three years, the volume of mail posted in the UK has fallen by 5 million items per day. There has been an increase in the number of packets posted as a result of internet shopping and so on, but that increase is included in an overall drop of 5 million items a day. This effect is evident not only in the UK but in France, Germany, the Netherlands, Italy and many other countries.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Does the Minister not agree that the downgrade in some of the service has contributed to the problem? Businesses in Scarborough that start work at 9 o'clock in the morning and used to find the mail on the doormat waiting to be processed now sometimes have to wait until 2 o'clock in the afternoon before the mail arrives.

Mr. McFadden: What I will say is that the maintenance of the universal service obligation—the six-day-a-week, one-price-goes-anywhere delivery—is extremely important. It is at the heart of the Hooper report and we are determined to preserve it.

[Mr. McFadden]

The US postal service has a monopoly on letters, and we have been urged by some critics of our proposals to examine it as an example of why the Government's proposals are not needed. It was recently reported to be heading for a loss of $6 billion after a fall in mail volumes last year of 4.5 per cent. That has led the company to ask Congress for permission to drop the Saturday delivery. Mr. John Potter, the US Postmaster General, said:

"it is clear that the problems we are facing are intensifying...No one knows at what point mail volume will bottom out."

Unlike in the United States, dropping the Saturday service is not a route that we want to go down. For the first time, our USO is loss-making, but we believe it is valuable to the public and to the small businesses mentioned by the hon. Gentleman. We want to maintain it and to make the changes necessary to do so, rather than consigning our postal service to decline.

Mr. Jim Cunningham (Coventry, South) (Lab): Later in his speech, will my right hon. Friend clear up the press reports regarding redundancies—I think 16,000 was the figure mentioned? Alternatively, perhaps he can write to me when he has thought about that question.

Mr. McFadden: I believe that the company said that it had no such plans. Hooper considered the background of change that I have set out and made three interlinked recommendations. The first was that the Government should address the historic pension deficit in Royal Mail. The second was that there should be a strategic partnership between Royal Mail and another postal or network company. The third was that the regulatory system should be changed.

Mr. Mike Weir (Angus) (SNP): I understand what the Minister is saying about the USO, and I agree with him, but the problem is that even the management of Royal Mail have made noises to the effect that they would like to change the USO. Indeed, they have tried to do so through zonal pricing, which was, thankfully, rejected. What guarantees do we have that, if Royal Mail is part privatised, the private company will not seek changes to the USO?

Mr. McFadden: We have enshrined the USO in primary legislation and we will continue to do so in the future.

The falling volume of mail is not the only challenge facing the company. The pension deficit is another huge challenge. Three years ago, it was valued at £3.4 billion. The most recent estimate, in March 2008, was £5.9 billon. The next valuation is likely to be even worse.

Mr. John Grogan (Selby) (Lab): My right hon. Friend mentions the strategic partnership. Does he find it as intriguing as I do that there is no mention of that strategic partnership in the Government amendment? Does that reflect the growing concern of Cabinet Members and in the Whips Office and No. 10 that the proposal should not be proceeded with, not least because it could raise the price of stamps and cut the level of service?

Mr. McFadden: Absolutely not.

Without change, postal workers who serve us through thick and thin—

Mr. Kenneth Clarke: Let me pick up on that last point. Is the Minister confirming that my alarm was unfounded and that the idea of getting a strategic partner who will buy a stake in the company remains firmly the Government's policy, even though he is not prepared to agree to our motion, which expresses support for it?

Mr. McFadden: I just said that Hooper gave three interlinked recommendations, one of which was a strategic partnership between Royal Mail and another postal or network company.

Geraldine Smith (Morecambe and Lunesdale) (Lab): If a strategic partner partly owns Royal Mail, is that not part-privatisation? Am I missing something?

Mr. McFadden: Royal Mail will remain a publicly owned company. We have made that clear and that is why we do not believe that the process can be characterised in the way set out by my hon. Friend.

Let me continue talking about the pension fund. Let us not underestimate the problems that it creates for Royal Mail. It is one of the largest pension schemes in the country and the liabilities represent more than 75 times the company's profits, whereas the FTSE 100 average is two and a half times. Even other schemes with big deficits are dwarfed in comparison with Royal Mail's; the liabilities of the next largest schemes range in size from nine to 13 times profits. In cash terms, the company's total pension costs in the year to March 2008 were more than £800 million, of which £280 million was allocated for pension deficit recovery. That is before the next valuation process, which is due to begin next month. We want to face up to the problem, on which the Opposition motion is completely silent. That is another reason not to support it.

Mr. Graham Stuart (Beverley and Holderness) (Con): I congratulate the Minister on having the courage of his convictions in looking at the facts and seeing the need for change. However, will he share with the House what progress he is making with what some might call the dinosaur elements on his own Back Benches? We have heard today from various Labour Members, most of whom are members of the Communication Workers Union, and some of whom habitually fail to mention that when they stand up to speak.

Mr. McFadden: We all have an interest in this issue, and all right hon. and hon. Members' views on it are valid.

Addressing the pension deficit is not an easy decision. If we do that for Royal Mail, taxpayers are entitled to ask what change they will get in return. How will taxpayers have confidence that Royal Mail can make the changes it needs to make to cope with falling mail volumes and new technology? That issue is critical. As the Hooper report rightly says, only one company can deliver the USO; only one company can send a postman or woman up every garden path in the country six days a week. The health of Royal Mail matters, and we have to take the decisions necessary to secure its future.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am not sure whether my right hon. Friend was at the Labour party conference 20 weeks ago. It passed a policy supporting a wholly publicly owned Royal Mail, and that was strongly endorsed by my right hon. Friend

the Member for Barrow and Furness (Mr. Hutton), who is not known for an aversion to dallying with the private sector. Does the Minister not accept that if a wholly publicly owned Royal Mail was a partly privatised organisation, that would be not only oxymoronic but like being a little bit pregnant?

Mr. McFadden: I shall come back to the analogy of being a little bit pregnant. That policy said that we had set out a vision of a wholly publicly owned Royal Mail; we have for years. If my hon. Friend reads on, he will see that it also said we had commissioned the Hooper report to look to the future. Hooper has now reported and made his recommendations.

Simon Hughes (North Southwark and Bermondsey) (LD): Will the Minister give way?

Mr. McFadden: No, I must make some progress. Royal Mail has made some progress in recent years. Its performance in delivering first-class post by the following day has improved and some investment in new machinery has been made. However, it is still less automated than many comparable services. There is still a great deal to do, to secure not only automation but the delivery of new products. One example used in the Hooper report is walk sequencing—the last stage of post sorting before the delivery round. That is done by hand in the UK, while some competitors do 85 per cent. of that work by machine.

Much has been made in recent weeks of the finance needed to make progress on the issue. I want to make two points about that. First, the £1.2 billion that the Government gave Royal Mail two years ago is a commercial loan, which must be repaid to the Government. Secondly, that form of finance is neither fast nor flexible. Even after lengthy negotiations between the company and the Government, two years on the European Commission is still deliberating about whether the financing is allowable under state aid provision. Royal Mail must not only complete, install and use the new machinery that it needs, but develop new products. The idea that the company's problems will be over if we lift the pensions deficit is wrong. The company needs ongoing capital and expertise to combine the use of mail with other technologies. We have seen too little of that in the UK. Partnership offers the opportunity not only to inject new capital into the business but to bring in expertise and the confidence to make the changes that the company has so far not made far enough or fast enough.

Bob Spink (Castle Point) (Ind): I congratulate the Minister on finally getting away from the dogma and getting down pragmatically to how we can help Royal Mail and the Post Office. In fact, the Prime Minister's amendment says that the Labour Government want to help and support Royal Mail and the Post Office. Will he take that away for future consideration and try to find a way to enable the banks to make their current accounts available in post offices, which would be very supportive?

Mr. McFadden: I think the hon. Gentleman will find that millions of bank accounts are available to post offices. Perhaps people do not know enough about that. Many day-to-day banking services are available through post offices.

Peter Luff (Mid-Worcestershire) (Con) *rose—*

Mr. McFadden: I give way to the Chair of the Select Committee.

Peter Luff: Can the Minister confirm that of the £1.2 billion of investment that he mentioned, some £600 million remains unspent? I understand that that is not particularly surprising, because it was always intended to last longer than just one or two years, and some of it will be paid out only when the machinery is delivered. His hon. Friends have criticised the failure of management to spend that £600 million, but am I correct in believing that it is perfectly reasonable that it remains unspent?

Mr. McFadden: The critical point about the £1.2 billion that has been missed in recent weeks is that this is a commercial loan that has to be repaid, not a grant that is simply given by the Government to the company.

Let me say a bit more about the issue of partnership. Hooper recommends a partnership with another postal or network company that has carried out the kind of change with which Royal Mail needs to go further and faster. The nub of this debate is what this means and why it is necessary. It does not mean privatisation of Royal Mail. A company is either publicly owned or not, and with this Government Royal Mail will remain publicly owned. Let me make it clear that that will be specified in the legislation to implement the Government's proposals. The Government will own the majority of the company and appoint the majority of the board, and it will still count as a publicly owned company. Royal Mail will not be privatised, and the partnership that we propose is not the first step towards privatisation. That is one reason why we will not be voting for the Opposition's motion.

Mr. David Hamilton (Midlothian) (Lab): I am rather puzzled by my right hon. Friend saying that Royal Mail will be a publicly owned company; it will be a majority stakeholder company. If the democratic decisions have to be taken in the way that he says, what is in it for the private company coming in? It will not come here to be outvoted every single time it wants to make a change.

Mr. McFadden: I am making it clear that because the Government will still own the majority of the company, it will be a publicly owned company and will count as such. Privatisation is not our intention, but partnership on a minority basis can be of real benefit to the publicly owned Royal Mail by giving it access not only to capital but to the experience and commercial confidence needed to drive through change.

There is another important point about this. A partnership can also help to make Royal Mail a bigger player at a time when European postal markets are liberalising and consolidating.

Several hon. Members *rose—*

Mr. McFadden: I want to make some progress.

By the end of next year, there will be liberalised postal markets in most of the 15 European Union member states, and two years later throughout the whole EU. Royal Mail already has a presence in Europe through its purchase several years ago of the GLS

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parcels business. In future, there is likely to be further consolidation in the European postal market. Earlier this month, the Swedish and Danish authorities announced that they had signed the final shareholders' agreement to merge their national postal companies. A joint venture can make Royal Mail a bigger player in Europe and able to play a leading role as the market develops. We should not turn our back on those opportunities because ideology stops us from considering a partnership even on a minority basis.

Mr. John Gummer (Suffolk, Coastal) (Con): If a private company owns part of Royal Mail, is it not the case that Royal Mail becomes a partly owned national company? It cannot be a wholly owned national company if somebody else owns part of it.

Mr. McFadden: And the Conservative party prides itself on knowing business. The difference between a majority and a minority shareholding is fundamental in business, and my point is that Royal Mail will remain a publicly owned company.

If the work force fear the consequences of a partnership, I say this: industrial relations in Royal Mail, as Hooper pointed out, are in urgent need of a fresh start. Change has been hampered by a lack of trust between management and work force. In 2007, as the right hon. and learned Member for Rushcliffe said, 627,000 employee days were lost as a result of industrial action, accounting for 60 per cent. of the total days lost to strikes throughout the whole UK economy in that year. It is not just a question of that major strike, but the threat of other strikes, too. Disputes are frequently threatened, such as those threatened on pension changes or mail centre changes, which we saw in recent months, and they are hurting the company. They slow the pace of necessary change, and they hurt the customer and the mail market, as people are tempted to switch to other digital communications to meet their needs. For everyone to agree that they are up for change in general, but to oppose it in the particular is no way forward.

Several hon. Members *rose—*

Mr. McFadden: I will give way in a moment.

We need a longer-term plan, with a proper buy-in from the work force, and an acceptance right through the company of what needs to happen. A reformed board, with influence at every level of the company and with the experience of going through such change, can offer the fresh start in industrial relations that the company sorely needs.

Michael Jabez Foster (Hastings and Rye) (Lab): My right hon. Friend is absolutely right to say that buy-in from the work force is key to the future of the Post Office and Royal Mail. On what he said about who controls Royal Mail, will any Bill that he introduces make it clear that the public and the Government—the state—will continue to have a controlling interest in the shareholdings, and that it will not be possible at any time for the minority interest to become a majority one?

Mr. McFadden: I said that we will make it clear that the company will continue to be a publicly owned company.

Mr. David Anderson (Blaydon) (Lab): Is the Minister seriously suggesting to us that industrial relations will improve if we have a deal with a private partner with a track record of being a strike-breaker and a scab?

Mr. McFadden: If my hon. Friend is referring to the company that I think he is, he will find that it recognises trade unions and operates with them on a day-to-day basis. This is an important point. The idea that the industrial relations of the company are better as they are than they would be under a different arrangement does not bear comparison with the urgent need to improve industrial relations in this company.

Several hon. Members *rose—*

Mr. McFadden: I have given way a couple of times and I would like to turn to the question of regulation.

Regulation, and how competition functions, is a crucial part of the picture and again one that the Opposition motion is silent on. The argument has been made that competition from other postal companies is at the root of the Royal Mail's problems. It is true that that has meant a loss of revenue, but as Hooper reports, that loss is more down to competition from new technologies than from other mail companies. Let me make the Government's position on this issue clear. Competition from other mail companies will not go away but, as we make the other changes, it is right that we look at the terms of that competition and its impact on the universal service obligation.

Regulation will continue to be important in ensuring that the postal service maintains the USO in the wider communications market. As I said, Royal Mail as a company is in a unique position to deliver to 28 million business and residential addresses. The postal market needs a regulator that understands the wider communications market and the part that the post plays in that market. We believe that Ofcom will be able to fulfil that role and its primary purpose in regulating the postal market will be to maintain the USO.

Ms Patricia Hewitt (Leicester, West) (Lab): Will my right hon. Friend confirm that Royal Mail has lost approximately five times more revenue as a result of the transformation to e-commerce, e-mail and so on than as a result of the competition that has been introduced to the UK market?

Mr. McFadden: My right hon. Friend, who has long experience of these matters, is absolutely right. Competition with other mail companies does matter to Royal Mail, but competition with other technologies has lost it far more revenue. The figure that she gives is correctly quoted from the Hooper report.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Will the Minister accept that as Royal Mail is currently wholly publicly owned, if it is going to make important changes involving the loss of jobs, it should consult the public properly? It proposes to close a sorting office at Wotton-under-Edge, a small market town in my constituency in which the sorting office is a major employer. Royal Mail has refused to attend any public meetings or give a business case. Does the Minister not believe that it has an obligation to explain to my constituents why it is making such a change?

Mr. McFadden: The Hooper report states that Royal Mail needs to make changes to sorting and delivery offices and, given the automation that is occurring, that need is recognised throughout the company.

Mr. Philip Dunne (Ludlow) (Con): Will the Minister clarify once and for all whether the entities with which he is prepared to have discussions on competition will be precluded from being existing competitors of Royal Mail? Will he rule in or out private equity investing directly alongside the Government?

Mr. McFadden: Hooper is quite clear that he believes that a valuable partnership will be with a postal or network company that has carried out changes such as Royal Mail needs. I cannot comment on every discussion that the Department has, but that is the recommendation in the report and the outcome that we seek.

I wish to say a word about post offices. I know that the debate is about Royal Mail, but right hon. and hon. Members care a great deal about post offices. The closures of the past year were difficult for local communities, but now that they are drawing to a close, the network is in a more stable position. The Government made clear the future of the Post Office card account shortly before Christmas, and we are now working with the Select Committee on Business and Enterprise and Post Office Ltd to identify future new areas of business. The Post Office is partly a social and community service, and the network of about 11,500 branches depends on Government subsidy to survive. We will keep that network in 100 per cent. public ownership, although of course most post office services are delivered by sub-postmasters, who are private business people and often have their own businesses attached.

Like many Members, I want the Post Office's banking and financial services offering to be expanded. It is a trusted brand and has more branches than all the banks put together, so it has real potential in that area. However, with post offices accounting for a little more than one tenth of Royal Mail Group's overall turnover and even that proportion depending on subsidy from the Government, we should not pretend that such an expansion can solve its problems.

Mr. Alan Reid (Argyll and Bute) (LD): The Minister is right to say that we have to expand financial services at post offices, but I draw his attention to the recent announcement by National Savings & Investments that holders of individual cash savings accounts will no longer be able to make cash deposits over the counter at post offices. Surely that is a retrograde step, taking yet more business away from the Post Office. Will the Minister contact NS&I and reverse that decision?

Mr. McFadden: The Post Office has welcomed that, because it has its own product.

I shall draw my arguments to a close. It has been put to us that there are challenges, but that with a slight increase in profits recently, Royal Mail is doing okay and there is no need for change. However, it is important to make it clear that the profits are tiny compared with the challenges that the company faces.

Rob Marris: Will my right hon. Friend give way?

Mr. McFadden: I am afraid that I must keep going.

Much of the profit last year came from the European parcels business, and indeed the Post Office's share of the profit came from the Government's subsidy. The letters business is making a very small profit, against a turnover of some £7 billion, and when the chief executive of Royal Mail Group announced those results recently, he said:

> "We must step up the pace at which we are transforming Royal Mail otherwise, as the recent Hooper report made clear, we face decline".

Hooper suggested that there would be a small profit this year, but that the company would have a significant negative cash flow every year for the next four years. Royal Mail has told the Government that volumes are continuing to fall—even faster than in the past two years—and that that will have an adverse impact on future revenues and profits. Without further action, the position will be compounded by any steps that the trustees might need to take to tackle the pension deficit, which could double when it is revalued.

Rob Marris: I am grateful to my right hon. Friend and neighbour for giving way. I urge him not to accept the Conservative motion, which suggests that the Government press ahead "rapidly". The issues are delicate and difficult, and I urge my right hon. Friend and the Government to proceed slowly, not rapidly.

Mr. McFadden: I certainly assure my hon. Friend that we will not accept the Conservative motion, though my invitation to the right hon. and learned Member for Rushcliffe stands.

Joan Walley (Stoke-on-Trent, North) (Lab): Will my right hon. Friend give way?

Mr. McFadden: I am sorry, but I must end my remarks shortly.

Let me tackle stamp prices. It has been suggested that another solution to the company's problems could be to increase stamp prices sharply. The price of a stamp will go up by 3p in April, and it increased by 2p last year. We must remember that customers have a choice nowadays, and steep price increases are likely to accelerate the decline in the volume of mail. Such steep increases do not, therefore, offer an easy answer to the challenges that Royal Mail faces.

Royal Mail must take modernisation further and faster than it has done. It must diversify its operations against a background of volumes of mail falling between 5 and 8 per cent. each year. To achieve that, it will need investment over and above what it has been allocated.

The debate rightly concentrates on the merit of Hooper's proposals, but let me make one thing clear: if we do not act, the pension trustees, in the face of the new valuation, could ask for changes such as vastly increased company contributions to recover the deficit, thus placing further strain on Royal Mail, or vastly increased amounts of money from the Government for the escrow account, which acts as insurance and security for the pension fund. The Government cannot simply sign such a cheque without knowing that Royal Mail is on a more sustainable track for the future.

Unless modernisation happens, the company will be ill equipped to deal with its challenges. It will be faced either with increasing prices, thereby worsening

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e-substitution, or a decline in the quality of service, possibly with the same result, and threatening the universal service obligation, which we are trying to protect. Of course, it would be nice if we could make the issue go away, but that would not present a solution to Royal Mail's problems. There has been a pattern in the past of settling rather than resolving difficult issues. That is why it is important to have a coherent package for the problems that Royal Mail faces, and that is what we have set out.

We will not fall for the less-than-canny motion from the Opposition, which is silent about many of the company's challenges. Instead, we have set out a plan, which says no to the privatisation of Royal Mail; yes to keeping it as a publicly owned company; yes to pension security; and yes to a new system of regulation with the USO at its heart. Any legislation to implement those proposals will be fully and properly debated by the House. On that basis, I ask my colleagues to reject the Opposition motion and support the Government amendment.

5.18 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I am grateful for the opportunity to discuss the Hooper report. When the statement was made, I said that it was important to debate the matter fully. Indeed, if ever an issue deserved a pre-legislative scrutiny process, surely this is it.

Richard Hooper and his team have done an excellent job with the report, which is thoughtful and thorough. Whatever one's views of some of the individual points, the general thrust and conclusions cannot be ignored. Let me begin, therefore, by looking at the principal points, which are helpfully set out in the "Headlines" section of the report. Let me deal first with the universal service obligation. It is fairly hard to conceive of a report saying that the USO should be disposed of, but there were options for diluting it. I am extremely glad that Hooper rejected all those options. Not only does the Hooper report recommend the maintenance of a six-day-a-week USO to all addresses in the United Kingdom—I would qualify "all addresses" as "the vast majority of addresses"; a Mr. John Ridgeway on the Ardmore peninsula is still waiting for the resumption of his deliveries—but it points out that the USO is very much part of the economic and social glue of our country. The USO must remain a six-day obligation, its coverage must be as near as possible to 100 per cent. and, as has been pointed out, it needs to be affordable. The report draws the clear conclusion that to maintain that kind of USO is not possible under the Royal Mail's current arrangements and in the face of competition from other media, particularly text messaging and e-mail.

The second point is the need to deal with the pensions deficit, which continues to balloon, having been around £3.4 billion in March 2006. Hooper reckoned that it was around £5.9 billion, and given the movements of the markets, it has probably increased substantially since then. Both the deficit and the deficit payment are a serious drag on the company. Of the 13.5 per cent. gap that Hooper identified between Royal Mail's operating profit and the operating profit of the continental companies that he believed to be most efficient, 4.3 per cent. was made up by the catch-up deficit payment.

Thirdly, the report emphasises the difference between postal services—that is, Royal Mail—and post offices, and recommends that post offices should remain wholly in public ownership. That is a point with which I agree entirely. Hooper does not go any further on post offices, as that was not in his remit, but the report must be an opportunity to put the post offices on a sound footing. I shall return to that point in a moment.

The fourth point that Hooper made relates to regulation. It is absolutely right that regulation should be dealt with, and I think that Ofcom is the proper body for that. Fifthly, the report makes it perfectly clear—virtually everyone agrees with this—that the status quo is not an option. Royal Mail needs to change and modernise, and it needs to face external competition from outwith mail services. It needs, in Hooper's words, to transform and diversify. The conclusion reached is that achieving that requires introduction of expertise through a partnership management agreement with one of the private companies, which will bring commercial confidence, instil better practices and create the ability to acquire and access private capital. In that regard, the Government have indicated that they favour a sale of a minority stake in Royal Mail to a private partner. That raises some questions that need clear consideration.

I shall come to those questions in a moment, but let me first touch on the motion before us, which the right hon. and learned Member for Rushcliffe (Mr. Clarke) moved. Broadly speaking, his motion says: "We agree—bring it on," to which I say: how wonderfully retro. What a thorough cast back to Thatcherism—indeed, it is Thatcherism that even Mrs. Thatcher would not have agreed to. It is privatisation of the "Chuck 'em all out into the cold hard world, the cold waters of competition and commercial reality and the job's done" kind.

Of course, it helps the right hon. and learned Gentleman that the Conservative party is broadly a policy-free zone on Royal Mail. I could certainly find nothing published on the Conservative website, although admittedly there may be something else, apart from the helpful admission made by his predecessor, the hon. Member for Rutland and Melton (Alan Duncan), that the Conservatives will continue to close post offices, as they did under the previous Administration. It is a shame that the right hon. and learned Gentleman chose to paint such an uninspiring and rather passé picture. It is certainly not one that I would ask my colleagues to follow.

Mr. Kenneth Clarke: I was waiting to hear the hon. Gentleman say whether he was in favour of partial privatisation, which I think we all agree is a perfectly accurate description of the Government's proposals. Are the Liberals still thinking about this complicated issue?

John Thurso: I am extremely grateful to the right hon. and learned Gentleman for that intervention. I draw his attention to the amendment that I tabled, which is a fairly accurate reflection of the policy that we adopted at our conference three years ago, which I believe is widely available. I shall come to that point in some detail in a moment.

I want to look at the opportunities that flow from the report. The first is the real chance to help the post office network. I again want to make the distinction between the Post Office and the Royal Mail. Many of our

constituents think that they are one and the same thing, but there is a real difference. Hooper recommends that the post office network remain in the public sector, with which I wholeheartedly agree, but I believe that we should go beyond that. We should take it out of Royal Mail Group and make it a separate entity, with a separate board dealt with by the shareholder executive, so that it is clearly and distinctly separate from Royal Mail and from whatever might happen to it. I would also like that board to have some stakeholder representation, particularly by sub-postmasters, as that would help to inform its future. A key point would be for the post office network to be a separately owned and managed entity that was not bound up in whatever future Royal Mail might have.

Mr. McFadden: I appreciate that the hon. Gentleman is setting out his party's policy on the company structure, but does he accept that about 30 per cent. of post offices' income comes from their contract with Royal Mail? Has he considered that when setting out his proposed structure?

John Thurso: Absolutely, and I would ask the Minister to ensure that there was a clear, transparent contract between the two entities. I am trying to draw his attention to the fact that it seems extremely difficult for an organisation that has taken in private equity to own part of another organisation that is said to be wholly in the public sector. I do not believe that an organisation can be wholly in the public sector if it is part of a group that has a minority stake from somewhere else.

Mr. McFadden: The Post Office already has a partnership with the Bank of Ireland, which I think the hon. Gentleman will find is a private sector organisation.

Rob Marris: This week.

John Thurso: Perhaps the Minister might like to observe that, with friends like that, who needs enemies?

The Post Office needs capital and, as part of what goes on, it is important that some of the capital raised should go to the Post Office. The Minister alluded to the fact that capital is needed to transform the future of the Post Office, to help it to become viable. I see two ways in which that could be done. The first involves the creation of what has been termed a post bank. The second would be for post offices to become the first point of contact between the citizen and the state. As so many local offices and benefits centres have closed, so the ability for people to interface with a human being to deal with simple questions has disappeared. That is a job that could be done by post offices for a modest fee, and it would save the Government a great deal of administrative money at a later stage.

Albert Owen: The hon. Gentleman is making an interesting point. Does he agree that it is important to set up a model whereby local authorities can be the driver of local services in the local community?

John Thurso: I have indeed discussed the potential for putting contracts into post offices with my own local authority, the Highland council. It pointed out that it had very good service centres, but that some areas were not covered by them. There is certainly room to look further into that, so the hon. Gentleman has raised a good point.

Let me deal now with Royal Mail. It seems to me that allowing an entity somewhere simply to take a minority stake to become a business partner combines pretty much the worst elements of all worlds. If it is simply a matter of gaining access to capital and nothing else, there is a range of alternative mechanisms for accessing private capital—non-voting equity, bonds, preference stock, which the Government love at the moment, loan stock and so forth. There is also the possibility of creating a 50:50 joint venture—in other words, doing nothing about Royal Mail itself, but creating a 50:50 joint venture with both sides placing into it what they want.

There are many ways of dealing with the problem, but one of my worries about taking a minority stake is how it can be valued, particularly at this time in today's markets. How do we decide how much it is worth? How much equity is sold for what price? If the stake is to be 10, 25, 35 or 49 per cent.—there is quite a difference between those numbers—we should bear in mind that a single minority shareholder will not go sticking his money into a company unless he has what is known as a shareholder's agreement, which sets out the terms that apply, making it clear whether and when the public side—the Government—can or cannot do certain things. With all those points unresolved and undiscussed, the claim that the Government's proposals offer secure public ownership seems to me to be ever so slightly disingenuous.

Peter Luff: If I understand the hon. Gentleman correctly, what he is citing as a problem is actually one of the strengths of the proposal, as it will actually commit the Treasury to behaving in a responsible way towards Royal Mail Group, which, frankly, it has not done for 20 years.

John Thurso: I bow to the hon. Gentleman's superior knowledge in this field.

Mr. Jonathan Djanogly (Huntingdon) (Con): Does the hon. Gentleman agree with the Minister's point that, by having an outside third-party investor, the trade unions will, in effect, be better behaved than they have been in the past?

John Thurso: That is precisely the point I am coming on to. I wonder whether the hon. Gentleman will allow me to develop it in my own words and intervene again later if he wants to.

Hooper makes it clear that the commercial partnership is far more important—or at least equally as important—as the capital. His key point is the need for engagement between the unions, particularly the Communication Workers Union, and the modernisation process. That is something that requires trust, so I want to put a suggestion to the Minister about how that might be achieved. Simply banging in and issuing a slug of shares for money will not necessarily accomplish that task. My suggestion to him has been part of our policy for three years, so I hope he looks very carefully at it. It is to give the work force a substantial holding in Royal Mail as part of the overall package. It is not quite, as some have said it is, the John Lewis model, because that obviously requires 100 per cent. ownership, but I submit that providing a real equity stake in the company could go quite a long way towards aiming all the partners and

[John Thurso]

stakeholders broadly in the same direction and might help to deliver some of the trust that Hooper says is so greatly lacking.

Mr. Gummer: Does the hon. Gentleman agree that even if the Government took the route that he is suggesting, and certainly if they took what appears to be their own preferred route, it could not be said that the Post Office would become a publicly owned company in the sense that it is now? Surely it is to misuse words to suggest to Labour Back Benchers that they are not telling the truth when they say that this is a partial privatisation or a partial mutualisation.

John Thurso: I am not terribly hung up over whether it is a partial privatisation or a wholly public non-privatisation. What concerns me, as I said earlier, is the creation of a modernised Royal Mail that is fit for purpose and delivers on a universal service obligation, and a post office network that is clearly and obviously in the public sector.

Simon Hughes: May I reinforce what my hon. Friend is saying? I have talked to people who work for Royal Mail in a big sorting office just over the bridge near my constituency. When I have put to them the alternatives—another private sector company coming in with a minority shareholder, or the workers having shares and ownership—it is blindingly obvious which of those alternatives has the better chance of securing a good working relationship, and it is not the first.

John Thurso: I am grateful to my hon. Friend.

Miss Julie Kirkbride (Bromsgrove) (Con): I find the idea of greater employee participation and ownership very attractive, but it raises an obvious problem: where would the money for investment come from? Would the employees be expected to pay for their shares, rather than being given them? If not, where are we to find the money with which to modernise Royal Mail?

John Thurso: Let me make clear that I am in favour of an injection of finance, and in favour of a partnership. What I am saying is that as part of that overall deal, proper consideration could be given to the employees through the granting of shares so that they would have a real stake.

Mr. Weir: Will the hon. Gentleman give way?

John Thurso: Yes, for the last time.

Mr. Weir: Will the employees be able to trade the shares? Is the hon. Gentleman suggesting a combination of private enterprise, perhaps involving a private company, and employee and state ownership? Given such an arrangement, how would the profit be divided?

John Thurso: If the hon. Gentleman will forgive me, I will not give him a lecture at this stage on how these things work. I hope he will accept that I have visited a number of companies in which shares are traded, but are traded within the trust that owns the shares for the individual employees.

I cannot, in all fairness, ask my hon. Friends to support the Government amendment, which, as has already been pointed out, seems to add to the confusion by using phrases such as "secure in public ownership" when Royal Mail clearly is not in that position. I have to say that I cannot ask them to support the Conservatives' motion either. I will say to the Minister, however, that if he is prepared to examine the case that I have presented for the Post Office and employee involvement, I am sure I shall be able to engage with him constructively.

The British people deserve and expect both the protection of their post offices and a competitive USO-based postal service. The status quo is not tenable. We must look to a future that is well structured and based on commercial competition, but also, critically, on trust between the stakeholders.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I remind the House that Mr. Speaker has placed a limit of eight minutes on Back-Bench speeches. It is fairly obvious that, given the time available, that will restrict the number of Members whom I am able to call, so I propose to try to ease the situation by reducing the limit to six minutes for all Members called after 6 pm.

5.39 pm

Ms Patricia Hewitt (Leicester, West) (Lab): I am grateful for the opportunity to speak, and for the opportunity to follow the speeches that we have just heard. I must, of course, declare an interest. As noted in the Register of Members' Interests, the Communication Workers Union has been a generous donor to my constituency campaign funds in the last two general elections. However, its members know that, on this issue, I do not agree with them.

I must also say that I have considerable sympathy with my right hon. Friend the Minister. I believe I am right in saying that I was the longest serving Secretary of State for Trade and Industry since the 1950s, and in that capacity I had the great pleasure of being the owner, on behalf of the public, of Royal Mail. In that period, we made substantial changes to Royal Mail's leadership, financing and structure. We brought in a completely new board led by Allan Leighton, to whom all of us owe considerable thanks. We put in additional funding. We changed the balance sheet. We introduced real support, with the help of the TUC, to try to create the social partnership that was so obviously needed between management and trade unions.

We did all that, and some change came. Costs were reduced—Mr. Hooper says by about £0.5 billion, while Royal Mail says by more than £1 billion. Customer service was improved, at least for some years. Losses, which in those days were £1 million a day and threatening to rise, have been turned into a fragile, to use Royal Mail's own word, profit just last year. However, the reality—to which my right hon. Friend the Minister clearly pointed—is that the changes that have taken place in Royal Mail in the last eight years have not gone far enough or anything like fast enough.

Over the past decade and more, I have been a regular visitor to my local sorting office in Leicester. I have seen one very welcome change: industrial relations, which

were pretty parlous 10 years ago, are now, so far as I can tell, reasonably good. Sadly, however, that is not the picture across Royal Mail. Apart from that, as far as I can see almost nothing has changed in that sorting office. I welcome one aspect of that: many of the Post Office men and women whom I met 10, 11 or 12 years ago are still there, absolutely dedicated and loyal Royal Mail workers whose commitment to the organisation is one of its greatest strengths. However, the lack of change in the sorting methods is shocking. My right hon. Friend the Minister rightly referred to the business of sorting post into the "walks" that are then taken out. What I saw just before Christmas was exactly what I saw more than 10 years ago: postmen and women who are going to go out on the "walk" at about at 8 o'clock coming in at 5 or 6 o'clock in the morning and hand-sorting the mail into old-fashioned cubby-holes that were probably there 50 or even 100 years ago. A system that has been 85 per cent. automated by Deutsche Post, TNT and other postal operators and competitors is wholly unautomated in my own and many other local sorting offices.

That lack of change, coupled with the transformation in the technologies we all now use, is probably the central reason that has led to the crisis—that is what it is—in Royal Mail's current position. Royal Mail itself says the overall financial situation is increasingly fragile. The universal service obligation lost money last year. The pension scheme is completely unaffordable by the company on its current performance. Postcomm says Royal Mail in its current form is not sustainable. Richard Hooper says that the status quo, and in particular the USO—to which all Members, at least on the Labour Benches, are completely committed—is under threat. The truth is that only about a third of the original master modernisation plan, which was drawn up under Allan Leighton's leadership of the new board, has actually been implemented, and only about £85 million of the Government's financing facilities that were put in place in 2001-02 and renewed only a few years ago has actually been used.

Royal Mail desperately needs a new capital injection and a much faster pace of modernisation, in particular to deal with the massive inefficiency in the running of local sorting offices. That modernisation would benefit employees, who should not be working in 19th century conditions in a 21st century Royal Mail. It also needs a solution to the pension fund deficit. The Minister rightly said that once the new valuation is made, given what has happened to stock markets in this global financial and economic crisis, that deficit will be frightening.

Beyond all those changes, what Royal Mail needs is an injection—not just at the top, but all the way down, through senior, middle and junior management—of new people who have expertise and experience gained in another organisation. I am thinking of a network organisation, preferably a postal one, that has already been through this difficult transformation, on which Deutsche Post and TNT embarked in the 1990s. That expertise and experience exists, but it is not to be found in Royal Mail. It needs to be introduced through a strategic partner—a minority partner. That partner also must demonstrate the track record of social partnership working that we have tried to create in Royal Mail. Clearly, the management have not succeeded in that, but neither has the leadership of the Communication Workers Union, who accept the need for change in principle, but have not been willing to make those changes in practice.

Michael Jabez Foster *rose—*

Ms Hewitt: I simply cannot give way, given the time.

For all the reasons I have outlined, I strongly support the Government amendment, and I wish the Minister every success with this difficult piece of work in progress.

5.47 pm

Peter Luff (Mid-Worcestershire) (Con): It is a pleasure to follow the right hon. Member for Leicester, West (Ms Hewitt), who made a characteristically thoughtful and well informed contribution, which was marred only by one brief lapse into partisanship; although I speak as Chair of the Select Committee on Business and Enterprise, I hope I speak for the whole House when I say that we all support the universal service obligation.

My Committee is in the middle of two relevant inquiries into this subject. One deals with the Hooper review and mail services—we are having a further evidence session next week with Royal Mail and Postcomm—and the other one, to which the Minister referred in his opening remarks, deals with the future of the post office network. I urge hon. Members from all parts of the House to give us their views about the options for sustaining the future of that network. All this means that my hands are a bit tied in this debate—I have no reports from my Committee on which to rely, so I must be slightly restrained in the expression of some of my views.

It is important to acknowledge, as this debate has, the huge range of problems facing Royal Mail in particular, as opposed to Post Office Ltd. They include: poor industrial relations; the growth of electronic communications and the recession, which together mean declining mail volumes in the UK—those volumes declined by 2.5 per cent. last year and are projected to decline by 4.5 per cent. this year and by 8 per cent. next year; and a failure to invest over at least two decades—my argument with the Government amendment is that it singles out the Conservative party for attack, but this Government also bear some responsibility for the failure to invest—which needs to be addressed now.

Further problems include a very rapid growth in competition for business bulk mail—it has perhaps been more rapid than Postcomm recognised, although it has not surprised me; serious doubts about the effectiveness of the regulator, which, let us not forget, thought, during the recent price review, that mail volumes would grow; conflict between the twin regulatory objectives of the universal service obligation and competition—I welcome the fact that the Government amendment talks about the USO in such clear terms, because that gives guidance to the new regulator; a massive pension deficit, to which reference has been regularly made; and problems, which have not been mentioned today, over pricing of the competitors' access headroom arrangements—the so-called final mile. If I had the time, I would explain to the House how that actively disincentivises efficiency gains by Royal Mail Group.

Of course, that leads to the most urgent need, which is for capital and expertise in order for the organisation to modernise and compete. I think that all in this House

[Peter Luff]

accept—I hope we do—the Hooper review's principal conclusion that the status quo is not tenable. That brings us to the three crucial issues in the review—pensions, the partner and Postcomm. There is a vital fourth one—the need to secure better industrial relations in the company. I shall not talk about it today, but it is an overriding issue that must be taken into consideration.

I have reservations about the proposed merger of Postcomm with Ofcom, but I accept the logic and it is probably the right thing to do. The Committee will look at the merger carefully, because there is a serious risk of regulatory overload on Ofcom. It is already charged with the complex issue of telecommunications regulation, although in Europe most regulators share postal services and telecommunications responsibilities. Ofcom also has the whole broadcasting arena to deal with, which often takes up a lot of time. Jonathan Ross can trump some important strategic issues concerning how the other aspects of Ofcom's work should be regulated.

The Government have a problem with regulators generally. They tend to describe regulators as independent and delegate too many policy decisions to them. The regulators must be economic regulators, and the Government must set the policy framework, which is why I welcome the statement about the universal service obligation in the Government's amendment. We must be clear that Ofcom, when it becomes the postal services regulator, should not be required to take too many public policy decisions, which should be the preserve of Ministers.

Broadly speaking, the regulatory aspects will not be too controversial. The pension deficit, however, raises more difficult questions. The Government want to enter into a hugely expensive commitment, which will be a huge commitment for the taxpayer in the long term. I am trying to get to the bottom of why the pension problem is so bad for Royal Mail Group. I suspect that the real explanation is that it is an exemplar of the bigger, hidden problems throughout the public sector. Because Royal Mail is a trading company and has to be transparent about its pension fund, it has to explain the issues with it, but I suspect that similar issues lurk all over the public sector and Royal Mail's problems are not that unusual. Of course, any transfer of the pension deficit to the Exchequer will be subject to EU state aid scrutiny. The precedents are reasonably encouraging—there are different pension arrangements in France, but when La Poste transferred its pension deficit to the state, it did receive clearance, albeit in slightly different circumstances. One very important point about the transfer of the pension deficit is that any settlement must be reflected in the price paid by a new partner or partners for a stake in the company free from that debt.

I turn now to the crucial question of the partner. Is it just a matter of ideology—public good, private bad? I confess that my preference is for commercial activity to be undertaken by the private sector, but hard questions have to be asked. If the strategic partner is an existing mail operator, is the loss of competition in the market a price worth paying? Does the doctrine of unripe time apply? It does not seem an especially good time to hand over capital raising to the private sector. By the way, if a 30 per cent. private stake in RBS means that it is a private company, how does a 30 per cent. private stake in Royal Mail make it a public one? I have some intellectual difficulty with that.

Hooper says that a partner is needed for three reasons—capital, expertise and political stability. The Committee will need evidence for that claim, and especially for why all three objectives can be delivered only by the one mechanism of introducing a private sector partner. On the first—capital—the state is providing capital at present and we have discussed that with the Minister. It is provided on commercial terms, as it has to be, but—as he explained—it has not had EU state aid clearance yet. Big questions would be asked about any further applications for capital from Royal Mail Group, and they might not receive favourable answers.

The second reason is expertise. I thought that Allan Leighton and Adam Crozier were brought in to provide expertise. The right hon. Lady suggested that expertise was needed throughout the organisation, and that may be the explanation. In the past, the Government have sought to address the expertise question by bringing it in from the private sector.

On political stability, I understand the point that having an arrangement with a private sector partner locks the Treasury into a new, fairer way of treating Royal Mail. Richard Hooper made a great deal of that point in giving evidence to the Committee a few weeks ago. But is there another way of achieving that political stability, which the company clearly needs and has not had for far too long?

My instincts are with Hooper, but I understand the concerns that have been expressed. The Government have to produce compelling, evidence-based reasons for the approach. Royal Mail will be an attractive business without a pension deficit, with a more intelligent regulator—people are critical of Postcomm—and with the USO to give it market dominance. So if it is a bad time to raise capital, it is also a bad time to price an asset such as Royal Mail when it is freed from all its obligations in this new world. I hope that the price will at least include an earn-out over several years, to ensure that the taxpayer's interests are properly looked after. On a happier note, however, we must not forget that a 70 per cent. holding should still mean a flow of dividends back to the Treasury for a very long time.

5.54 pm

Geraldine Smith (Morecambe and Lunesdale) (Lab): I am delighted to have an opportunity to vote today against the part-privatisation of Royal Mail. I am not too sure that I could vote for the Minister's speech, if there was a vote on it, as he also seemed to be talking about part-privatisation, but the Government have tabled a sensible amendment and I will support that.

There is great strength of feeling about this matter. One hundred and thirty Members of this House, most of them Labour, have signed an early-day motion opposing postal privatisation, but the strength of feeling is not confined to Parliament. An independent public opinion poll recently found that 75 per cent. of people who had heard of the possibility of Royal Mail being privatised opposed the idea. When respondents were asked about the possibility of foreign ownership, the proportion strongly opposing the partial privatisation of Royal Mail rose to 89 per cent.

I represent a large rural constituency, and people there realise that part-privatisation means higher prices and reduced services. The actual cost of sending an item from London to the Isle of Skye is £28, so I can understand why the Scottish National party has concerns about partial privatisation. There has been talk of dinosaurs, but the only dinosaurs are those people who do not realise that privatisation is going out of fashion. We have had to rescue the fat cat bankers who got us into so many difficulties and we are nationalising the banks, so privatisation is not the British public's flavour of the month.

The Hooper report is flawed. Hooper admits that there is no agreement between Royal Mail and the regulator about the business's basic operating costs, but at no point does he seek any independent costings. How can he reach conclusions on a business when he does not know the cost of providing the service?

Earlier, the Minister said that the universal service obligation was making a loss, but the regulator said that it was making a profit. Between 1981 and 1999, Royal Mail was forced to hand over £2.4 billion in profits. The then Conservative Government starved it of investment at a time when other European countries were investing in their postal services. They were modernising and automating their postal operations while the British Government were taking profits away from the business. Moreover, contributions holidays meant that the employer did not contribute to pension schemes for many years.

Recently, the UK has gone ahead of the European Union with postal liberalisation. We have allowed private postal companies like TNT to come in and cherry-pick all the best business, yet Royal Mail cannot enter those markets because they are closed. TNT has retained a monopoly on mail of less than 50 g in weight: Royal Mail cannot touch that, but TNT can come in and take our profits.

We need a fair pricing policy for Royal Mail. The Hooper report acknowledges that prices in the UK are low, relative to many other European countries. For example, to send a first-class item weighing 100 g, Post Danmark charges three times the Royal Mail price. Sweden's Posten and Belgium's La Poste both charge more than twice that, while Deutsche Post and TNT deliver a letter of 100 g for around three times the price charged by Royal Mail. So we know what is going to happen to postal rates for the general public in this country when the private sector gets involved.

The UK is also the only European country to operate a peculiar form of downstream access arrangements that have led Royal Mail, and therefore the British taxpayer, to subsidise the businesses of private competitors. Royal Mail delivers items at a loss: what business with true commercial freedom would be obliged to accept that it made a loss on every item? That is nonsense, but the regulator fixed a price, and what the regulator knew about postal services could be written on the back of a postage stamp.

Some £2 billion has been lost in revenue in the past five years, because during the price control period postage rates were held at an artificially low level as a result of Postcomm's mistaken forecast about the failure of mail volume growth. Postcomm got it wrong and, as a result, Royal Mail lost £2 billion, but Hooper refuses to take a view on pricing. He just defers the decision, and no one seems to be mentioning the issue. Pricing has not been taken into consideration, and what Royal Mail really needs is a fair pricing policy. Despite all those challenges, this year Royal Mail has managed to make a profit of £255 million; that is just for one quarter. That is compared with a figure of £162 million for the whole of 2007 and 2008.

What is the solution for Royal Mail? First, the Hooper report has taken no account of the impact of the recent 3p tariff increase in assessing future profitability; that has not been reflected in the costing. Changes to downstream access are certainly needed. That could stem the loss of revenue to private competitors, and turn Hooper's projected profit forecast from red to black. If the Government took responsibility for the pensions deficit, as they have said they will, Royal Mail would save an additional £280 million a year for the next 15 years. Keeping the company wholly in the public sector would mean that the money could be used for future investment, rather than just profit taking.

Finally, there needs to be greater investment and modernisation. That can be achieved if Royal Mail starts spending the £600 million that it has already borrowed from the Government to modernise. I actually speak to postal workers; I spoke to a Communication Workers Union area delivery representative, and found that no one had even approached him about walk sequencing. As for the CWU nationally, the unions have not been approached about all that new technology. When they have been approached, agreements have been reached. In the past few years, 40,000 Royal Mail jobs have been lost, so we are talking about a union that is prepared to make hard choices.

We need a bit of information in this debate. Too many people are making statements who know very little about the operation of the British postal service. As for new, fresh, British top management, I think that the gene pool is wide enough for us to find those people in this country; we do not need foreign managers. Is my right hon. Friend the Member for Leicester, West (Ms Hewitt), suggesting that we employ 11,000 new managers—that we sack all the existing management and bring in Dutch managers? What does she mean? What are the practicalities? It is nonsense. We need British management—

Mr. Deputy Speaker: Order.

6.3 pm

Charles Hendry (Wealden) (Con): It is a great pleasure to follow the hon. Member for Morecambe and Lunesdale (Geraldine Smith). I do not agree with much of what she said, but she has been a doughty and determined defender of postal services. It is sad that we have to hold a debate about the very survival of one of most loved services. There is no doubt that Royal Mail has been an incredibly highly prized service. The concept of the universal service obligation means that post is delivered to every single house every day. Royal Mail has an excellent delivery record, as the hon. Lady said, certainly in comparison with many other countries, and the price has been very favourable, given the cost of delivering letters.

The sadness is that, at best, the Government have allowed the service to wither on the vine over the past 12 years. At worst, we could say that they have

[Charles Hendry]

comprehensively trashed it. First, the Government did not secure a level playing field. International operators can come to the United Kingdom to take some of the most lucrative parts of the business, perhaps making them loss leaders before making further advances. British postal services cannot provide those same services in other European countries. The Government have been negligent in not pushing the issue further and not seeking a level playing field for Royal Mail overseas.

Secondly, the Government are guilty of not having had a vision for the postal service and Royal Mail more generally. As a consequence, the management of Royal Mail have been left to manage the decline of the service. We have lost the Sunday collection. The first—indeed, the only—post arrives later and later, and the second delivery has been cancelled altogether. We have seen Saturday collections being moved to earlier times. I went past a post box the other day where the last collection on Saturday was at 9.15 am, so gone is the late morning collection, gone is the Sunday collection, and it is no longer the convenient service that it used to be.

We must be fair and say that that is not the responsibility of the managers. They have been trying to manage a difficult business through difficult times and they faced a triple squeeze. I pay tribute to Adam Crozier for much of the work that he has done and for his genuine zeal and enthusiasm to deliver a 21st century service. He has been squeezed by the financial pressures that we heard about in the excellent speech from my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), by the huge pension fund deficit, which would technically make the Royal Mail insolvent, and by increased competition both from other services such as e-mail and from other operators.

Equally, we should not blame workers. There are, of course, major problems in some of the cities, but the postal workers in my constituency are incredibly diligent, hard-working, enthusiastic people who provide an outstanding service. From my contact with them—people who have worked in Royal Mail for many years, in some cases 20 years or more—I know that they want to deliver a continuing good service in the years to come and they recognise the need to modernise. The challenge will be to carry them with us during that period of change.

It is right that the Business and Enterprise Committee will be asked to look into how the Post Office can offer services more akin to those of the financial services offered by banks. I agree with that because we suggested it. It was the Opposition motion last year that suggested that post offices should offer a wider range of services, but the Government Whips marshalled their troops to vote it down.

The sadness and the irony of the situation are that a Government with vision would have decided on the services that Royal Mail and the Post Office could offer, before deciding to slash and burn their way through the post office network. The process should have been completely reversed. We should have looked at how we could extend the services and how post offices could offer more services to the community and then determined the size of network necessary to deliver that, rather than doing it the other way round.

That is the charge that goes to the heart of the Government's failings. There has been no vision of how to go through the process, and they have ended up confused and unable to see their way forward, as was evident from the Minister's speech today. Royal Mail needs a massive injection of finance. It needs to modernise its processes and to invest in reskilling its work force. It needs to address the pension fund problems, about which we have heard so much. It needs to be able to compete with well-resourced international businesses.

That means that there must be a new approach, and part-privatisation must be part of that process. There must be an opportunity to engage the work force and there may, therefore, be opportunities to involve them as shareholders in a revitalised business. But the Minister must accept that what the Government propose is part-privatisation. It is not full privatisation, but bringing in other investors is, by definition, part-privatisation. He should have the courage to say to the House that that is what the Government propose. We will support him in delivering that, because it is the only way to deliver the change that this vital service needs.

6.8 pm

Mr. John Heppell (Nottingham, East) (Lab): It is a pleasure to take part in this debate, especially facing my neighbour—I almost said my hon. Friend—the right hon. and learned Member for Rushcliffe (Mr. Clarke), whose contributions I always value and whose judgment I sometimes doubt. I know he was one of the first people to predict the present economic crisis. The difficulty was that he predicted it in 1997, 1998, 2000 and so on, until the present day. He might say that he is a man ahead of his time. Another phrase comes to mind; it seems to me like premature speculation.

I do not share the view of my hon. Friend the Member for Liverpool, Walton (Mr. Kilfoyle) that the motion moved by the right hon. and learned Member for Rushcliffe was to do with wrong-footing the Labour party, although I do think that was part of it. It was quite clever to pick the emotive words—I do not want to get hung up on the point about whether it is privatisation or not, but the reference to "partial privatisation" was certainly going to be a red rag to many of my colleagues. That goes without saying. I think the right hon. and learned Gentleman realised that by doing that he was concentrating the debate—or certainly the Labour speeches.

In some respects, however, I think there was a simpler reason why the right hon. and learned Gentleman needed to concentrate on that one particular point. Hooper makes it quite clear:

"Our recommendations are a package. Each element of the package is needed if the universal service is to be sustained: modernisation achieved through partnership, tackling the pension deficit, and changing the regulatory regime."

I do not think the right hon. and learned Gentleman can agree with the rest of those recommendations. He can say he welcomes them, but they are not contained in the motion. Why does the motion not say that we will back Hooper on all his recommendations? When we take a long cautious look at the legislation, rather than a rapid look, and when we decide what we are going to do, I suspect that in Committee and at other stages, there will be a fair amount of opposition from those on the Tory Benches to the regulatory regime that we propose. History suggests that that will be the case.

I suspect it is also the case that we will not get any guarantees on the pension deficit either. I may be wrong, but when we are talking about an Opposition who are committed to cuts in public services across the board in every area, including in this Department, why would Royal Mail pensions be left out? Why would the Opposition decide, "Oh yes, we'll find the £7 billion, £8 billion or £9 billion for that while we're cutting the other services"? That just does not ring true to me. It does not chime with what we have heard in the past. The right hon. and learned Gentleman's predecessor as shadow Business Secretary would not even give a guarantee about the Post Office. I know that the Post Office is not part of today's debate, but the Government have made a £1.7 billion commitment to keep the post office network. When asked about that, the previous shadow Business Secretary, the hon. Member for Rutland and Melton (Alan Duncan), would not give a guarantee—I have the quotes.

Charles Hendry: Perhaps the hon. Gentleman should go back and look again at that debate. I responded to it, and I gave a clear, categorical assurance that that would be the case.

Mr. Heppell: My hon. Friend the Member for Reading, West (Martin Salter) asked the then shadow Business Secretary:

"If I am to be tempted to vote for the motion, will he give an undertaking on behalf of his party to put £1.7 billion of investment into the network so that it can be sustained in a good old socialist fashion up to 2011?"

The then shadow Business Secretary said:

"I will not do that".—[*Official Report*, 19 March 2008; Vol. 473, c. 950.]

That is fairly specific. If I am wrong, I would be happy to give way to the right hon. and learned Member for Rushcliffe so that he can get up and give a guarantee now. As we are talking about the Hooper review, will he give a guarantee that the Opposition will back the Government's view and do something about the pensions deficit?

Mr. Kenneth Clarke: There is absolutely no dispute from the Opposition or anywhere else that the accrued pension rights of those in the pension fund must be protected. It is a question of how that is financed. The hon. Gentleman appears to believe that the Government are committing themselves to injecting £7 billion to effect that guarantee. I do not think they are. Our position at the moment, which is why the motion is how it is, is that we are waiting for the Government to spell out how they will address the pension deficit, but the Minister for Employment Relations and Postal Affairs studiously avoided giving any detail about how he was going to do it.

Mr. Heppell: I suspect that that will not be the case. Just this week, the Mayor of London, who used to be the hon. Member for Henley, was pronouncing about public sector pensions and how it was not our job to protect them. I understand the argument that the Tory party would make. It would ask why public sector pensions should be protected when people with private pensions, who are going broke, are not, and then there are the people who have no pensions. Taxpayers have to pay for that public sector protection. Given that people who have put their money into housing have lost 15 per cent. and that pension funds are losing about 35 per cent., the argument that the Government should not intervene to find the money for the pensions is powerful.

However, there is a powerful argument the other way, and I am not just talking about the fact that many of the people involved got the pension rights by accepting fairly low-paid public service jobs, although that is one point. In this case, another argument can also be made. The package is not just to protect thousands of peoples' pensions; it will modernise Royal Mail, set up a new regulatory regime and guarantee the universal service obligation.

The package will also raise private sector money. I might be at odds with my colleagues on this, but I have no problem with that, although I am not sure how much should be raised in that way or whether another mechanism could be used. Hooper was fairly specific on the issue; it is not only about the money that a private sector partner would involve. He says:

"We recommend a strategic partnership between Royal Mail and one or more private sector companies with demonstrable experience of transforming a major business, ideally a major network business."

In talking about her experience with TNT and Deutsche Post, my right hon. Friend the Member for Leicester, West (Ms Hewitt) made it clear that those companies have experience of making a company modernise and become more efficient. Many of my comrades have sentimental views about Royal Mail and the Post Office and those views are shared by many across the country. My comrades want to protect the services, and I think that Hooper does as well—but he wants to do so by doing what is necessary to protect them. The Hooper review is called "Modernise or decline". He is right about one thing: doing nothing, and taking the usual Tory line, is not an option. We need to be very proactive.

There is a problem with everyone wanting to cherry-pick from the report. The report holds together well, although—I will be honest—there are bits of it that I do not understand: I could not quite understand what the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) was saying about it. However, the details can be worked out in Committee.

Just one last word—

Mr. Deputy Speaker: Order. I am afraid that the hon. Gentleman had to be pipped at the post.

6.17 pm

Mr. Dai Davies (Blaenau Gwent) (Ind): I shall be very quick, Mr. Deputy Speaker, so that more Members can speak.

I echo the sentiments of the hon. Member for Morecambe and Lunesdale (Geraldine Smith); I only wish that she had had as much time as the Front Benchers. I want to make four quick points. First, the Government said that they were in no rush, and I urge them to leave the decision until the next general election, to put it in their manifesto and to let the people decide. In my constituency, the people want the Post Office and Royal Mail to be kept in public ownership.

My second point is that we all agree on the need to modernise, but where have we been? We talk about the equipment that Royal Mail has to use. Where have we been in changing that, and what has the chief executive done to bring that about? What have we paid him for not doing it? Huge amounts of money.

[Mr. Dai Davies]

Thirdly, a level playing field has been mentioned on numerous occasions. The post office in my constituency delivers for the last 2 miles, which is the most difficult part of the delivery. The TNTs of this world—the private companies—get the cream, while the people at the sharp end are left with a really difficult job. I urge any Member who has not visited a sorting office or walked some of the patches to which our postmen have to go, to give that a go. Has Hooper done it? Did he visit the sorting offices and speak to the posties? He certainly did not do so in my constituency.

Fourthly, we have seen what greed has done to the banks; the drive for profit and more money has almost destroyed the financial system of this country and across the world. I urge the Government to consider that, and not to allow the same to happen to Royal Mail.

6.19 pm

Albert Owen (Ynys Môn) (Lab): I welcome this debate on Royal Mail. I also welcome the shadow Business Secretary, who is no longer in his place, to his new role. I can understand why he has been brought into it, because he was certainly entertaining, and the Conservative party needs an entertainment officer as they have not had one on such issues for some time. I did not realise that he had been in charge of the Post Office. I remember disagreeing with him when he was in charge of health, education and the economy. However, I agree with him on many issues, including Europe, and I agreed with him when he told Mrs. Thatcher that it was time to go. It is a shame that he is not in his place, because I am trying to offer him some warm words. Nevertheless, I cannot agree with his motion because, as my hon. Friend the Member for Nottingham, East (Mr. Heppell) said, it is just mischief-making, and this is a serious debate about a serious issue.

I welcome many of the interesting recommendations made by Hooper in his report, particularly on the universal service obligation, which is very important to areas such as mine which are on the periphery and rely on the six-days-a-week service. We do not have very fast broadband and we have a poor gas network, but at least we have our USO. We need the post delivered on time in a daily fashion like the rest of the United Kingdom.

When the Business and Enterprise Committee considers the details of the future of the Post Office, I urge it to develop the issues that the Government have raised about establishing better financial services for the Post Office network. That is a good idea, and it has come not only from the Conservative party; it has consensus around it. Among the best services that the Post Office provides is the exchange service for the pound against foreign currencies, where it has been very successful.

On the Post Office card account, the Government were right to provide that security and foundation to the post office network for the future, and we need to build on that. Given the crisis in the financial sector, the trusted brand that is the Post Office is a good way of providing such services to local communities across the United Kingdom of Great Britain and Northern Ireland.

I do not have much time left to give an alternative to what has been said about this issue being just about privatisation and the public sector. There are other models that the Business and Enterprise Committee and the Department should consider. In Wales, we all get water provided by Glas Cymru, which is the owner of Welsh Water. It is a not-for-profit organisation—a company limited by guarantee. It provides an excellent service, and Hooper dismisses it too quickly in his report. It is a successful model that could be used in delivering monopoly services such as mail, although I understand that there is the issue of European regulations. Its activities are funded and financed by bonds. It has within its organisation specialist contract partners employed by Welsh Water following a procurement process.

That business model improves service delivery by employing the best contract partner for each distinct activity within the business. Looking at the postal business globally, I can see that type of model helping to deliver services. It is an example of the kind of partnership within a monopoly that Hooper dismisses so quickly. The company also has the unique distinction of paying annual bonuses to its customers—dividends are given on an annual basis by reducing the bills—and it is able to get guaranteed loans over a period whereby it can reinvest in the company infrastructure. That is also worth considering when we talk about universal postal services. This is not about private versus public alone; we need to go beyond that.

Phil Wilson (Sedgefield) (Lab): Does my hon. Friend agree that we need to resolve the problems around Royal Mail under this Government? If the Tories had their way, they would probably privatise it in its entirety?

Albert Owen: I was not going to go down that partisan route, but I do worry about privatisation and the Conservatives. Royal Mail is the only organisation left that they did not privatise before, so it would be the first to go if they came back to office; they would start where they left off. The railways are a good example of the mess that they made. I am quite pleased, however, that we brought Network Rail back into public ownership as a not-for-profit organisation. It works side by side with private train operators, which is why I am suggesting an alternative model where a not-for-profit organisation is used to deliver a quality service and product to all customers. That should be the basis of what we do.

We tend to have dogmatic and ideological debates on such matters, but at the end of the day, we often forget that Royal Mail is there to provide a service to the public. I do not think that nationalisation or public ownership are dirty words, and the intelligent way forward in this debate is to look at alternative models. Hooper made a huge mistake in dismissing alternative models that work in this country, models which are regulated, which provide a high standard of service and which provide investment for the future. The risks involved in providing water are quite huge, but through such a model, Glas Cymru is able to invest for the long term by getting guarantees. We are giving guarantees to the banks and to everyone else.

The Treasury should look seriously at the model that I am suggesting and look at what Glas Cymru is doing. It is delivering a public service through a not-for-profit model that provides a good standard of service for the people that I represent and for all of the people of Wales. That model can be rolled out across the whole United Kingdom.

6.26 pm

Mr. Rob Wilson (Reading, East) (Con): I am pleased to have the opportunity to contribute to this important debate, and I shall try to be quick because I know that others want to speak.

In common with many areas of the country, my constituency of Reading, East has not been immune to the failings of Royal Mail. For the last couple of years, I have been involved in a campaign to prevent the local sorting office from closing. That has had an impact on workers; we are losing hundreds of jobs because of the closure. Many people have already been laid off and hundreds more have been, as they put it, left hanging in limbo. Royal Mail is moving the office to a £20 million mail centre in Swindon, and despite my best efforts to save those jobs—indeed, I arranged an all-party group to see the previous Minister responsible for postal services, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick)—I have unfortunately been unable to put a halt to the process. I have had regular meetings with employees, and I held a surgery recently at my local sorting centre. It is clear to see the human impact of the failings of this commercial organisation, and if change does not take place, even more jobs will be lost in the years to come.

The closure is due, in part, to the failure of Royal Mail's national management. It has failed to get a grip on many of the problems that it has faced over the past decade. In Reading, as in the rest of the country, one of those problems is the fact, mentioned by many hon. Members, that the technology used is seriously behind the times. Royal Mail chose to close its sorting centre in Reading to move to Swindon and, consequently, hundreds of people have been left out of work.

The Hooper report, which was published at the end of last year, makes it clear that one of the principal threats to Royal Mail comes from technology and the massive explosion in digital media, the internet and mobile technology. As many have said, that has prompted a substantial decline in the number of letters being sent by consumers. Another factor is Royal Mail's outdated sorting procedures, as compared with those of other European countries. When I met the Minister responsible for postal services last year, I pressed him hard on that point. I repeat what I said to him then: modernisation is crucial to Royal Mail so that it can compete properly in the wider market that is now open to all European competitors.

As I said, my local sorting office on Caversham road is unfortunately going to close, but I believe that the Minister probably now accepts that there is an urgent need for considerable investment in new sorting equipment. Otherwise, many other sorting offices around the country will close and more jobs will be lost.

Poor industrial relations have dogged Royal Mail for years, and the disputes that have come about as a result are well documented. In my constituency there have been local tensions between the management and the Communication Workers Union. Such disputes are holding back Royal Mail, and I appeal to the CWU and the management of Royal Mail to stop their endless conflicts and get on with saving and modernising the business. That is clearly what most employees want.

The most high-profile recommendation in the report is that Royal Mail should be part-privatised. The Minister seemed to get in a bit of a state about whether to admit that it will be privatised. That is recommended so that the expertise and capital investment necessary to modernise the business can be brought in. The opportunity to use that private capital and expertise will improve postal services and could give Royal Mail a new lease of life by enabling it to compete with other companies on equal terms.

Nearly two months after the publication of Hooper's proposals, the Government are still yet to provide serious details—the meat on the bone—of what they actually intend to do. It is about time that we began to hear their detailed plans. If we do not, there will be more damaging speculation about what the future holds and more uncertainty for the employees of Royal Mail.

We all know that Royal Mail faces very serious challenges and is grappling with the process of modernisation. The Hooper review argued strongly that now is the time to act, and it is clear that the status quo is no longer tenable. It is time for Royal Mail to modernise, or it will face continued decline. I hope, for its own sake and that of its remaining workers in my constituency, that it is given the opportunity to thrive again.

6.32 pm

Joan Walley (Stoke-on-Trent, North) (Lab): In the very few minutes that I have, I wish to make the point that an Opposition day, when the Opposition want to make political capital—despite the situation in the Thatcher years, with which we are familiar—is not the time to have a debate on such an important subject as Royal Mail and the delivery of postal services.

I have looked carefully at the Government's amendment, and there is nothing in it that I disagree with, so I have no problem with it. However, I do have a problem with what my hon. Friend the Minister said about the direction in which we are going on the Hooper report's recommendation 13 on bringing in a private partner. That leads to the suggestion that we have partial privatisation on our hands. The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) mentioned the possibility of pre-legislative scrutiny, which might be a way of trying to deal with the current problems.

One problem is the way in which Royal Mail has been starved of investment. As my hon. Friend the Member for Morecambe and Lunesdale (Geraldine Smith) pointed out, about £2.4 billion of profits went to the Treasury under the external financing limits. That money should have been invested in Royal Mail. The liberalisation has been carried out in haste, so Royal Mail has not properly been able to compete with European competitors, and we have been at a disadvantage.

The problem is how to make good the legacy of the wrong decisions that have been taken in the past. Somehow we must deal with that problem and secure the long-term commitment to the universal service obligation, and we must also find the money for investment in pensions so that delivery people all over the country, including in my local office in Burslem, know that the Government are protecting and safeguarding their pensions.

I genuinely recognise that balancing all that with the need to act quickly on the modernisation agenda will not be easy. The Government could use the Hooper

[Joan Walley]

report as a starting point. Negotiations could also take place with the Communication Workers Union, which in its detailed response of more than 60 paragraphs stated that it wants to work with the Government to find a way forward. However, if that way forward is bound by recommendation 13, which states that the only method of proceeding is through the private sector, I tell the Under-Secretary of State for Business, Enterprise and Regulatory Reform, my hon. Friend the Member for Dudley, South (Ian Pearson), that it is wrong way. Although we have assurances that further legislation will be introduced, and that Parliament will have an opportunity to debate it, we need to put investment in place now. My hon. Friend the Member for Ynys Môn (Albert Owen) suggested that there are other ways in which to proceed. The private sector has no monopoly on the right way to bring in expertise to transform the Royal Mail radically.

Whatever has been said about Adam Crozier and whatever he may have done for the premier league, he has not got back to me directly about individual issues that I have raised with Royal Mail about management. We must recognise that the Government own the Post Office, and it is not good enough for Ministers to say that they cannot interfere in operational matters.

The Hooper report, which was published in December, is already out of date. It took evidence during the credit crunch, and the easy, not very detailed recommendations that it makes about the way forward with a private sector partner are not right. I urge my hon. Friend the Under-Secretary to reconsider and involve hon. Members of all parties in finding a way forward, so that I can tell people in the Burslem delivery office that the Government are examining their needs.

6.36 pm

Mr. Jonathan Djanogly (Huntingdon) (Con): Let me repeat the shadow Secretary of State's earlier remark that we welcome Richard Hooper's review of the UK postal services sector. Published on 16 December, with the title "Modernise or decline", it provides a worrying statement about the desperate condition of Royal Mail today. Simply, it states that the status quo is untenable. Sadly, that conclusion comes as no surprise to the Conservative party. As my hon. Friends the Members for Wealden (Charles Hendry) and for Reading, East (Mr. Wilson) noted, it confirms what we have feared for a decade: the Labour Government's negligence in failing to address the vital issues that face Royal Mail has allowed it to slip down the premier league of European postal service providers.

We are faced with a stark choice: Royal Mail must modernise or decline. Mr. Hooper's review has at last forced the Government to accept the need for reform—at least that is what we thought from Lord Mandelson's response to it, and I think that the Minister, after some interrogation, ended up taking the same view in a roundabout manner. I still do not know where the Liberal Democrats stand; I think that they sort of support the report but do not like third-party voting—or something.

However, survival alone is not what Conservative Members hope to achieve. We share Hooper's belief in having a positive future for Royal Mail if the right actions are taken. Given the urgency, why have not the Government seen fit to publish proper details of their plans? Before encouraging prompt action, we must see clear and acceptable proposals. All we currently have is a set of hollow statements by Lord Mandelson in the other place, and a promise that he would provide a full statement early this year.

I remind hon. Members, especially the hon. Member for Stoke-on-Trent, North (Joan Walley), who strangely accused us of dithering, that we are already well into February, and yet no comprehensive details of Government policy have been released. We do not know whether Ministers fear the dissent of their own party, or whether the Government have been unwilling or unable to formulate a policy. Either way, that is indicative of a Government in disarray and lacking in direction or leadership.

Perhaps we need to look at Labour's manifesto, in which the party commits to a publicly owned Royal Mail, or the Warwick II deal, as mentioned by the hon. Members for Morecambe and Lunesdale (Geraldine Smith), for Ynys Môn (Albert Owen) and for Stoke-on-Trent, North, to ascertain why Ministers minimise the public air time they give their part-privatisation proposals. We note the 131 Members of Parliament who signed the anti-privatisation early-day motion. However, the issue is ultimately for Labour, not us. What we are interested in is saving Royal Mail and checking that the Government have the policy, the resolve and the leadership to deliver on that. At the moment, we have no such confidence. Are they, as my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) said, buckling at the knees?

We on the Conservative Benches understand Mr. Hooper's concern that there should be a sale of a stake to a strategic partner, so we welcome Lord Mandelson's endorsement of partial privatisation. If we are to reverse the downward-spiralling fortunes of Royal Mail, strategic outside input is, we agree, essential. However, as the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) and my hon. Friend the Member for Mid-Worcestershire (Peter Luff) said, important questions remain unanswered in relation to Lord Mandelson's vague proposals.

What form will a partial privatisation take? How much of Royal Mail do the Government intend to privatise? What price, if any, will they charge for such a stake? Who will keep the sale proceeds—Royal Mail or the Treasury? What type of partner do the Government want for Royal Mail and will any partner be obliged to invest in the company? As my hon. Friend the Member for Wealden said, will the Government also promise that the sale process will not break down into the kind of farce that they delivered in the tender process for the Post Office card account?

Although we support the concept of some form of outside ownership, our support for the Government's partial privatisation proposals is not unconditional. The proposals must not be just a convenient way to flog assets to prop up a Government on their last legs and desperate to reduce their debt pile at any cost. We agree with Hooper and Lord Mandelson that, in finding a solution, three interdependent aspects must be carefully considered.

First, any new partner to Royal Mail must introduce some much-needed commercial confidence. As admitted by the Minister, at present, bureaucracy and internal

conflict, which includes a long history of—let us face it—terrible industrial relations, frequently paralyse Royal Mail when it comes to making decisions and bringing about change. That is particularly the case with modernisation. As the right hon. Member for Leicester, West (Ms Hewitt) pointed out, new sorting machinery is on the way, and the Royal Mail network will be subject to a review as a result. However, few at present consider that Royal Mail is equipped to bring forward such vital changes. We were pleased that the Minister accepted that outside experience will be invaluable in moving Royal Mail ahead, although we consider that a careful review of the qualifications of any third party as a strategic partner will be essential.

Secondly, the Hooper review maintains that private investment will be required to modernise Royal Mail fully. We do not know how much that will be and we are unable to verify any figures, because the Government have refused to provide any such details. Can the Minister replying to this debate confirm that when he comes forward with privatisation proposals, he will provide details of the likely capital requirement, so that the House can properly assess those proposals?

Thirdly, and perhaps most problematic of all, as pointed out by my right hon. and learned Friend the Member for Rushcliffe, the right hon. Member for Leicester, West and the Chairman of the Business and Enterprise Committee, my hon. Friend the Member for Mid-Worcestershire, current estimates of the pension deficit vary widely, but we all know that it is the largest problem that Royal Mail faces. Worse still, the deficit is growing, in what is a turbulent economy.

We have voiced serious concerns about the Government's intentions in that regard. By taking over the entire responsibility for the pension scheme on an unfunded basis, the Government could quite easily raid the fund's £22 billion of assets, thereby bolstering the nation's balance sheet, which has been saddled with mind-boggling levels of debt, in the short term and piling on unknown billions of liabilities for future generations. Absolutely nothing that the Government have said today gives us any confidence about what their direction will be in that regard. I join the right hon. Member for Neath (Mr. Hain) in calling for the Government to provide their proposals, and the sooner the better.

The Minister now needs to reassure the hundreds of thousands of postal workers who are members of the scheme that a future Government will not have the ability to strip them of their benefits. One thing is for sure: with a revaluation of the pension fund due in the near future—I think in the next month or two—the Government cannot put off dealing with the issue any longer. The consequences for working members of the scheme could otherwise be very bleak, and they would certainly not thank the Government for their continued inaction.

So a variety of issues need to be looked at together. Mr. Hooper noted that a strategic partnership with a third party, effective regulation and the need to deal with the pensions deficit were all connected, and all necessary. We agree with his view that we cannot pick and mix between these issues, and that they need to be dealt with at the same time, although that was clearly not the view of the hon. Member for Nottingham, East (Mr. Heppell).

My right hon. and learned Friend the Member for Rushcliffe, my hon. Friends the Members for Cotswold (Mr. Clifton-Brown) and for Wealden, and the hon. Members for Blaenau Gwent (Mr. Davies) and for Ynys Môn all pointed out that the importance of maintaining the post office network and retaining the universal service obligation was assumed in all of this. Combined, they are an essential element of our society, providing a lifeline to communities up and down the country. As Hooper's review said, they are part of our economic and social glue, but their future is inextricably linked with Royal Mail.

Let us also keep in mind that the price control regulations are due to be revisited in 2010, which could seriously impact on the process of part-privatisation and modernisation. Royal Mail's dominance of the market ensures the need for strong regulation. The Hooper proposals for a merger of Postcomm and Ofcom are generally welcomed, although as my hon. Friend the Member for Mid-Worcestershire said, we will need to be satisfied that emphasis in the merged entity will be placed on the development of specific postal industry expertise.

Rumours abound that legislation to enable privatisation is imminent. Will the Minister now confirm when this is going to happen? We strongly urge the Government to initiate the Bill here in this elected Chamber, and not in the other place. We believe that this elected House is best qualified to deal with matters of such importance, even if most of the Department's unaccountable Ministers sit in the other place. I am sure that that sentiment is shared by many hon. Members here.

Royal Mail, like the Labour Government, stands on the brink. The difference, though, is clear. While redemption is beyond this Government, Royal Mail can yet recover and prosper. There is a final opportunity for the Government to revive Royal Mail instead of continuing to drag it down. We urge them to release and rapidly implement appropriate proposals, and to set Royal Mail on the course to recovery set out so comprehensively in the Hooper review.

6.47 pm

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): Royal Mail and the Post Office form an important part of the social fabric of UK society, along with the universal service obligation, which the Government put into primary legislation for the first time in 2000. It is right that we have had a passionate debate on the future of Royal Mail, and I pay tribute to my hon. Friends for the contributions that they have made this evening.

My right hon. Friend the Member for Leicester, West (Ms Hewitt) made a very brave speech. She has a great deal of experience in these areas, and she talked about the fact that far more automation was necessary in the Post Office. I absolutely agree with her about that. My hon. Friends the Members for Morecambe and Lunesdale (Geraldine Smith) and for Stoke-on-Trent, North (Joan Walley) are long-standing champions of Royal Mail and the Post Office. They hold strong views on these matters, and I want to tell them that there will be more opportunities to debate the Government's policy proposals in future.

My hon. Friends the Members for Nottingham, East (Mr. Heppell) and for Ynys Môn (Albert Owen) also raised some important points. My hon. Friend the

[Ian Pearson]

Member for Nottingham, East stressed the fact that the Hooper recommendations were a package. We strongly believe that this is a package of policy proposals, and that it would be wrong to pick and mix. My hon. Friend the Member for Ynys Môn mentioned Glas Cymru. In response, I want to point out that that is a monopoly water utility, rather than a company facing intense competition. The kind of business model that is appropriate for a water utility might not necessarily be appropriate for Royal Mail.

I want briefly to refer to the Government's investment in the Post Office. We provided £2 billion to support the network between 1999 and 2006, and we are providing a further £1.7 billion to 2011, including a £150 million a year subsidy. We have made it clear that we will continue to subsidise the network beyond that time, which demonstrates the Government's commitment.

In the remaining time available, I want to talk about the economics of Royal Mail, and then to talk about the politics. The first thing on the economics is that we believe Hooper produced a thorough report. The hon. Member for Blaenau Gwent (Mr. Davies) asked whether Hooper spoke to the posties. Yes, he certainly did on visits to UK mail centres and delivery offices, and the panel went out on rounds with postal workers. Hooper and his team also made visits abroad and saw the post at work in the Netherlands, France, Denmark, Belgium, Germany and the United States of America.

Let us look at Hooper's numbers and the challenges to the business model that Royal Mail faces today. Hooper talked about a market decline of anything between 5 and 7 per cent.—and the figures have only got worse since then. As my right hon. Friend the Member for Leicester, West said, the loss of business to digital communications is five times more than the loss to competition among other postal operators, but Royal Mail is still losing business to other such operators. The letters business made a loss last year. Royal Mail made a profit in the third quarter, but it was largely due to a European subsidiary and it came only after Government support for the business. We should contrast that with leading counterparts that are making margins of 13 to 15 per cent. on their postal business.

It is quite clear that Royal Mail needs cash to modernise. It has a £1.2 billion commercial loan provided by the Government: half has already been spent and the other half will probably be spent in the next 12 months, but it is still not nearly enough, given the huge problems Royal Mail faces in modernising and competing in an intensely competitive environment. On top of that, as hon. Members have noted, there is an enormous pension deficit, valued at £4.9 billion in March 2008—and, as we know, most asset classes have seen a severe decline since that period, so the pension deficit can only get substantially worse. Hooper also forecasts that from 2009-10 onwards, there will be a £400 million a year cash-flow deficit. With what we know now and from what has happened since Hooper reported, the situation is, as I have said, only going to get worse.

If we accept that doing nothing is not an option, we have to ask ourselves what is the best option for the Government to pursue. How can we maintain the universal service obligation; how do we fund the business and its pensions deficit in the future; and how do we modernise the business to put it on a sustainable footing?

Mr. Djanogly: Will the Minister give way?

Ian Pearson: No, I want to continue and answer those questions in the time available to me. Let me explain my views on those questions. We have to ask what is the right thing to do for consumers—the people and businesses that use Royal Mail—and what is right and fair for Royal Mail's work force. Do we, as taxpayers, want to address the pensions deficit? We have said, as a Government, that we do, but the Opposition have been strangely silent on that issue. Should taxpayers totally fund the likely future deficits of Royal Mail, which could rise above £500 million a year for the foreseeable future?

Personally, I would not rule out some sort of share participation by the Royal Mail work force, but I do not think it is in its long-term interest to set its face against bringing in private capital through a minority partnership. That is why the Government's policy is to support the proposals in the Hooper report. As I say, we intend to make proposals for discussion.

Several hon. Members *rose—*

Ian Pearson: Let me talk about the politics. The right hon. and learned Member for Rushcliffe (Mr. Clarke) was—as always—brutally honest about his failures as a Minister. He was not able to deliver private capital to Royal Mail when he was responsible for postal affairs: he said quite clearly that he was overruled by Margaret Thatcher.

Several hon. Members *rose—*

Ian Pearson: I give way to my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty).

Michael Connarty (Linlithgow and East Falkirk) (Lab): I am grateful to my hon. Friend. If he had heard the opening speech by the right hon. and learned Member for Rushcliffe (Mr. Clarke), he would know that the right hon. and learned Gentleman pointed out that although he was a big beast supported by Tarzan, Mrs. Thatcher would not privatise the Post Office because she knew that that would be a death blow—a suicide note—for the Conservatives.

Having heard this afternoon's speeches, I will not be voting for the Conservative motion and I will not be voting for the Government's amendment. I urge Members not to allow this part-privatisation—with what was, in fact, just an offer of further share options from the junior Minister—to proceed.

Ian Pearson: I was merely expressing my own view that such an option should not be ruled out. My hon. Friend will have heard the figures that I gave. He will understand the position that Royal Mail is in. A pensions deficit that was valued at £5.9 billion nearly 12 months ago will in fact be substantially worse, and the projected £400 million annual deficit for the foreseeable future can also only get worse. We need to sort out the position; the question is, what is the best way for us to sort it out? Would it be best to sort it out purely through Government money, or to bring in private-sector capital in the form of a minority shareholding while retaining existing expertise and management?

Dan Norris (Wansdyke) (Lab): Will my hon. Friend give way?

Ian Pearson: I have only two or three minutes before the guillotine falls.

I want to be as brutally honest as the right hon. and learned Member for Rushcliffe. We do have problems discussing this issue in the Labour party: there is clearly a difference of opinion, and it would be wrong for us not to reflect that by debating the issue. However, I do not think that an Opposition day debate that is being used opportunistically by the Conservative party is the appropriate vehicle for such a discussion.

We, as a Government, have always made clear our wish to maintain the universal service obligation and to do the right and fair thing by the Royal Mail work force and by the United Kingdom taxpayer, who is a consumer of the service and is also being expected to fund it. Let me pose this question to my right hon. and hon. Friends: should the Government fund the whole of Royal Mail for ever—the pensions deficit, the other ongoing deficits and the requirements for modernisation—or does it make sense to bring in some private sector capital and expertise? That is a question that we must continue to debate in the future, although we are not making decisions on it tonight. The Government will present policy proposals shortly.

I appreciate Members' concerns, but let us discuss them openly and honestly. Royal Mail's future poses a real structural problem, because of the changing business world in which it operates. Let us be frank about that, and try to find the best way in which to sort it out.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 151, Noes 376.

Division No. 36] **[6.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Rifkind, rh Sir Malcolm
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Tredinnick, David
Turner, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Watkinson, Angela
Whittingdale, Mr. John
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Bill Wiggin and
Mr. Stephen Crabb

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam

Cabom, rh Mr. Richard
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Colley, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Galloway, Mr. George
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Lazarowicz, Mark
Leach, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Mackinlay, Andrew
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pleaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John

Timms, rh Mr. Stephen
Timpson, Mr. Edward
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Ian Lucas and
Helen Goodman

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).
That the proposed words be there added.

The House divided: Ayes 309, Noes 208.

Division No. 37] **[7.17 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Campbell, Mr. Alan
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Cleyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Malliaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward

Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Trussell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Wookey, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Ian Lucas and Helen Goodman

NOES

Abbott, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howe, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Hulme, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Lehain, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Lloyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael

Spring, Mr. Richard	Walker, Mr. Charles
Stanley, rh Sir John	Wallace, Mr. Ben
Steen, Mr. Anthony	Watkinson, Angela
Streeter, Mr. Gary	Weir, Mr. Mike
Stuart, Mr. Graham	Whittingdale, Mr. John
Stunell, Andrew	Willetts, Mr. David
Swayne, Mr. Desmond	Williams, Mark
Swinson, Jo	Williams, Mr. Roger
Swire, Mr. Hugo	Williams, Stephen
Syms, Mr. Robert	Willis, Mr. Phil
Tapsell, Sir Peter	Willott, Jenny
Taylor, Mr. Ian	Wilshire, Mr. David
Taylor, Matthew	Wilson, Mr. Rob
Taylor, Dr. Richard	Wishart, Pete
Teather, Sarah	Wright, Jeremy
Thurso, John	Young, rh Sir George
Tredinnick, David	
Turner, Mr. Andrew	**Tellers for the Noes:**
Vaizey, Mr. Edward	**Bill Wiggin and**
Viggers, Sir Peter	**Mr. Stephen Crabb**
Villiers, Mrs. Theresa	

Question accordingly agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House notes the threats to the future of the Royal Mail and welcomes the conclusion of the Hooper Report that, as part of a plan to place the Royal Mail on a sustainable path for the future, the current six days a week universal service obligation (USO) must be protected, that the primary duty of a new regulator should be to maintain the USO, and that the Government should address the growing pensions deficit; notes that modernisation in the Royal Mail is essential and that investment must be found for it; endorses the call for a new relationship between management and postal unions; urges engagement with relevant stakeholders to secure the Government's commitment to a thriving and prosperous Royal Mail, secure in public ownership, that is able to compete and lead internationally and that preserves the universal postal service; further notes the Conservatives' failure to invest in Royal Mail when they were in power in contrast with Labour's support for both Royal Mail and the Post Office; and notes that legislation on these issues will be subject to normal parliamentary procedures.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

CONSTITUTIONAL LAW

That the draft Welsh Ministers (Transfer of Functions) (No. 2) Order 2008, which was laid before this House on 16 December, be approved.—*(Ms Butler.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

CONTRACTING OUT

That the draft Contracting Out (Highway Functions) Order 2009, which was laid before this House on 21 January, be approved.—*(Ms Butler.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

ASYLUM

That this House takes note of European Union Documents No. 16913/08 and Addenda 1 to 3, draft Directive laying down minimum standards for the reception of asylum seekers, No. 16934/08 and Addenda 1 to 3, draft Regulation on the establishment of "EURODAC" for the comparison of fingerprints for the effective application of the Regulation establishing the criteria and mechanisms for determining the Member State responsible for examining an application for international protection, and No. 16929/08 and Addenda 1 to 3, Regulation establishing the criteria and mechanisms for determining the Member State responsible for examining an application for international protection lodged in one Member State by a third country national or stateless person; supports the Government's aim of making more efficient the arrangement for identifying the Member State responsible for determining a claim for international protection (and, where appropriate, for removing to that country the person applying for protection); and supports the Government's aim of ensuring that minimum standards for the treatment of those seeking protection in the EU support the maintenance of an effective asylum system that grants protection to those who need it and identifies and swiftly returns those who do not.—*(Ms Butler.)*

Question agreed to.

USE OF THE COMMONS CHAMBER (UNITED KINGDOM YOUTH PARLIAMENT)

Motion made,

That this House welcomes the work of the United Kingdom Youth Parliament in providing young people with an opportunity to engage with the political process and bring about social change; notes that many hon. Members from all parts of the House are actively involved in the work of the UK Youth Parliament; and accordingly resolves that the UK Youth Parliament should be allowed for this year alone to hold its 2009 annual meeting in the Chamber of this House.—*(Ms Butler.)*

Hon. Members: Object.

Immigration Rules (Small Businesses)

Motion made, and Question proposed, That this House do now adjourn.—*(Ms Butler.)*

7.29 pm

Mr. Christopher Chope (Christchurch) (Con): Thank you, Mr. Speaker, for selecting this subject for debate. As will become apparent, much of what I shall say concerns one particular firm in my constituency. I hope that the result of the pressure put on the Government to address the issue will be the saving of 80 jobs in my constituency that would otherwise have been strangled as a result of Government red tape and regulation. Indeed, the debate will be a test of whether the Government are true to their avowed word of being intent on offering "real help for businesses" as expressed by the Secretary of State for Business, Enterprise and Regulatory Reform in his letter of 9 February, which was distributed to all Members of this House.

In that letter, the Secretary of State said:

"During these difficult times, the Government is committed to doing everything it can to help UK companies and prevent the loss of people's jobs."

My application for this debate emanated from the failure of the Government to respond adequately, or at all, to the letter that I sent to the Secretary of State on 10 December last year about a problem created by the Government with regulatory changes imposed on customers of European Skybus flight training.

In more than 13 years of existence, Skybus has successfully dry leased flight simulator equipment to more than 80 foreign airlines, Governments and militaries. The company has links with the Minister's Department to establish Skybus's eligibility to trade with various different airlines and countries around the world. It has links with the Metropolitan police on security over ID and passport checking, and that often takes place hourly and affects every person who enters the training centre to fly or even to observe in a flight simulator. The company also supplies flight simulator equipment for use in anti-terrorist training by the Metropolitan police and is very proud of its contributions to both overseas trade and national security. The simulator dry leasing business for foreign airlines represents 85 per cent. of the company's business. In my letter to the Secretary of State, I pointed out how changes in Government regulation were adversely affecting the business of Skybus with two overseas companies in particular, Transaero from Moscow and IranAir.

Changes to the immigration rules meant that previous procedures whereby names of airline crew members were provided, letters of invitation issued and UK business visas obtained were invalidated. The next stage saw applications being delayed and visas were sometimes issued too late to be of any use. When they were issued, they were of only four weeks' duration in contrast to the previous system of six or 12 months. Members of airline crew attending for standard recurrent training were faced with substantial additional bureaucratic hurdles before they could access Skybus services.

In the case of IranAir, individuals were required to stand in a queue for personal application. Obviously, that was highly inconvenient for air crew employed by that airline company who had to be removed from their scheduled flying responsibilities merely to apply for a visa. I asked the Secretary of State to intervene to ensure that the increasing bureaucracy around UK visa entry did not result in the inability of companies such as European Skybus flight training to continue to operate successfully.

Despite making chasing telephone calls and tabling a written question and an oral question, I did not receive a response until this morning when an e-mail was sent to my office to which was attached a letter from the Minister, intriguingly backdated to 9 February. The letter does not provide a solution, unfortunately, because it is based on the false premise that European Skybus flight training is eligible for accreditation under new rules for student visitors that commence at the beginning of March.

The UK Borders Agency had advised that the solution for Skybus was to register with the Department of Innovation, Universities and Skills, and at the end of January that registration was completed and a reference number was provided. However, it has since become obvious to the accrediting authorities that Skybus does not fit their criteria, because it is engaged in the dry leasing of simulator equipment and not in the instruction of pilots on that equipment. Therefore, although the DIUS reference number will suffice for visa applications made before the beginning of March, it will not work thereafter because Skybus will be unable to comply with the new rules about student visas.

As a result of the pressure placed on the Government by the knowledge that they have to answer this debate, the dilemma facing Skybus has doubtless been recognised. Unfortunately, however, a solution has still not been provided; I hope that the Minister will provide one this evening. Today I spoke to Mary Batchelor of the UK Border Agency; she is, I believe, briefing the Minister. She has told me that the matter now has to be checked with lawyers to see whether a possible solution—that she has in mind, but has not disclosed to me—will work. She forecast that the Minister would be able to offer a decision within days, and I hope that she meant within hours.

This evening, I seek nothing less than a guarantee from the Minister of not only a decision but a solution. Eighty jobs in my constituency depend on that, as does the credibility of the Government's policy. It is not Government policy to undermine the work that Skybus does, but that is the consequence of the various regulatory changes that have been made and which have already had such an adverse impact on Skybus's customers, who do not experience anything like the same problems in using simulator services in France or Spain.

At a time when the value of our currency has been greatly devalued by Government action, the firm should be getting a competitive advantage. However, it is not because of the bureaucratic problems that I have described. The name of the Department for Business, Enterprise and Regulatory Reform contains all the buzz words—"business", "enterprise" and "regulatory reform". However, from this case it is apparent that even the constituency correspondence has not been handled in a businesslike fashion. It is clear that the consequence of the changes in regulation has been to undermine enterprise and that all the talk of regulatory reform, regulatory impact assessments, small business litmus tests and all the rest, has counted for nothing in the scenario that I have described.

It is truly intolerable that a successful business such as Skybus should be threatened with extinction because of the Government's failure to practise what they preach. When the immigration rules were last amended, they contained an assertion that there had been an assessment of whether they had an adverse impact on small business and it was said that they would not. So there has been a regulatory impact assessment, but it was obviously based on a false premise.

I hope that the Minister will be able to explain what Skybus customers need to do to be able to carry on coming to this country and using the simulator equipment in Christchurch on the Bournemouth airport complex. I fear that this is but one example of the impact on many other small businesses of changes in the immigration rules. As I prepared for this debate, I received representations from other small companies hoping that I would take up their cases for them. I am not doing that except in the sense that I am trying to get the Minister to accept that the changes were not properly thought through, particularly in respect of their impact on different groups of organisations. It is manifestly absurd to try to force a company that is not an educational establishment into the straitjacket of accreditation with DIUS and then into trying to obtain accreditation from an organisation such as Ofsted.

The solution, it seems to me, is for customers who wish to use the flight simulation facilities to be able to obtain business visas in the same way that they were able to before. The Minister is making an expression that suggests he is uncertain whether that is the solution. Unfortunately, I am not in government, but he is, and he is therefore in a position—indeed, under an obligation—to provide a solution to a problem that the Government have created. I hope that we will hear something positive from him.

7.40 pm

The Minister for Borders and Immigration (Mr. Phil Woolas): I congratulate the hon. Member for Christchurch (Mr. Chope) on securing this debate. Let me start by saying that this is a good example of how our parliamentary system works for the best, in that a constituent—or in this case a company in his constituency, European Skybus flight training—can raise a matter with the Member of Parliament, who can raise it with the Government in the House to bring the matter to Ministers' attention, as he successfully has. I hope to be able to provide a solution to the problem for him. I have always been a supporter of the idea of a single-Member constituency, whether across party lines or not. This is not a partisan issue. The hon. Gentleman is rightly trying to protect his constituent, and I am happy to try to help.

I have, of course, looked into the background to this case. The hon. Gentleman wrote to my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform on 10 December and received a reply from the Under-Secretary of State, my hon. Friend the Member for Dudley, South (Ian Pearson), dated 9 February. I am pleased that he got a reply before this debate. The system works in wonderful ways. I do not think that it is cause and effect, but he has his reply, so that is good. The reply outlines part of the solution that he wants to take forward. To be fair—as I always am, I hope, to other Government Departments—this is a matter primarily for my Department and I take responsibility for finding the solution that he looks for.

As a result of the information that we now have, the UK Border Agency is looking afresh at the immigration position of persons coming to the UK for training in techniques and work practices used here where solely training facilities are involved and no teaching is provided. I will be trying to give the hon. Gentleman a satisfactory answer very quickly, and I am confident that I will be able to do so. The additional information has been helpful, and officials have spoken to European Skybus flight training.

To reassure the hon. Gentleman that we are not the bureaucratic blunderers that he has sometimes accused us of being, I have looked into the situation in his constituency, and it is a good situation. Four companies have received a licence under the new scheme, another is under consideration, and another has been refused. I am happy to share the details with him should he so choose. Let me emphasise that our approach with companies is not to act in a policing way. If people are refused, we have mechanisms in place to help them. We do not approach this in a heavy-handed way at all. We are trying to help our businesses.

We are also, of course, trying to introduce a new immigration system. Consequences are inevitable if one makes a radical change to a system, and this is the biggest shake-up in the immigration system since Empire Windrush arrived in 1947—I genuinely think that that is the case given the introduction of e-borders and the points-based system. Some would say that we are taking too long to implement it, but it is a big change and we are taking our time to get it right. I hope that the hon. Gentleman would be charitable enough to say that when one makes a big change in public policy, there are unintended consequences. That is why it is right that the House can debate such issues, and that right hon. and hon. Members can bring matters to the attention of the Executive, or the individual Minister concerned, which the hon. Gentleman has done.

This is the most radical reworking of the immigration rules for a generation, even if one does not accept my time scale. We have created a clear, defined and targeted points-based system that allows a fair, transparent and objective set of rules for decisions, which will improve compliance and reduce the scope for abuse. I know that the hon. Gentleman supports those goals in immigration policy. I and my colleagues have attempted to build a consensus across the House on those principles; he has supported them and I am grateful for that.

We have increased control over migrants entering the United Kingdom, especially those from outside the European Union. We now have greater flexibility to respond to UK skills shortages. In the current economic circumstances, it is more important than ever that we can decide on the number of highly skilled and temporary workers we need and on the sectors of the economy that need them, so we have set up this new superstructure. Under the old regime, the employer had to apply to the Home Office for a work permit for each individual migrant that they wished to employ. Even if that were approved, the migrant would have to apply separately for entry clearance, which might be refused, leaving the employer to start all over again. Under the new points-based system, an employer issues a certificate of sponsorship

[Mr. Phil Woolas]

to a migrant worker who then applies for entry clearance overseas. If that is granted, the migrant can travel to the UK and begin work straight away.

We are particularly keen to reduce the burdens of the system on small businesses, which is why the example that the hon. Gentleman highlighted is quite important when ensuring that we get the system right. With that keenness to reduce burdens in mind, we issue a small charge to small businesses, as well as to charities, of £300 for sponsorship, as opposed to the £1,000 charge for larger companies. There is evidence of a strong take-up of that system. By the beginning of this month, almost half the applications decided were submitted by small businesses. I would have expected a greater proportion of large businesses, but that has proven not to be the case.

Where necessary, employers will need to undertake resident labour market tests to ensure that no British or EU national could be found for advertised posts before an offer of employment is made to an overseas national. We are asking businesses to take an active role in ensuring compliance—we are now coming to the detail that relates to the problem encountered by the hon. Gentleman's constituents. We require UK organisations of any size to apply for a licence in order to bring migrants to the UK to work or study and if granted, sponsors are given a rating of A or B. The A rating is given when they comply, and a B is given when they need a little help in order to do so. That backs up my point about the system not being heavy-handed. So far, we have issued just under 10,000 licences. We are meeting our commitment to processing complete applications within six weeks and we intend to reduce that time to four weeks by April this year.

I mentioned that six licence applications have been received from the hon. Gentleman's constituency, and I am happy to repeat that four companies from Christchurch sit on the sponsored register as A-rated—in other words, no problems. A further application is under consideration and one has been refused. The particular case that he highlighted falls into a category that, frankly, was not fully understood when the rules were drawn up.

We are trying to prevent abuse and prevent the system from being subject to clandestine illegal immigration. There is no suggestion whatever that that is happening in the case of European Skybus flight training. As I understand it—the hon. Gentleman will correct me if I am wrong—it comes down to the fact that the people involved are primarily coming for the purpose of training that is related to the service that the company offers. As a result of the information that he and the company have provided, we are looking afresh at the immigration position of persons coming to the UK for training in techniques and work practices used here, where only training facilities are provided and no teaching. It is a matter of definition.

It is incumbent on me to say to the hon. Gentleman that we will make a decision very shortly. He asked for more than a decision—a solution—and I am confident that I will be able to give him one. I understand his point, and I hope to provide such a solution to him and to others in a similar situation. He has highlighted a problem that has arisen, but he will know from his experience as a Minister that sometimes, in providing a solution to a specific problem, one creates a general problem for others. I do not want to be back here in three months' time responding to further Adjournment debates as a result of another unintended consequence. That is why I do not want to take a snap decision; I want to find him a solution, but I do not want to do so immediately, just in case there is a consequence that I have not foreseen.

Mr. Chope: I am grateful to the Minister for what he has said, but may I impress upon him the urgency of the case that I mentioned? If the solution that is provided necessitates obtaining accreditation from one of the organisations that have been mentioned, the company has been informed that that process might take up to three months. If so, not only will it have lost the business that it should have had in January, it will probably not have business in March, April or May. The situation is urgent.

Mr. Woolas: I thank the hon. Gentleman for that point. I shall give him a decision next week, and I hope to give him a solution. Perhaps we could talk about the matter and try to solve the problem, but I do not wish to take a decision and then find out through correspondence that it has made the situation worse. I have been a Minister long enough to know that that sometimes happens, as has he. The best thing that I can do for him and his constituents is to guarantee to get them a decision next week, and say that we hope to find a solution. At this point, the best thing for me to do is shut up and sit down.

Question put and agreed to.

7.54 pm

House adjourned.

House of Commons

Thursday 12 February 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

MANCHESTER CITY COUNCIL BILL [*Lords*] and BOURNEMOUTH BOROUGH COUNCIL BILL [*Lords*]

Motion made, and Question (15 January) again proposed,

That the promoters of the Manchester City Council Bill [*Lords*] and Bournemouth Borough Council Bill [*Lords*], which were originally introduced in the House of Lords in Session 2006-07 on 21 January 2007, may have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).—(*The Chairman of Ways and Means*).

Hon. Members: Object.

The debate stood adjourned; to be resumed on Thursday 26 February.

CANTERBURY CITY COUNCIL BILL, LEEDS CITY COUNCIL BILL, NOTTINGHAM CITY COUNCIL BILL AND READING BOROUGH COUNCIL BILL

Motion made, and Question (15 January) again proposed,

That the promoters of the Canterbury City Council Bill, Leeds City Council Bill, Nottingham City Council Bill and Reading Borough Council Bill, which were originally introduced in this House in Session 2007-08 on 22 January 2008, may have leave to proceed with the Bills in the current Session according to the provisions of Standing Order 188B (Revival of bills).—(*The Chairman of Ways and Means*).

Hon. Members: Object.

The debate stood adjourned; to be resumed on Thursday 26 February.

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Departmental Holdings (Banks)

1. **Mr. Peter Bone** (Wellingborough) (Con): What expenditure his Department incurred in acquiring its holdings in Royal Bank of Scotland plc, HBOS plc and Lloyds TSB plc; and what the monetary value of those holdings was on the most recent date for which figures are available. [256282]

The Chancellor of the Exchequer (Mr. Alistair Darling): Under the recapitalisation scheme that I announced on 8 October, the Government invested £19.97 billion in the Royal Bank of Scotland group and £16.96 billion in the Lloyds banking group, which was formerly Lloyds TSB and HBOS.

Mr. Bone: I think that the Chancellor forgot to answer the second half of the question; anyway, I will press on. What is the total exposure that British taxpayers face, both direct and contingent, as a result of the purchase of the bank shares, the provision of loans and the offer of guarantees? Chancellor, can we have a straight answer this time? Can we have the figure, and can you tell us how much of our children's future you are gambling?

Mr. Darling *rose—*

Mr. Speaker: Order. The way in which the hon. Gentleman addresses the House is out of order; he knows that. I have had to say that to other hon. Members. We have got to stick to the rules.

Mr. Darling: At each stage, I have set out to the House what the Government propose to do and what the cost is. In relation to the purchase of a shareholding, the Government purchased shares, and that came to a total of £37 billion. That was part of the recapitalisation process. I have to tell the hon. Gentleman that that part of the Government's proposals over the past few months was supported by hon. Members on both sides of the House. It was recognised as being absolutely necessary to recapitalise the banks because we were within hours of the banking system collapsing last October; that is why we did it.

The hon. Gentleman asks about other measures that we have put in place—for example, the special liquidity scheme, which I announced in April last year and of which the Bank of England reported last week that about £185 billion has been taken up. That has been more than covered by the collateral lodged by banks, which is over £240 billion, and in addition the Government charge fees that total about £2 billion for that. That is just one example of where we have given guarantees that are just that—guarantees, not money that is being paid out at the moment. I believe that the range of measures that we have taken—other countries around the world have done the same or similar—was absolutely necessary. What I really find surprising is that having supported us last October the hon. Gentleman is now attempting to run away from the decisions that we all took then.

David Taylor (North-West Leicestershire) (Lab/Co-op): With taxpayers now holding a majority stake in Lloyds, which Her Majesty's Revenue and Customs is investigating for double dipping and tax avoidance via Cayman islands companies—biting off the hand that feeds it comes to mind—will the Chancellor of the Exchequer say what access the Government had to Lloyds' books before pumping in billions of pounds of public money and whether any condition, such as an end to all tax avoidance activity, were attached to our cash being used to save a bank that has so successfully shifted the tax burden from corporations on to small businesses and families?

Mr. Darling: Let me make a couple of points to my hon. Friend. First, as he is no doubt well aware, because this matter is currently before the courts there is a limit

to what I can say. As a matter of general principle, Ministers do not normally comment on the individual circumstances of any taxpayer, corporate or individual, for perfectly good reasons. However, I can say to him that the so-called double dip scheme was shut down by the Government in 2005. In addition, anti-avoidance measures that we have introduced have saved the taxpayer about £11 billion over the past couple of years. On top of that, from 2004 schemes of this sort have had to be reported to HMRC to ensure that if there is abuse or if any measures that are being taken have unintended consequences that are harming the taxpayer, action can be taken very promptly. That will remain the case. At each Budget, I will ensure that if there are loopholes that need to be closed, we will take the action necessary.

Mr. Michael Fallon (Sevenoaks) (Con): Can it really be right that the body looking after the taxpayer's interest in these two banks should be chaired by Mr. Moreno, who appears to have been heavily involved in tax-dodging in Liechtenstein? In the interests of getting a consensus behind United Kingdom Financial Investments, is the Chancellor wise to proceed with that appointment?

Mr. Darling: The hon. Gentleman will be aware that following Sir Philip Hampton's appointment to chair the RBS board, I asked Mr. Moreno to take his place as acting chair. I will make a decision on the permanent replacement in the near future. I agree with the hon. Gentleman that we should take a firm hand on tax loopholes and on people not paying the tax they should, and I hope that he will have a word with one or two prominent Conservative donors who do not choose to pay their taxes in this country.

Mr. Brooks Newmark (Braintree) (Con): Using generally accepted accounting principles, how much has the nationalisation of the banks added to the national debt?

Mr. Darling: As I said to the hon. Member for Wellingborough (Mr. Bone), we have reported all the potential and actual exposures in relation to the purchase of assets or the guarantees, and we will continue to do that in the normal way.

Dr. Vincent Cable (Twickenham) (LD): Is it not becoming increasingly clear to the Chancellor that the ferocious resistance of the management of these banks to the Government's full takeover of them, albeit on a temporary basis, is motivated by a desire to protect bonuses and salaries, to resist write-downs and loss declarations and to protect cynical tax avoidance schemes? When will the Government avoid this farcical and completely ineffective arm's length management arrangement?

Mr. Darling: I do not agree with everything that the hon. Gentleman says. First, I believe that it was necessary to take Northern Rock into public ownership on a temporary basis, but I do not believe that we should seek to take over banks as a matter of course. They are better being commercially run, and I think that the hon. Gentleman and I would both agree that the Government cannot be in the business of running these banks in the long term. However, disclosing the nature and the extent of losses, and providing a greater degree of transparency, is absolutely necessary and we will continue, especially as we work out the insurance scheme of the assets, to ensure that people completely understand the nature of the liabilities that the banks have entered into.

Mr. George Osborne (Tatton) (Con): I think that the answer to my hon. Friend the Member for Sevenoaks (Mr. Fallon) means that the Government are about to lose their second key banking adviser, but may I ask about the resignation of the first? Are we really expected to believe that when the Prime Minister appointed Sir James Crosby to the board of the Financial Services Authority, and when the current Chancellor promoted him to the job of deputy chairman in 2007, neither of them had any idea that they were appointing someone whose business model at HBOS was being investigated by the regulator whose board they were appointing him to?

Mr. Darling: As the Prime Minister has just told the Liaison Committee, Sir James's appointment in 2003 was made on the recommendation of a selection panel that followed an open competition, and that panel, which was chaired by the senior official then responsible for banking regulation, Sir James Sassoon, recommended the appointment of James Crosby. At that time, there was no reason to question that appointment. With the benefit of hindsight, many people now make claims about what they say they knew at that time, but the then Chancellor followed the proper procedures and followed the advice, and he had no reason not to make the appointment.

The FSA has said that in 2002, and subsequently, it drew attention to a number of concerns, as it did with several other organisations. In terms of the law, the way in which the FSA supervises any bank, let alone this one, is a matter for it. Neither the subsequent investigation into the allegations made against James Crosby, nor the concerns that it had, were reported to the Treasury. I would not expect them to have been, given the information that I have from the chief executive of the FSA at the moment.

Mr. Osborne: Either the Chancellor knew what was going on and did nothing, or he was entirely ignorant, and neither is much of a defence. Is not the net closing in on the Prime Minister and the Chancellor? Their accomplices are resigning, their alibi that no one knew what was going on has been blown apart, and their fingerprints are all over the mistakes that were made during the age of irresponsibility.

Is there a coherent view in the Cabinet about how long this recession will last? We know what the Treasury's forecasts are, and we know what the Chancellor says about the economy recovering halfway through this year, but today the Health Secretary has said that we need to be ready for two years of recession. Is the Health Secretary expressing the collective view of the Government on this issue?

Mr. Darling: In relation to the FSA, the hon. Gentleman's claims are frankly ridiculous. Appointments were made in the normal way, which is a great deal more open than for some of the appointments that were made in the past. At the time, there was no reason not to accept the recommendations in relation to Sir James Crosby.

On the broader economic picture, as I have said to the House on a number of occasions, there has been an extremely sharp downturn not just in this country but in countries right across the world, and we can see the effects of that. I am clear, though, that if we had followed the hon. Gentleman's advice and done absolutely nothing to prevent the full effects of the recession from being felt, the impact and the long-term damage to this country would have been substantial. I believe that the action that we have taken is not only justified but will ensure that this recession will be shorter and less painful than would otherwise be the case. I am sorry that the Conservative party continues to take the view that there is absolutely nothing that they are prepared to do to help people and businesses in this country.

Mr. Dennis Skinner (Bolsover) (Lab): Is the Chancellor aware that the most delightful thing about this episode is that most bankers naturally represent the Tory party? I am quite enjoying the spectacle of these Tories liaising with bankers one day and attacking them the next. As a socialist, I think that at the end of the day we might see a better banking system and, next time, put some socialists on the banks. The other thing that has emerged is that the Tories are complaining about tax avoidance, and they are people who, over the years, have been experts at it.

Mr. Darling *rose—*

Mr. Speaker: Order. I think that we have drifted away from supplementary questions to Question 1.

Short Selling

2. **Mr. Lindsay Hoyle** (Chorley) (Lab): What discussions he has had with the Financial Services Authority on its decision to lift the ban on short selling in the financial markets; and if he will make a statement. [256283]

The Economic Secretary to the Treasury (Ian Pearson): The UK tripartite authorities—the Treasury, the Bank of England and the Financial Services Authority—are working closely together to ensure the stability of the UK financial system. The FSA, as an independent regulator, reviewed its ban and decided not to maintain it. It stands ready to reintroduce the ban should circumstances require it.

Mr. Hoyle: I thank my hon. Friend for that answer, but the FSA has let the public and business down, and it acts like a toothless tiger. It is time that it got tough. The only time that it got tough was on short selling, and what did it do? It withdrew the ban. The time has come for the Minister to introduce strong regulation and make the FSA use it, because the people of this country would not forgive it if this were to happen again. Let us get tough and take action now.

Ian Pearson: I understand what my hon. Friend says about tough regulation, but I have to say that there is no evidence that hedge funds and speculators are short selling and driving down the stock of banks at the moment. There is a short selling disclosure regime in place, whereby if short selling transactions reach 0.25 per cent. they must be disclosed. All the evidence that we have at the moment shows that there is no significant short selling activity in bank stocks. Of course the FSA, as the independent regulator, will continue to monitor the situation and stands ready to reintroduce a ban if it is necessary to do so.

Richard Ottaway (Croydon, South) (Con): The Minister is distancing himself from the decision to lift the ban, so why did he take the credit when it was imposed?

Ian Pearson: I am not distancing myself from it at all. I am just making it clear that the FSA is an independent regulator and takes its own decisions, although it works closely with the other tripartite authorities, the Bank of England and ourselves in Her Majesty's Treasury. As the hon. Gentleman will know, in addition to the current temporary disclosure regime, the FSA is proposing greater transparency in short selling more generally. We believe that that is important and can help to protect all UK firms, not just those in the financial sector. A discussion document was issued just over a week ago on this issue.

Mrs. Ann Cryer (Keighley) (Lab): In his discussions with the FSA, will my hon. Friend ask for an explanation of why the building societies pay 15 per cent. of their pre-tax profits into the Financial Services Compensation Scheme while the banks pay only 3 per cent.? Will my hon. Friend meet colleagues and representatives of the building societies?

Ian Pearson: My hon. Friend refers to the Financial Services Compensation Scheme. We consulted on the rules over a couple of years, and the scheme was introduced in April 2008. I remember that, at the time, the building societies said that they wanted to be in the same category as the banks for deciding the rate that they pay for their protected deposits. They might have changed their minds since, and they will want to take that up with the FSA as an independent regulator, but I am always happy to meet my hon. Friend to discuss any problems.

Sir Nicholas Winterton (Macclesfield) (Con): I agree entirely with the hon. Member for Chorley (Mr. Hoyle). Is not short selling an immoral and corrupt practice that makes no positive contribution to the creation of wealth? There should be a permanent ban on it.

Ian Pearson: Perhaps we should demystify short selling a little. I do not know whether the hon. Gentleman buys goods over the internet, but if one buys books, hi-fi equipment and televisions, they are often bought from a supplier who does not have the goods, but makes a commitment to get them from a purchaser. That is short-selling activity. We believe—and the markets understand—that short selling can help facilitate price discovery, which is important for valuing companies fairly, price efficiency and liquidity in the market. However, we need to ensure great transparency about the matter. We do not want to go back to the days of George Soros, speculation, and major runs on companies and countries. That is why the disclosure regime is important.

Banking Industry

3. **Chris McCafferty** (Calder Valley) (Lab): What recent assessment he has made of the effectiveness of steps taken by his Department to recapitalise the banking industry in the last six months. [256284]

The Chancellor of the Exchequer (Mr. Alistair Darling): The action we took in October prevented the collapse of the banking system. That, together with the measures that I announced in the pre-Budget report, continues to support businesses and families in this country.

Chris McCafferty: I thank my right hon. Friend for that reply. Given the amount of toxic debt in the system, will he consider creating a public-private investment fund, designed to remove toxic debt from financial institutions' balance sheets? Or perhaps he favours the Credit Suisse model of banks creating internal hedge funds in which they put their toxic debts to pay directors' bonuses.

Mr. Darling: My hon. Friend is right that different solutions are being developed across the world to deal with the basic problem, which is that far too many banks have assets that either turn bad or have clearly reduced in value because of the economic downturn.

The new United States Administration have proposed the first suggestion that my hon. Friend made—a joint venture by Government and the private sector—although the details have still to be worked up. I said on 19 January that, in this country, we wanted to develop an insurance scheme, whereby the Government could provide back-stop insurance for some assets. That would remove some of the uncertainty in the system, which holds back banks' ability to lend to businesses and people in this country. I also said that we have not closed our minds to the creation of a so-called bad bank. Indeed, we did precisely that in the case of Bradford & Bingley—we split the bank between the part that took deposits, which is still viable and was sold to Santander, and the long-term liabilities, which have been kept and run down. There are a variety of solutions to the problem.

The main problem, as I said in reply to the hon. Member for Twickenham (Dr. Cable), is that we need to get banks to realise and disclose the extent of the liabilities as soon as possible. Until that uncertainty comes out of the system, banks will continue to be reluctant to lend to each other and to their customers, not only here but throughout the world.

David Davis (Haltemprice and Howden) (Con): The proper test of the effectiveness of the recapitalisation scheme is the willingness of the banks to continue viable lending. Unfortunately, the failure of that willingness has led to a viable, profitable, long-term and well respected company in my constituency having to declare 1,000 job losses, 400 in my constituency and in that of the Health Secretary. That is a failure of the recapitalisation regime, of the credit guarantee regime and of the Treasury, in not intervening. Will the Chancellor undertake now to intervene in the case of the finance company Cattles, to ensure that the credit guarantee scheme underpins it?

Mr. Darling: There are two issues there. First, I do not agree with the right hon. Gentleman in relation to the recapitalisation scheme that I announced in October. It was there primarily to stop the banking system collapsing. That was the scheme's purpose, and it was supported by all parties in the House at the time. I appreciate that since then it has been convenient for his party to run away from that, but that is why the scheme was there. In relation to his general point about lending, he is right that the crucial thing is for us to try to get lending going as quickly as possible. The recapitalisation was of course necessary, because if there were no banks, there could not be any lending. That was the first stage. The measures that I announced in January are designed to do more to get lending going.

In relation to Cattles, I am aware of the problem, which has been raised with me by other hon. Members in the House. In relation to the credit guarantee scheme, that is available to banks. That is what it was set up for and it has been run by the Bank of England. I am aware of the Cattle scheme and I will continue to keep the House informed on it.

Mr. Jim Devine (Livingston) (Lab): Is my right hon. Friend aware that when the Conservative party was in power, unemployment in my constituency was 20 per cent.? Today it is less than 3 per cent. During that time we were told that high unemployment was a price worth paying and that if it was not hurting, it was not working. Is it not the case that today we are trying to prevent that scenario?

Mr. Darling: My hon. Friend is quite right. Yesterday's unemployment figures surely demonstrate the need to do more, not less, to help people who lose their jobs. The lesson from the 1980s is that the Government waited almost two years before they started to introduce any help, and most of that help was aimed at people who had been out of the labour market for some considerable time. As a result of that delay and doing nothing at that time, a whole generation of people was written off, and many of them never went back to work again. My hon. Friend and, I suspect, hon. Members in most parts of the House will have personal experience of knowing people who were in precisely that position.

That is one of the reasons we set up Jobcentre Plus. We set it up in the good times, when unemployment was falling rapidly. We have given Jobcentre Plus more resources, in order to help people. Even today, the majority of people get back into work within six months of losing their jobs. We will continue to ensure that we put more money into the system to help people get back into work. There are nearly 500,000 vacancies in the economy. There are jobs; it is our job to match people up as soon as we can, preferably before they leave employment, in the event of being made redundant, and help them get back into work as quickly as possible. That is another example of where the Government can make a difference for the good.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): A moment ago the Chancellor told my right hon. Friend the Member for Haltemprice and Howden (David Davis) that the primary purpose of the bank bail-out was to prop up the banks, but that is not how he described it when he made the announcement last October. He defined the criterion by which the effectiveness of that intervention was to be measured in these words:

"The purpose of these proposals is to get lending started again and to get the economy moving forward."—[*Official Report*, 8 October 2008; Vol. 480, c. 280.]

Since then, survey after survey has shown that lending has dried up, and the published data show that the economy is shrinking. In the Chancellor's own definition, has the bail-out not been a failure?

Mr. Darling: No, and the hon. Gentleman well knows that what he is saying is absolute nonsense. The primary purpose of our intervention last October was to stop the banking system collapsing. Indeed, that is why he and his hon. Friends on the Front Bench supported us, so it is no good their now saying that they were not in favour of it and would have done something different. Of course, if there are no banks in the first place, there will be no lending, so propping them up was a precondition of getting lending going again. That is no more than a statement of the obvious.

Since that time, there has been a substantial downturn of economies, not just here but in every country in the world. We can see that in all the forecasts and in all the figures that we know about at the present time. That is all the more reason for us to ensure that we get lending going again and help to fill the gap that has been left by foreign banks withdrawing from lending, not only in this country but in other parts of the world. It is also all the more reason for the Government to step in to help to support businesses and families.

That approach is supported right across the world, and the Conservatives are virtually isolated as far as that is concerned. It has been backed by the independent Institute for Fiscal Studies—which is often favourably cited by the Conservatives when it suits them—and, even yesterday, the Bank of England's inflation report made the case that if Government support comes through, it will make a substantial difference to the position that would otherwise be the case. We are clear that supporting the banks and supporting our economy are absolutely essential, and I am sorry that the Conservative party cannot bring itself to give that support, because it is pretty essential for the future of our country.

Regional Development

4. **Andrew George** (St. Ives) (LD): What assessment he has made of the effect on the economy of EU regional development aid drawn down in the last 12 months; and if he will make a statement. [256285]

The Chief Secretary to the Treasury (Yvette Cooper): The UK has already benefited to the tune of more than £5 billion in the 2000 to 2006 round of programmes. Final applications under the scheme are still being dealt with, and they are likely to increase that figure further.

Andrew George: In that case, why did Treasury Ministers turn down the offer of an extended package of European regional aid to all the UK's poorest regions as part of an EU fiscal stimulus package? I note that Treasury Ministers accepted an extension to the regional aid package for Scotland, Northern Ireland and Wales, but failed to take up the offer of the package of support for the UK's poorest region—Cornwall.

Yvette Cooper: As the hon. Gentleman will be aware, the Department for Communities and Local Government looked in detail at the possibilities, to determine whether the package would have a beneficial impact on the UK, including Cornwall. Having looked at the offer from the EU, the Department concluded that it had come too late and that it was too inflexible, in practice, for many programmes to be able to qualify. It would also have incurred significant extra cost and diverted resources from other key programmes. However, there are still applications in the pipeline for Cornwall—including grant funding to support the transition of Newquay airport from military to civilian use—which, if agreed, would increase the European regional development funding awarded to Cornwall county council from £11.7 million to £14.4 million.

Miss Anne McIntosh (Vale of York) (Con): In the past, did not North Yorkshire and Yorkshire and Humberside get substantial amounts of money from EU regional development funds? That money is no longer available, yet we are now funding huge cohesion funds for other European countries. Will the Minister stand up for the regions of this country to ensure that we get our fair share?

Yvette Cooper: The hon. Lady will be aware that we support substantial investment in the UK regions. Clearly, the criteria for EU help for particular regions changes over time, which reflects the changing positions in the regions, not only in the UK but across Europe. She will know, as a fellow Yorkshire MP, that we have seen substantial growth and investment in the Yorkshire economy, and that the Yorkshire regional development agency, which gets substantial investment from the Government, has been critical in helping to support Yorkshire businesses through the downturn and through the pressures that we face. That is the kind of investment in the regions that we never had in the past, and there is a substantial difference between the way in which we are responding to this downturn and the way in which the Conservative Government responded in the 1980s.

Fiscal Policy

5. **Mr. Adrian Sanders** (Torbay) (LD): If he will take steps to ensure that his Department's fiscal policy prevents women from being disproportionately affected by the recession. [256286]

The Chief Secretary to the Treasury (Yvette Cooper): We believe that it is right to try to support everyone through the difficult times, and that includes looking at the different impact of problems on women and men through the recession. The £60 pensioners' increase in January and the bringing forward of child benefit will particularly help women and families.

Mr. Sanders: Like many seaside resorts, my constituency has an above-average number of women in employment. Sadly, a high proportion of them are the main breadwinner. That is why this is an important issue for my constituency. The TUC has said that "creative means" will be required to protect women's jobs and to increase the opportunities for new vacancies. What creative means does the Minister have planned to ensure that jobs for women are protected or created?

Yvette Cooper: The hon. Gentleman is right to say that we want to support jobs, and people, through this. That includes, for example, the fiscal stimulus—cutting VAT and putting billions of pounds into the economy to help us through. Had that been done by the then Government in the early '90s, it could have helped to protect 300,000 jobs. The fiscal stimulus is hugely important, as recognised by Governments across the world. It is about helping to support jobs, and it is unfortunate that other parties have not supported it.

Ms Sally Keeble (Northampton, North) (Lab): In looking at reports suggesting that the recession has impacted particularly on women's employment, is my right hon. Friend concerned about the very many women who work, often part time, on the front line in the financial services industry and who do not get bonuses and are on modest salaries? I speak as a woman who has sat through many hours listening to male bankers talking about the crisis that they precipitated, so does she agree that a bit more diversity on the boards of these banks might actually help to improve the quality of the decision taking?

Yvette Cooper: My hon. Friend is right. Investigations have been launched, as she will know, to look at issues around diversity in the City and the way in which men and women have been paid, including bonuses, in the financial services industry. It is also, I think, important to recognise that there may be differences in the impact on employment. So far, unemployment over the past 12 months has increased by less for women than for men at the national level, but there are very wide variations at the regional level. My hon. Friend is also right to highlight the importance of looking at part-time employment. It is also the case that the tax credit system might help some people who see a cut in their wages, for example, as it can help to cushion them from the impact of what might otherwise be difficult circumstances.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I received an e-mail on this issue this morning from a constituent who strongly suggested that the bonus culture in some financial institutions—I do not mean at the top, but much lower down—has an inherent tendency to discriminate against women who, as a result, tend to suffer from lower pay and are more likely to be chosen for redundancy. In looking at the bonus culture, will my right hon. Friend ensure that we focus not just on what happens at the top but on how it works down throughout these organisations? Changing the boards in the way my hon. Friend the Member for Northampton, North (Ms Keeble) suggested might provide a way of ensuring that this matter is taken seriously by the banks and other financial institutions.

Yvette Cooper: My hon. Friend makes an interesting point about the way in which performance-related pay or different bonuses may be decided on and raises questions about whether there might be discrimination or unfairness as those decisions are taken. It is thus right that, in addition to looking at how to prevent an unfair bonus culture that overly rewards excessive risk across the financial sector, we should also look at whether any discrimination is taking place. My hon. Friend may be aware that my right hon. and learned Friend the Minister for Women and Equality has instigated work in this area.

Global Economic Situation

6. **Ben Chapman** (Wirral, South) (Lab): What discussions on the global economic situation he had with Chinese Ministers during the recent visit of Premier Wen Jiabao to the UK. [256287]

The Financial Secretary to the Treasury (Mr. Stephen Timms): The talks on the economic crisis with my right hon. Friends the Prime Minister and the Chancellor addressed preparations for the London summit, avoiding protectionism, moving towards a low-carbon economy and reform of international financial institutions. Both countries aim to double UK exports to China over the next 18 months.

Ben Chapman: Given the importance of the relative slowdown of the Chinese economy, was the opportunity taken to discuss with China the scale and nature of its financial stimulus package and its likely speed of effect so that it improves the Chinese economy and, with it, that of the rest of the world?

Mr. Timms: Yes, that certainly was discussed. My hon. Friend knows China extremely well, so he will know that it recently became the world's third largest economy. It is going to be one of the fastest growing this year, but it has been deeply affected by the crisis, and some 20 million migrant workers have returned home after losing their jobs on the east coast. I was in China last month for the G20 preparations and I discussed with officials and others in Beijing what was happening in the Chinese economy. I can say to my hon. Friend that China will be a key participant at the London summit—committed, with others, to a successful outcome, which is so important for China as it is for the rest of the world.

Mr. David Gauke (South-West Hertfordshire) (Con): The Government tell us that their growth forecasts are dependent on international co-operation with China and elsewhere. They also claim that other countries are following the United Kingdom's lead in economic policy. If that is the case, presumably the Minister will stand by the pre-Budget report's forecasts on growth—or does he agree with most commentators, including the Governor of the Bank of England, the Secretary of State for Health and the Secretary of State for Children, Schools and Families, that the recession will be much deeper?

Mr. Timms: As the hon. Gentleman knows, we will publish updated forecasts at the time of the Budget, as normal. They will include a full assessment of developments and prospects for the United Kingdom and the global economy.

Just a couple of weeks ago, the Institute for Fiscal Studies said that

"our central forecast is that the UK will avoid deep and prolonged recession thanks to the enormous monetary and substantial fiscal stimuli already announced."

We are taking the action that is needed domestically, which contrasts with the do nothing policies of the hon. Gentleman's party.

Kelvin Hopkins (Luton, North) (Lab): The globalised neo-liberal economic model has proved to be inherently unstable, and has brought mass unemployment to China as well as elsewhere in the world. Did my right hon. Friend discuss with the Chinese the possibility of a fundamental reorganisation of the world economy, perhaps on Bretton Woods lines, and did he read Anatole Kaletsky's article in *The Times* on Monday, calling for what he called a "paradigm shift" in economic arrangements?

Mr. Timms: There are lots of interesting ideas around at the moment. What I can tell my hon. Friend is that, as I indicated earlier, the reform of international financial institutions was one of the topics discussed by my right

hon. Friend the Prime Minister with Premier Wen in London, and it is certainly one of the topics being considered in preparation for the London summit. I think that we shall need to see some significant changes.

Mr. Mark Field (Cities of London and Westminster) (Con): What steps is the Minister taking to work closely with the Chinese businesses based here in England—both large and small—which will play an important part in ensuring that we retain the links between our two countries, not just now but in the decades ahead?

Mr. Timms: The hon. Gentleman has made an extremely good point. The United Kingdom economy benefits substantially from Chinese investment in the United Kingdom; I believe that we are the biggest recipient in the European Union. We also have the China-Britain Business Council, which does important work. The relationship is very important to us economically, and also, as Premier Wen emphasised, very important to China.

Banking Industry

7. **Mr. James Plaskitt** (Warwick and Leamington) (Lab): What assessment he has made of the effectiveness of internal risk rating as a basis on which to operate international banking supervision. [256288]

The Economic Secretary to the Treasury (Ian Pearson): Internal risk models for United Kingdom banks are required to be approved for use by the Financial Services Authority. Internal risk rating is complemented in the Basel II framework—and, in EU law, the capital requirements directive—by a requirement for supervisors to undertake supervisory reviews of the banks' risks and make appropriate adjustments as required. The framework also incorporates a third pillar: disclosure of key supervisory requirements of a bank to ensure market discipline.

Mr. Plaskitt: Northern Rock's banking practices were compliant with the Basel accords, so I think that this can be described as, in effect, a highway code written by boy racers. The system effectively hands all the risk assessment over to the banks themselves, and is fatally flawed as a result of being allied to a system of balkanised regulation. It does not need tweaking; it needs fundamentally changing. Will we try to get some proper, global banking regulation out of the G20 talks?

Ian Pearson: I think that the G10 regulators and people in the central banks who worked on Basel II will be surprised to hear themselves described as boy racers. They may be pleased to be regarded as so youthful. But I think the only boy racer when it comes to regulation is the shadow Chancellor, the hon. Member for Tatton (Mr. Osborne), given his earlier policy proposals in this context.

My hon. Friend has raised an important point about banks and their internal risk modelling, which must be approved by the Financial Services Authority. The Chancellor has been at the forefront of international discussions about future arrangements. We believe that improvements are needed to the Basel II process, and it will certainly be a major topic of conversation at the G20 Finance Ministers' summit.

Mr. Greg Hands (Hammersmith and Fulham) (Con): On two occasions, both the Prime Minister and the Chancellor have failed to express confidence in Glen Moreno, acting chairman of UK Financial Investments Ltd, the body entrusted with risk-managing our bank holdings. Can the Minister tell us when he will appoint a permanent chairman, and will he confirm that Mr. Moreno will not be a candidate?

Ian Pearson: I welcome the hon. Gentleman to the Dispatch Box for the first time, and I refer him to the comments made previously by the Chancellor.

Stewart Hosie (Dundee, East) (SNP): The April 2007 Bank of England financial stability report documented a number of risk management weaknesses: weakened credit risk assessment; impaired risk monitoring; and over-reliance on risk assessments. It then glossed over those when it said that

"the growing use of credit risk transfer markets have increased the risk-bearing capacity of the system".

That is incredible when one looks back at what has happened. Can the Minister instruct the Governor of the Bank of England to pay much more attention in future stability reports to explicit risks and far less attention to glossy commentary?

Ian Pearson: The hon. Gentleman served on the Banking Bill Committee, on which I led for the Government. Like me, he will be aware that statutory responsibilities are to be given to the Bank of England through the Banking Bill in just the areas that he is discussing.

Topical Questions

T1. [256307] **James Brokenshire** (Hornchurch) (Con): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr. Alistair Darling): The Department's responsibilities remain as I set out last December. With your permission, Mr. Speaker, I can tell the House that, following the meeting of the G20 countries in April, this year's Budget statement will be on 22 April, when the House will have returned after its Easter recess.

James Brokenshire: Can the Chancellor say what estimate he has made of the number of firms and businesses likely either to cease trading or to go out of business as a consequence of the forthcoming 5 per cent. increase in business rates?

Mr. Darling: What I can tell the hon. Gentleman is that the measures we have put in place to support small businesses in relation to lending will help many businesses to deal with the costs they meet, in addition to helping them get through an extremely difficult situation—we will continue to do that. Other measures, for example, the empty property relief that I announced last November, will help people and businesses get through this difficult time. I will continue to keep under review, at the Budget and at other times, what else we can do to help small businesses.

T2. [256308] **Tom Levitt** (High Peak) (Lab): Talking of those measures that the Chancellor has mentioned, I understand that the time to pay initiative introduced by Her Majesty's Revenue and Customs has been much appreciated by small businesses that have taken advantage of it. Does he have any figures that can objectively tell us what the take-up has been, and what the benefit has been to small businesses?

The Financial Secretary to the Treasury (Mr. Stephen Timms): My hon. Friend is right to mention the very good response that there has been to this initiative. More than 60,000 businesses have benefited from the time to pay arrangements, including 191 in Derbyshire. In total, those businesses have agreed arrangements to spread tax payments worth more than £1 billion, so the scheme has been very effective. I know from what businesses have said to me and from what a number of Members of the House have reported to me and to other Treasury Ministers on behalf of businesses in their areas how successful and highly welcomed this scheme has been.

T4. [256310] **Mr. Philip Dunne** (Ludlow) (Con): Has the Chancellor exhausted his fiscal stimulus? If not, what is the limit of the stimulus that he intends to impose?

Mr. Darling: I thought that my right hon. Friend the Financial Secretary had just indicated one of the benefits that the fiscal stimulus has been giving to businesses in this country—£1 billion of help has been given to businesses. That is one example of the difference between a Labour Government who are giving that help and a Conservative party that is absolutely opposed to it.

T3. [256309] **Anne Snelgrove** (South Swindon) (Lab): My right hon. Friend has brought forward much funding to enable public projects to progress in constituencies such as mine. Will he ensure that MPs are consulted when these public projects are brought forward so that we can ensure that they are in the best interests of our constituents, particularly where university funding is concerned?

The Chief Secretary to the Treasury (Yvette Cooper): My hon. Friend is certainly right to say that bringing forward increased public sector capital investment can help to support jobs in every constituency across the country—we think that it will help to support thousands of additional jobs. I am happy to talk to her further about what additional information she would like either from the Treasury or from individual Departments, which are, of course, supporting the major capital investment, not just across the higher and further education sectors, but across transport and other areas of infrastructure—it is all, sadly, opposed by the Conservatives.

T5. [256311] **Miss Julie Kirkbride** (Bromsgrove) (Con): Among the poor judgments made by the Chancellor was that of asking Sir James Crosby to produce a report that recently concluded that the taxpayer should buy up the bad debts of the banks. Now that we know the level of complicity that Sir James had in producing those bad debts at his old bank, does the Chancellor still intend to press ahead with the conclusions of that report without question?

Mr. Darling: The hon. Lady is mistaken about what James Crosby actually proposed. He was not dealing with the question of the bad assets in the banks—that was being dealt with separately. He was asked to consider how to get mortgage lending going again—again, at the time, that was something that the Conservative party was in favour of. He suggested that the Government should underwrite some of that new lending. That has a great deal of merit, and it is something that I set out in the pre-Budget report. I am afraid that the hon. Lady was just plain wrong in what she said.

Jo Swinson (East Dunbartonshire) (LD): This week, one banker has described a salary of £1 million as "modest" and RBS has proposed obscene bonuses of £1 billion. Will the Chancellor now stand up for the taxpayers who own great chunks of the banks and demand a freeze on bankers' bonuses?

Mr. Darling: The hon. Lady will be aware that when we recapitalised the banks in October, we imposed restrictions on the payment of cash bonuses to board members. I believe that bonuses should reward success, not failure, and many people who work for banks are not well paid in comparison with some of the people at the top. If the former work hard, they should be rewarded for doing so. I agree with the hon. Lady that people who are associated with the losses should not receive anything, and we must end the culture that has encouraged people to take reckless risks that the boards of the banks patently did not understand. It has had disastrous consequences for them, for this country and for the rest of the world.

Hugh Bayley (City of York) (Lab): This downturn affects the whole world, and does not that underline the importance of working with our partners in the European Union and other countries to stimulate demand? What action is being taken by EU members and other countries to address these pressing needs?

The Exchequer Secretary to the Treasury (Angela Eagle): My hon. Friend is right. The co-ordinated European recovery plan, which was agreed by Finance Ministers and leaders in the EU, includes a fiscal stimulus of a similar size to the one that we pioneered in this country. Germany may have had a few words to say, but it has introduced the largest fiscal stimulus since the second world war, at €82 billion. The French have a €26 billion fiscal stimulus and the Spanish a €25 billion one. Even the Canadians, who used to be on the side of the do nothing party, have announced a $32 billion fiscal stimulus. Everyone is doing it but the Tories.

T6. [256312] **Mr. David Heathcoat-Amory** (Wells) (Con): Would the Treasury team confirm that, according to the pre-Budget report, our net contributions to the EU budget this year will be £2 billion, which will rise in two years time to £6.5 billion? Do they think that, in a recession, it is sensible for us to more than treble our contributions to the EU budget, especially when the European Court of Auditors has refused to sign off the accounts for 13 years because of the waste and mismanagement? Can Ministers think of a better way to spend that sum in this country in a recession?

Angela Eagle: The right hon. Gentleman makes some interesting points, but it is also important to remember that we are pioneers in ensuring that the EU budget is spent appropriately. We always raise that point in all the meetings that we have. I also note that €30 billion of the EU fiscal stimulus—which the Tories oppose, but which will help to revive all of our economies—will come directly from the EU budget.

Paul Flynn (Newport, West) (Lab): Given the dreadful price paid by this country in blood and treasure after the previous surge of troops in Afghanistan in 2006, may we have an assurance that, before another surge is contemplated, we will have before us a full financial appraisal?

Mr. Darling: My hon. Friend will know that the Government remain committed to supporting our troops, who are carrying out an extremely difficult and dangerous task in Afghanistan. We believe, of course, that our contribution should be made alongside contributions from other countries too. This must be an international effort, and the burden cannot lie on the shoulders of a few. Our commitment to ensuring that we see the matter through with other countries remains as strong as it ever was.

T7. [256314] **Mr. Henry Bellingham** (North-West Norfolk) (Con): In her reply to the hon. Member for South Swindon (Anne Snelgrove), the Chief Secretary said that expenditure on public works would be going up during this vicious recession. In the current financial year, the Treasury will raise roughly £44 billion from the motorist. How much of that is being reinvested in the road network?

Yvette Cooper: As the hon. Gentleman will know, we are increasing investment in transport and other infrastructure across the board. We are bringing forward capital spending on our transport infrastructure, and that is the right thing to do to support the economy at this time. The Opposition's proposals would amount to a cut of £800 million in transport investment at a time when the economy needs it, in just two months' time. I think that such a cut would be hugely bad for the economy.

Greg Mulholland (Leeds, North-West) (LD): On Monday, the Federation of Small Businesses said that the VAT cut had not worked. That is certainly what I am hearing from my local businesses. Denise Harrison, the owner of the small business Complete Image, pointed out that reprinting her price list would cost so much that lowering her prices would not be economic. When will the Chancellor admit that the cut was a gimmick? When will he come forward with proposals that would really help small businesses in my constituency and the rest of the country?

Mr. Darling: I do not agree with the hon. Gentleman. We cut VAT because that was the quickest way to put £12.5 billion into the economy. We are also reducing the amount of tax that basic rate taxpayers pay, and introducing measures to help families with children, and pensioners. It will all make a difference. The Institute for Fiscal Studies is independent of Government, but in its report a couple of weeks ago it said that the temporary cut in VAT that is now in place would be a more effective "stimulus measure than its critics suggest."

In addition, the forecasts in the inflation report that the Bank of England published yesterday made the point that the VAT reduction and the other stimulus that we have put in place, together with the effects of monetary policy and falling energy prices, will make a difference.

I know that many small businesses are finding it very difficult at the moment to make ends meet, and that many of their customers are cutting back on what they are doing. That is all the more reason, I would have thought, to support putting more money into the economy. We are putting something like £20 billion into the economy over the next year or so, and other countries right across the world are doing the same thing. It will make a difference. There is no quick fix or overnight solution, but the alternative—of doing nothing and letting the recession take its course—was tried in the 1980s and 1990s. It did not work then and it would not work now.

T8. [256315] **Mr. Douglas Carswell** (Harwich) (Con): Can the Chancellor please tell the House what the point is in having a Financial Services Authority at all if the Government were either unaware of its concerns about HBOS, or unwilling to make sure that action was taken?

Mr. Darling: I believe that it is essential to have an independent regulator such as the FSA. Indeed, the hon. Gentleman might do well to remember that it replaced some seven or eight self-regulatory organisations that, for example, manifestly failed to prevent the mis-selling of pensions in the late 1980s. That is why we set it up. The FSA has a responsibility to regulate the financial services industry. It routinely raises concerns about firms from time to time. It would not routinely report those concerns to the Treasury unless at that time it felt that there was a major systemic risk. Clearly, it did not feel that such a risk was evident when it carried out its investigations, because it did not report any suspicions to the Treasury at any point. However, I do not think that one can argue from that that there should not be independent regulation of the financial services industry. That position is just patent nonsense.

Mr. Richard Spring (West Suffolk) (Con): Has the Treasury made an assessment of the role and influence of external credit agencies in the analysis of financial regulation for our financial services industry?

Mr. Darling: Yes, we have, and I agree with the point that I think that the hon. Gentleman is getting at. Credit rating agencies are a useful aid to decision making, but they cannot be a substitute for decision making on the part of boardrooms. People need to decide whether a risk is good or not or, if there is a risk, how they are going to price it. To do that, they should, of course, refer to credit rating agencies but that should not be the last word. Other issues are involved, such as the conflict of interest that arises when credit rating agencies certify products in which they have a financial interest. However, these are all issues that we have raised at the Financial Stability Forum, because the problems need to be dealt with at an international level. They cannot be dealt with in any one country alone.

T9. [256316] **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What is the Minister's latest assessment of the number of jobs currently being lost from businesses

located in British ports, as a result of the appalling and wholly unjust decision to levy three years of business rates retrospectively on port tenants, many of whom are now being pushed to the brink of insolvency, as a result of their new and unexpected tax liabilities?

Angela Eagle: My right hon. Friend the Minister for Local Government has recently announced to the House, following our announcement in the pre-Budget report, an unprecedented period of eight years to pay back these liabilities, which are properly and rightly assessed, as happens routinely with all business services. There is an eight-year pay-back period; it is interest free; and it should offer a great deal of help.

Mr. Andrew Mackay (Bracknell) (Con): Returning to Mr. Glen Moreno, does the Chancellor of the Exchequer not understand that it was a gross error of judgment to appoint that Liechtenstein-based banker, who specialises in tax avoidance, to look after taxpayers' interests in our banks?

Mr. Darling: As I said earlier, Mr. Moreno is taking that job on an acting basis until we can appoint someone on a permanent basis, but the right hon. Gentleman's protestations about tax dodging and people not paying taxes in this country when they should would have far more credibility—*[Interruption.]*

Mr. Speaker: Order. Let the Chancellor answer. It may not be the answer that the right hon. Gentleman wants, but let him answer.

Mr. Darling: The Opposition do not want to hear the answer, because there are some uncomfortable truths—some of them sitting not very far away from this place.

Business of the House

11.32 pm

Alan Duncan (Rutland and Melton) (Con): May I invite the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for the week commencing 23 February will be:

MONDAY 23 FEBRUARY—Second Reading of the Apprenticeships, Skills, Children and Learning Bill.

TUESDAY 24 FEBRUARY—Opposition Day (6th allotted day). There will be a debate on an Opposition motion. Subject to be announced.

WEDNESDAY 25 FEBRUARY—Remaining stages of the Saving Gateway Accounts Bill.

THURSDAY 26 FEBRUARY—General debate on Welsh Affairs.

FRIDAY 27 FEBRUARY—Private Members' Bills.

The provisional business for the week commencing 2 March will include:

MONDAY 2 MARCH—Conclusion of the remaining stages of the Political Parties and Elections Bill.

TUESDAY 3 MARCH—Motion to approve the draft Prevention of Terrorism Act 2005 (Continuance in Force of Sections 1 to 9) Order 2009, followed by Third Reading of the Corporation Tax Bill, followed by House Business.

WEDNESDAY 4 MARCH—Consideration of an allocation of time motion, followed by all stages of the Northern Ireland Bill.

THURSDAY 5 MARCH—General debate on international women's day.

FRIDAY 6 MARCH—Private Members' Bills.

As the Chancellor has told the House, the Budget statement will be made on 22 April.

Alan Duncan: May I thank the Leader of the House for giving us the business? However, the truth is that very little serious Government business is being brought to the House, but massive issues of importance are being announced outside it. Can she explain, for instance, why the Secretary of State for Health seems to want to deny Members the opportunity to debate a key matter such as dementia? Moreover, we have been waiting for the child health strategy for five months. It is a very important issue, yet it has only been announced today in a written statement. Indeed, today, as we rise for a half-term break, we find that there are no fewer than 39 written ministerial statements published. Is she really happy with the practice of announcing them at one fell swoop just as people are about to disappear?

May we have a statement from the Chancellor on the extraordinary behaviour in front of the Public Administration Committee yesterday of the Economic Secretary to the Treasury, the hon. Member for Dudley, South (Ian Pearson)? His derogatory remarks to a member of that Select Committee, and his comments on Equitable Life, caused uproar. Once again, may I ask for a debate on Equitable Life, and the disgraceful way in which the Government are treating those who have lost their pension? How can the House be said to be doing its job properly when it establishes a system of redress and then wantonly ignores that system in such a callous and unpleasant way?

Likewise, if we believe in ourselves, we must seek to educate people about what we do here. Will the Leader of the House confirm that she will help the Youth Parliament to hold events in the Palace of Westminster to teach young people about the vital importance of politics and political engagement?

On Tuesday, we saw the spectacle of bank bosses apologising in the Treasury Committee. May we have a similar statement of apology from the Prime Minister? Yesterday we learned that officials at No. 10 are being instructed to compile a DVD of President Obama's greatest apologies, to teach the Prime Minister how to say sorry. We very much hope that such a statement will be delivered to the House, and that he will practise properly in front of the mirror beforehand. Is it his intention, in that same statement, to confirm the status of Glen Moreno, who chairs the trust that holds the shares that bought the banks that saved the world, albeit, sadly, through tax havens in Liechtenstein? With Sir James Crosby being sacked yesterday, and Mr. Moreno being downgraded a few minutes later, is it now confirmed that Mr. Moreno is on the way out altogether?

May we have a debate on unemployment? The dire figures published yesterday, pushing against the 2 million mark, were a brutal confirmation of the Governor of the Bank of England's assessment that Britain is now in "deep recession". We also gained an insight into the nationality of those who are employed. We learned that in 2008, employment of workers born in the UK fell by 278,000, while employment of foreign workers rose by 214,000. Where does that leave the Prime Minister's claim that he wants to create British jobs for British workers?

Finally, on stepping down from jobs, may we have a debate on political blogs? I am not sure whether the right hon. and learned Lady is aware of the blog of a Labour councillor from Hackney, who is convinced that he has a winning strategy for the Labour party. He has written what he calls his "unsolicited advice to Gordon". He says:

> "Harriet Harman has too many jobs and isn't very good at hiding that she wants to add yours"—

that is, the Prime Minister's—

> "to the list. Removing her role as Party Chair will...remind her who is boss."

So who is the boss? Who is wearing the trousers in the Labour party now? How many jobs does the right hon. and learned Lady hold, and is it not sadly the case that we have a crisis in the labour market, a crisis in the Labour party, a Prime Minister who will not apologise, and a Leader of the House who is unapologetic about wanting his job?

Ms Harman: The hon. Gentleman raised a number of important points about our health strategy, child health, the dementia strategy and the importance of memory clinics; I will look at the forthcoming business of the House and see whether we have enough opportunities to debate those important issues, alongside the important issue of the economy, which I know the House wants to prioritise. Of course, the Conservatives have an Opposition day debate in the week in which we get back, so he could consider making the issue the subject of that debate.

[Ms Harman]

The hon. Gentleman mentioned the 39 written ministerial statements that are being issued today. Something like 24 of those are spring supplementary estimates. It is custom and practice for the spring supplementary estimates to be given by way of written statements to the House. I think that that is perfectly in order. If he wants us to do things differently he is welcome to make suggestions.

We have already discussed the position on Equitable Life, which was set out by the Chief Secretary to the Treasury in an oral statement, and she was answering questions just this morning. We all share the view that those who have been the victims of gross mismanagement by the management of Equitable Life and who are not protected because of a failure of regulation are owed an apology, and there needs to be financial compensation or financial recompense. That will be taken forward.

The hon. Gentleman raised the question of the Youth Parliament. I agree with him: it would be right for the Youth Parliament of this country to be able to sit in the Chamber when the House is not sitting—obviously, not when the House is sitting, but in recess. We need to encourage young people to see our democracy at work and to imagine themselves playing a part in it. We tabled a motion that was before the House last night, and it was objected to. I ask the hon. Gentleman to work with me to persuade his right hon. and hon. Friends who objected. Their names are on the Order Paper:—

"Mr Christopher Chope

Mr Greg Knight

Sir Nicholas Winterton

Philip Davies

Sir Paul Beresford

Mr Humfrey Malins".

I agree with what the hon. Gentleman said, so he should address himself to his Back Benchers.

The hon. Gentleman mentioned unemployment. We are extremely concerned about anybody who faces the prospect of losing their job, which is why we have taken all the action we possibly can to stabilise the economy in the face of a global financial crisis and to give as much help to businesses as we can. We have been prepared to see Government borrowing rise in order that we can defer tax requests to small businesses, and about 30,000 businesses have been helped by not having to pay their tax. The only way to allow them to do that is to allow Government borrowing to rise, so we have, as the Chancellor has just told the House, put potentially £12 billion into the economy through the VAT cut in order to keep the lifeblood of business flowing and protect people from losing their job.

When the dreadful blow happens and somebody loses their job, we have taken action to make sure that they do not have to lose their home. Again, that has meant extra public spending, and we have had to allow borrowing to rise to compensate for it—for example, by bringing forward the help on interest payments on their mortgage from 39 weeks to 13 weeks for those who lose their job. That all costs money, and we have allowed the public debt to rise to provide that help. We are concerned about unemployment, but instead of just saying we are concerned and wringing our hands, we are taking action on it and putting money behind it, compared to what the Tories would do—wring their hands and not put any money up behind it.

The hon. Gentleman talks about foreign workers, and I must take issue with him about that. We must be very careful not to overlook the role that migrants have played in the life of this country over the centuries. I will share with the hon. Gentleman some figures that I was reading this morning. The House should listen. The figures relate to the Queen Elizabeth II hospital in Welwyn Garden City. In the Welwyn Hatfield area 6 per cent. of the population are from black and Asian minority ethnic communities, but of the people who work in the hospital, 50 per cent. are black and Asian. Migrants to this country are more likely to be standing at our bedside saving our life than lying in a hospital bed. We must recognise the role in the economy and our public services played by people who were not born in this country. Indeed, many hon. Members were not born in this country, so I do not agree with the hon. Gentleman's approach.

In conclusion, the hon. Gentleman made a load of snide remarks about the Prime Minister, and he made snide remarks about me, too. I am disappointed. I know my hon. Friends warned me, but I said the hon. Gentleman was different. They said, "He's just a Tory. He's the same as all the others," but I said, "No, I think he's different." I even bought him a Valentine's card, and I thought me might buy me, or rather get me, a little trinket from the Sultan of Oman. It is clear now that he is the same as all the others. He does not see things in the way that I do, and he does not believe in the things that I do—he does not believe in helping people, if they get into difficulties; I do. We started off well at the beginning of the year, but it's over!

Mr. David Chaytor (Bury, North) (Lab): I endorse the shadow Leader of the House's request that the Youth Parliament be able to use the Chamber for its meetings. Next week, during the recess, the Youth Parliament is holding a conference in London on concessionary fares for young people, and it is obviously sensible for that conference to be held in this Chamber while we are in recess.

In the context of the work of the Youth Parliament and the issue of engagement by young people, can the Leader of the House find time for a debate on youth affairs? Should we not have an annual debate on youth affairs? We have annual debates on fisheries and on Welsh affairs, but the number of young people in the United Kingdom is far greater than the population of Wales. Would that not be an important step forward in raising the profile of the issue of the disengagement of young people from politics? Young people in my constituency have been served excellently by our outstanding member of the Youth Parliament, Catherine Rawsthorne, who would be delighted to have the opportunity to speak in this Chamber.

Ms Harman: I thank my hon. Friend for his support and for raising the good work of the Youth Parliament. Just as I have announced the annual debates on Welsh affairs and on international women's day, the House may want to consider the idea of an annual debate on youth affairs to give a sharper focus to the concern across the House about youth affairs.

Mr. David Heath (Somerton and Frome) (LD): I certainly do not intend to be snide—these Benches are a snidety-free zone.

I want to pick up the point made by the hon. Member for Rutland and Melton (Alan Duncan) about written statements. The Leader of the House and her predecessor said that the House should not be bombarded with vast quantities of statements immediately before a recess. That used to happen before the long recesses, but now there are 39 statements before a one-week recess. It is not the fact that the statements have been made; it is the timing and the fact that they have all been released on the same day before a recess. That cannot be right; will she please look into the matter for us?

I mentioned the weather conditions last week. Snow in my constituency gave way to floods, and we experienced severe flooding before Christmas. It would be helpful, when people have recovered from the difficulties that they have experienced, to hold a debate in this House on the resilience of local communities to adverse weather conditions, how we can make better preparations, how we can properly assess risk and how we can enable local communities and volunteers to play a better part in dealing with adverse weather conditions. Can we have a debate on that?

Immediately after today's statements, there is a debate on social security and pensions uprating. I suggest that we should also have a general debate on pensioners. A lot of pensioners are finding life extremely difficult at the moment with the return from savings down, pensions not going very far and difficulties with keeping themselves warm over winter and with council tax—there are a lot of factors. Before the 11 wasted years of Labour Government, the Prime Minister said:

> "I want the next Labour Government to achieve what in 50 years of the welfare state has never yet been achieved—the end of the means test for our elderly people."

Well that was another great success over the past few years. We should have a debate on the position of pensioners and how we can properly deal with people in old age.

Lastly, may we have a debate on the future of the British pub? It is a fact that 39 are now closing every week. Insolvencies in the sector have gone up by 45 per cent. in the last quarter. The Chancellor of the Exchequer is barred from practically every pub in the country; that is not surprising, given that his response to the crisis in the pub trade has been to increase beer and cider taxes—that is resented, to say the least. May we have a debate on what we can sensibly do to protect what is a key part of many local communities up and down the country?

Ms Harman: I will look into this, but I think that I am right in saying that there is an expectation that we brigade the spring supplementary estimates and publish them at the same time, in a co-ordinated way, so that people know when to expect them. I think that there is a purpose in brigading them all together, and that that is why they have come out just before this recess. However, I will look into the matter. Obviously, if there is a proposal that the publication of the spring supplementary estimates be staged rather than being done at once, and if hon. Members want that change, we will consider it.

The hon. Gentleman mentioned the question of resilience to extreme weather conditions. The Secretary of State for Transport is considering our response to the snow, icy weather and floods and will issue a written ministerial statement about the lessons that have been learned from his review of the response all around England, Scotland and Wales. The draft floods Bill, on structural changes in how we deal with extreme floods, will be issued shortly and no doubt the hon. Gentleman could contribute to that.

The hon. Gentleman mentioned pensioners and whether we should have a debate on the effect of the economic recession—the global financial economic crisis—on those in retirement. By way of background, I should say that he should bear in mind that retired people—particularly older pensioners, the overwhelming majority of whom are women—have been the biggest beneficiaries. Their incomes have risen more than those of any other group in society, and quite right too. There was an appalling problem of pensioner poverty and many steps have been taken to address that over the years.

Having said that, I recognise that many pensioners are worried about not getting income from their savings and the fact that fuel bills are a disproportionately high part of their household budgets. We are trying to take all the steps that we can to give them the help that we can. Again, that has implications for public spending. That is why we are prepared to allow public borrowing to rise. If that means extra insulation, winter fuel payments and putting in £60 extra and bringing the payment forward to January for all pensioners, we are prepared to do it. I know that the hon. Gentleman and his party back us on that. However, it has implications for public spending and we are prepared to face up to them.

The hon. Gentleman also talked about the pub industry, and I know that there is a real problem. Pubs play a big part in community life in rural and urban areas, but as people worry about how the recession might affect their families, they start cutting back on going out and on outings. That is why we wanted to ensure that we were putting money directly into the economy in every way that we could. I am disappointed, therefore, that the hon. Gentleman's party does not back the VAT cut. We will do everything that we can, through both the Department for Culture, Media and Sport and the Department for Business, Enterprise and Regulatory Reform, to help the pub trade.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May we have a debate on the powers contained in the Scotland Act 1998? My right hon. and learned Friend will be aware that this House is responsible for overseeing and administering parliamentary elections in Scotland. At the last parliamentary elections there, many of my constituents were encouraged to vote for a particular party on the basis that it would scrap council tax and introduce a local income tax. That party has now reneged on that promise. Does my right hon. and learned Friend agree that, given that, that party should return to the ballot box?

Ms Harman: People in my hon. Friend's constituency and throughout Scotland will have been able to see the cynical way in which the Scottish National party made promises about cutting council tax and the debacle that has now come about. As my hon. Friend knows, we have set up the Calman commission to look at the whole question of governance. I am sure that we will be able to take that matter forward.

Mr. Greg Knight (East Yorkshire) (Con): May we have a debate on the cost effectiveness of park-and-ride schemes? Although they may be viable in a few large cities, I am increasingly concerned that in many towns they are a thorough waste of money and should be abolished. Just a fraction of the money saved could be used to provide free car parking. If we cannot have a debate on the issue, will the Leader of the House please pass on my comments to the Secretary of State for Transport and ask him to look at some of the smaller schemes to see whether we are getting value for money? I believe that we are not.

Ms Harman: Many park-and-ride schemes help cut congestion and pollution; they work very well in some places, although the right hon. Gentleman says that in others they do not. Perhaps he could choose the subject for an Adjournment debate—or a debate in Westminster Hall, as other Members might want to share their concerns as well. There would then be a response from a Transport Minister.

I hope that the right hon. Gentleman will think again about the Youth Parliament. As Chairman of the Procedure Committee, he is a beacon of changing procedure in the House and a considerable advocate of modernisation. I am sorry that he cannot answer me now, but I hope that he will change his mind and let the Youth Parliament sit in this House.

Mr. David Drew (Stroud) (Lab/Co-op): My right hon. and learned Friend and the hon. Member for Somerton and Frome (Mr. Heath) have referred to the weather, which has been rather inclement in the past week, to put it mildly—we have been slipping and sliding all over the place. The situation was not helped by the fact that Gloucestershire county council seemed to run out of salt. Is that not worthy of a debate and investigation, not least because if the council had not invested its money in Icelandic banks, it could have put the money to good use on the roads? With that in mind, should we not also be considering what advice it received, so that we can see why it put the money into Icelandic banks?

Ms Harman: The extreme weather conditions have underlined the importance of the work of local authorities and the co-ordinating role of central Government. The Prime Minister was right to point out yesterday that cuts in investment in local and central Government would have made those matters even worse. As I said, the Secretary of State for Transport is learning the lessons from all around the country, and I think that at the moment his plans are to issue a written ministerial statement. No doubt, however, he will review the findings and see how best to handle the issue.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): Unfortunately, the Leader of the House was not at the Public Administration Committee yesterday, when the Economic Secretary to the Treasury, the hon. Member for Dudley, South (Ian Pearson), appeared before us. What he said was completely unacceptable. He lost his temper with an hon. Member of this House and gave no justification as to how the deregulation is going to work—

Mr. Speaker: Order. I must interrupt the hon. Gentleman. I know that he does not intend to break any rule, but there is a tradition in the House that an hon. Member should be warned if his or her conduct is to be attacked in the House. We are talking about the business for next week, so we will leave the matter. It is clear that the hon. Gentleman to whom he has referred has not been notified.

Mr. Lindsay Hoyle (Chorley) (Lab): Will my right hon. and learned Friend consider having a topical debate on the success of free pensioner travel and whether we could extend it to cover trains? Furthermore, could we extend it to the young people of this country, so that schoolchildren and students travel free, as pensioners do? There have been great benefits and the scheme has been a great success. The Government should be proud of it, and if it can be extended to other people, that would be even better.

Ms Harman: That is a very good suggestion for a forthcoming debate, and I will consider whether it can be the subject of a topical debate.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I suspect that the Leader of the House is not aware of the huge concern in the agriculture industry about the forthcoming new regulation on the tagging of sheep. It has been shown to be ineffective; it simply does not work and it is very expensive. May we have a debate in Government time so that some of us who care about agriculture can address the issue and try to persuade the Government to seek a derogation, as other states are doing, when pointless regulation is imposed on their farmers?

Ms Harman: I am aware that this is a matter of concern which has been the subject of national debate. Environment, Food and Rural Affairs questions take place during the week that we get back, and I am sure that the hon. Gentleman will look for an opportunity to raise the issue then.

Paul Flynn (Newport, West) (Lab): When can we have a debate on how we restore the damaged reputation of parliamentarians? If the recent examples of alleged conduct by Members of both Houses are true, and within the rules, then the rules are defective and need to be rewritten. For a start, could we introduce a mandatory register of interests of lobbyists and put in the public domain the locations—not the addresses but the locations—of our main residences?

Ms Harman: The possibility of a register of lobbyists was raised with and answered by the Prime Minister yesterday. The Minister for the Cabinet Office also talked about it yesterday. The Public Administration Committee has conducted an investigation into it and has made some recommendations that are being considered by the Cabinet Office, which will respond to that report. As for the rules about parliamentary allowances, we have just rewritten them, set up a new system of audit, and agreed a new, in-depth publication scheme. Some of the vagueness of the previous rules has been addressed in our new rules, which as far as the National Audit Office is concerned are firm and clear enough to be the basis of a full-scope audit.

The matter of second interests—outside financial interests—has been the subject of controversy in the House of Lords. My hon. Friend will know that that is the subject of an investigation by the Privileges Sub-Committee, as the Leader of the House of Lords

announced. The House of Lords is concerned that there should be a means of disciplining, expelling or suspending its Members, which it does not currently have. I have been looking at our own Register of Members' Interests, and I wonder whether we need to be more transparent about MPs who are earning money outside of their earnings as a Member of Parliament and whether we should publish more information about what that money is being earned for and exactly how much is being earned.

Sir Nicholas Winterton (Macclesfield) (Con): I fully support the Liberal Democrat shadow spokesman on the crisis facing pubs, and I hope that the Government will pay attention to that and come forward with some proposals, but may I press the Leader of the House on matters relating to pensioners, particularly those who rely, or have relied, on their investment income and savings to maintain a reasonable quality of life? Their financial position has been devastated in recent months. Could we have a debate on that, even a short one such as a topical debate, so that we can highlight the particular problems facing pensioners—the majority of whom, by the way, are women?

Ms Harman: The hon. Gentleman's question reinforces the point that we should perhaps look for an opportunity to discuss issues relevant to those in retirement—pensioners—such as travel and savings. That might be a subject for a topical debate.

Kelvin Hopkins (Luton, North) (Lab): My right hon. and learned Friend will be aware that there are still dramatic differences between the performance of schools, even in areas of similar social composition, and even in the case of the Government's much-vaunted academies programme. May we have a debate in the Chamber on the matter of teaching methods and philosophies, which is at the root of the fundamental differences between the relative success of those schools? I have raised this problem in the House many times, yet we have never seriously discussed it.

Ms Harman: I think that overall my hon. Friend will acknowledge that with more investment in schools, more teachers and more classroom assistants, standards have gone up, but obviously we are not complacent and want them to improve even further. Perhaps he might find an opportunity to raise those points with Ministers when we come to the Second Reading of the Apprenticeships, Skills, Children and Learning Bill, which is to be considered on the Monday that we get back.

Sir Michael Spicer (West Worcestershire) (Con): Is the Leader of the House concerned about Members' liability for negligence following the case of the hon. Member for Brentford and Isleworth (Ann Keen)?

Ms Harman *rose—*

Mr. Speaker: Order. We had best be careful, because this matter could be sub judice; it is before the courts at the moment. I am looking into the matter, if that is of any help to the hon. Gentleman, but it is best not to discuss it on the Floor of the House. HON. MEMBERS: What about the general issue?

Well, we will leave the general issue and that means that we are on safer ground.

Mr. Jim Devine (Livingston) (Lab): May we have a debate in Government time about telephone charges in hospitals? Last week, I had the great honour of becoming a granddad for the first time. [HON. MEMBERS: "Hear, hear."] That joy was tempered by the fact that every time I phoned my daughter-in-law and my son at the bedside, the call was costing 49p a minute from a landline and much more from a mobile phone. This company is operating throughout the United Kingdom, and it is, frankly, ripping off hard-working families at a very emotional time. It is simply a licence to print money. Will my right hon. and learned Friend meet me to discuss this issue?

Ms Harman: Perhaps I could suggest that my hon. Friend seeks a meeting with other hon. Members, because I am sure that this is a matter of concern more widely across the House; it is not only about phone charges but charges for TV and parking. It is an important issue, and perhaps he could have a meeting with a Health Minister and a Scotland Office Minister to address it.

Let me take this opportunity to congratulate my hon. Friend on becoming a grandfather and welcoming to the world Erin Molly Devine.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): I welcome the Leader of the House's response to right hon. and hon. Members who have been asking for a debate about pensions. Many of our constituents who have saved for many years are now finding it very hard to get by, with interest rates coming down as they have. Given that she has been responsive on that, may I appeal to her to be more responsive on the issue of Equitable Life? For years now, Equitable Life policyholders have been denied justice, and only recently have they got a grudging apology from the Government and a half-promise that there will be some kind of compensation in future. Rather than waiting for the random chance that this subject comes up at Treasury questions, will she make a commitment that before Easter, in Government time, on the Floor of the House, we will have a proper debate on what the Government are doing about it?

Ms Harman: It seems as though there is a cluster of issues that I should look for an opportunity to fashion a debate around—from the dementia strategy raised by the shadow Leader of the House, to insulation and energy bills, transport, bus and travel passes for older people, the value of savings, and Equitable Life.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): May we have a debate on the integrity of the internet? My right hon. and learned Friend will no doubt have seen press reports this morning that reveal that a few minutes after the end of Prime Minister's questions yesterday someone attempted to interfere with the Wikipedia entry on Titian to make it retrospectively consistent with what their party leader had said a few minutes earlier. If the Conservative party is prepared to fiddle the figures with regard to the age of dead Italian painters, surely we cannot trust them on the economy either.

Ms Harman *rose—*

Mr. Speaker: Order. Mr. Binley.

Mr. Brian Binley (Northampton, South) (Con): I was pleased to hear the Leader of the House intimate that she was considering a debate on pensions. Will she extend that to consideration of the public sector pensions problem, which is becoming an intolerable burden on the nation, especially for local government, where a quarter of all locally raised council tax is now used to support pension funds? Will she include that particular matter in the debate that she is thinking of having?

Ms Harman: It looks as though it is expanding beyond a topical debate into a full-day debate. As well as public sector pensions, which is an important issue, I was thinking, as I listened to the hon. Gentleman's comments, that there is an opportunity to discuss age discrimination and related provisions in the forthcoming Equality Bill. We have added to the list, and I thank him for his suggestion.

Andrew Mackinlay (Thurrock) (Lab) *rose—*

Mr. Speaker: Mr. Mackinlay, may I ask you whether you were in for the statement?

Andrew Mackinlay: Just. *[Laughter.]*

I have a business question about next Wednesday week—that is original. The Government have announced that Northern Ireland legislation should go through all of its stages on that one day. I have protested about that practice time and time again to Secretaries of State and to the Leader of the House, and they look at me as if I am being unreasonable. They say that it is a one-off, but now it is happening again, and it is an abuse of this House. I hope that the Leader of the House will reconsider the matter, particularly as there are often statements on Wednesday, which further diminish the time available for such a debate.

The legislation goes to the heart of the political system of Northern Ireland by altering the d'Hondt system. I am not opposed to that, but it is a major piece of legislation and I am protesting about this myself and on behalf of colleagues from Northern Ireland. We should not push the legislation through all at once. We cannot get a copy of the Bill as far as I am aware, so we cannot even prepare and submit amendments. It is outrageous.

Ms Harman: We want to ensure a full discussion, but we also want to ensure that the Bill, which is an important part of the Northern Ireland peace process, gets through the House as quickly as possible. My hon. Friend will know that the House of Lords Constitution Committee is looking at how we deal with emergency legislation—

Andrew Mackinlay: It is not emergency legislation.

Ms Harman: It is time critical, and I hope that my hon. Friend will seek a meeting with the Secretary of State for Northern Ireland, who will explain to him why the matter could not be scheduled earlier because agreement had not been reached. The legislation has to be passed within a certain period of time so that the necessary action can follow. I have dealt quite closely with the Secretary of State for Northern Ireland on this matter because I know that the House does not want legislation to be rushed through unless there is a really good reason. Perhaps my hon. Friend and I could meet the Secretary of State for Northern Ireland to discuss the matter, and I am sure that he will be satisfied by what my right hon. Friend has to say.

Mr. Bernard Jenkin (North Essex) (Con): May I say how delighted I was when the Leader of the House gave me such a splendid answer the last time I asked her a question? It was about the answers that Ministers should give in response to parliamentary written questions on ambulance trusts, and she said that it was quite unnecessary that we should have to use freedom of information requests to get information out of Ministers that they should give in parliamentary answers. I am now a little disappointed with her after I tabled a question to ask her

"what meetings she has attended with Mr Speaker on the arrest of the hon. Member for Ashford and the search of his office; what was discussed; if she will place"

copies of this material

"in the Library".—[*Official Report*, 26 January 2009; Vol. 487, c. 67W.]

I got the answer that she has regular meetings with the Speaker. I do not think that that was a full and frank answer. Will she now give the House a full and frank answer and place the material in the Library of the House, or do I have to make a freedom of information request?

Mr. Speaker: Order. I can assure the hon. Gentleman that he will not get anywhere with the Freedom of Information Act on that one. That is not a matter for the Leader of the House—*[Interruption.]*

Mr. Jenkin: Unbelievable.

Mr. Speaker: Order. I hope that the hon. Gentleman is not challenging my ruling. It is believable, and he has no right to raise that matter at business questions.

Mr. Andrew Mackay (Bracknell) (Con): When the House returns after our short recess, the new transitional Government in Zimbabwe will, we hope, be doing their work, and I am sure that I speak on behalf of Members of all parties when I wish Prime Minister Morgan Tsvangirai well in the task ahead. Will the Leader of the House ensure that the Foreign Secretary and the Secretary of State for International Development make a statement at an appropriate time? At some point, we have to make a judgment about lifting sanctions and, more importantly, about increasing aid. The Government have got it right by not doing so yet, but we need to be kept updated.

Ms Harman: I know that the right hon. Gentleman and the hon. Member for Macclesfield (Sir Nicholas Winterton) have been asking for a debate on Zimbabwe for some time. I have had discussions on that matter and I have identified time for a debate not too long after we get back from the short recess. I hope to be able to announce it soon; I cannot give the House the exact date, but I am on it.

John Bercow (Buckingham) (Con): May we please have a full day's debate, in Government time on the Floor of the House, on the relationship between Parliament and the Executive? Given that the scope of Government

activity is greater than ever before, and that the operation of the 24-hour media is a fact of life, would the right hon. and learned Lady accept that the responsibility of this House to hold the Executive to account should be our single biggest and most pressing concern? We need to consider what reforms to the composition of Committees and the use of parliamentary time would enable us better to discharge that responsibility in the future than perhaps we do at present.

Ms Harman: I agree with the hon. Gentleman about the general principles of the importance of our role, and I suspect that behind his comments of principle, he has a number of suggestions. Perhaps I could ask him to come and meet me and he can set out those suggestions in more detail so that we can talk them through.

Mark Hunter (Cheadle) (LD): The Leader of the House and all Members will be aware that the National Society for the Prevention of Cruelty to Children is currently waging a high-profile campaign on how we can better protect young people from harm. Given that we all agree that such concerns are of the utmost importance, can the Leader of the House guarantee a debate in Government time on the wider concerns so that individual issues can be addressed?

Ms Harman: On the Monday we get back we have a Second Reading debate that relates not only to apprenticeships, skills and learning but to children, and perhaps the hon. Gentleman can outline the areas he is concerned about in that debate.

Mr. Stewart Jackson (Peterborough) (Con): I am sure that the Leader of the House will agree with this point because she considers herself a champion of fairness and equality. May we have a debate in Government time on systematic and institutional discrimination against Christians? We saw last week the case of Mrs. Petrie who was suspended by North Somerset primary care trust and reinstated only after a media furore. This week, anti-Christian zealots in Devon are on the verge of suspending a lady who works in a school for defending her Christian beliefs and those of her daughter. Do fairness and equality apply only to people who are non-Christians in this country?

Ms Harman: Fairness and equality should apply to everyone, and I suggest that the hon. Gentleman seek a Westminster Hall debate on the issues he raises.

Dr. Andrew Murrison (Westbury) (Con): When may we debate yesterday's written ministerial statement on defence planning assumptions? Last month, we had the unedifying spectacle of delays to the carrier programme not being debated properly, or at all, in this House, and the Leader of the House commented favourably on our request that the matter should be brought before the House. I have to say that this is becoming something of a habit with Defence Ministers. Could she encourage her shy and retiring colleagues to come to the House to discuss these matters, which are of vital national importance?

Ms Harman: We recently had a debate on armed services personnel, and we will shortly be having a debate on procurement for the armed services. We are phasing the carrier programme, which is very important, and there is no way the investment in procurement will be cut back. We have Defence questions on the Monday after the recess.

Mr. Nigel Evans (Ribble Valley) (Con): I think that we are pushing at an open door as far as getting a debate on the elderly and pensioners is concerned. The *Lancashire Telegraph* in my area covers Chorley and a number of other constituencies, and today it is launching its own campaign for the elderly, raising the profile of the problems that they face such as the recession, high energy prices and access to health care. The number of elderly people in east Lancashire who have died from respiratory diseases in the past six weeks has increased dramatically. Does the right hon. and learned Lady agree that an urgent debate, sooner rather than later, would allow the House to address such real issues?

Ms Harman: The issues that the hon. Gentleman mentioned could certainly be included in the debate that I said I am considering and I congratulate the *Lancashire Telegraph* on raising those issues. That is why we have been so determined to press down food and fuel prices and to do everything that we can to help pensioners in difficult times.

Several hon. Members *rose—*

Mr. Speaker: Order. I say to the five hon. Members remaining that if they ask brief supplementary questions, I can take them all.

Mr. Julian Brazier (Canterbury) (Con): The right hon. and learned Lady would be disappointed if she did not have her weekly update on the farce over the port rating system. Could we have an early debate on Tuesday's statement from the Department for Communities and Local Government that said that port owners must talk to their tenants or be faced with the prospect of empty premises and empty rate policies? That was the day after the Valuation Office Agency confirmed to MPs that port owners will continue to be rated on a different basis so that they would never face any such threat.

Ms Harman: Unless I am mistaken, that matter was raised in Treasury questions this morning. I know that it is an issue to consider, and it is being kept under review.

Dr. Julian Lewis (New Forest, East) (Con): May we have what I stress must be a general statement by the Leader of the House on the relationship between parliamentary privilege, parliamentary accountability and the separation of the powers that are due to politicians and those that are due to the judiciary? We understand that, not content with previously having ruled that MPs' home addresses should be published regardless of security concerns, while jealously guarding the privacy and security of their own home addresses, judges in courts might now second-guess constituency cases. Given that even the most assiduous of MPs will always have a few constituents who will not accept that nothing more can be done for them, how appropriate is it that judges should second-guess our work? We are responsible to our electors for what we do and do not achieve on their behalf.

Ms Harman: I thank the hon. Gentleman for his continuing work on Members' home addresses. I hope that there will be agreement on that soon, so that electors can be satisfied that they know whereabouts candidates live without necessarily knowing the actual number of their flat or their street address, if the candidate does not want that known. He has done the whole House a service on that issue.

We are accountable to the courts in respect of criminal and contract law. If we breach a contract, we can expect to be taken before the courts, and we are accountable as employers under employment law. However, a duty of care to our constituents is set out in the code for Members to which we all subscribe. For that, we are accountable not to the courts but to our constituents at the general election. The courts can get on with criminal, contract and employment law, but when it comes to our duty to our constituents, we have to subject ourselves to the court of public opinion at general elections.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): May we have a debate on the future of the Brigade of Gurkhas? I should declare my interest as, I believe, the only Member of Parliament who has served in the brigade. Many comments have been made about the plight of the Gurkhas, most of which have been ill-informed. My personal fear is for the brigade's future. Given the Prime Minister's commitment to British jobs for British workers, does the Leader of the House share my concern that, although the Gurkhas may have won their most recent battle against the Government, they may ultimately have lost the war?

Ms Harman: There will be Defence questions on the Monday we return, during which the hon. Gentleman can seek to raise the matter. We are proud of the work of the Gurkhas and pay tribute to them for it. Their settlement is under review, and new guidance will be issued shortly.

Mr. Graham Stuart (Beverley and Holderness) (Con): May we have a debate on how rules are applied in the House? My constituents do not understand how some members of the Cabinet are able to prove that their main home is in their constituency by having Sunday lunch there, whereas another escapes investigation while claiming public money to pay for her main family home.

Ms Harman: No one escapes investigation if there are justified grounds for complaint. The independent Parliamentary Commissioner for Standards will consider complaints and decide whether they merit an investigation. We have clarified the new rules, the House has agreed them and there is an independent element to the process. It does not help anybody if hon. Members make smearing comments about other Members without mentioning their name. It is absolutely clear to whom the hon. Gentleman refers, however, and I am disappointed about that.

Philip Davies (Shipley) (Con): May we have a debate about free speech and political correctness? It is reported in the paper today that a man who worked at a warehouse has been sacked for displaying a *Daily Star* poster saying "British jobs for British workers". Is it not ludicrous that anybody could lose their job for displaying such a slogan, or does the Leader of the House believe that anybody who uses that slogan should be sacked?

Ms Harman: I am delighted that the hon. Gentleman urges me to have a debate about political correctness. The answer to that might be yes, and I am sure that he will want to congratulate the leader of his party on insisting that a Tory candidate take down a nude pin-up that he was displaying in his office. I am sure that he agrees with his party leader about that.

ROYAL ASSENT

Mr. Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Act:

Banking Act 2009

New Trains (Investment)

12.25 pm

The Secretary of State for Transport (Mr. Geoffrey Hoon): With permission, Mr. Speaker, I would like to make a statement about new investment for our railways. The House will understand that, because of the significant and sensitive commercial nature of this announcement, it was necessary to make the information available to the markets in advance of informing the House.

Britain's rail network has been a remarkable success story over the past 10 years. There are more passengers using our trains than at any time since the second world war—more than 1 billion last year. We have taken decisive action to remedy the failings of privatisation and put in place a stable structure for the long term. We have delivered, on time and to budget, the United Kingdom's first high-speed railway line. As I announced to the House last month, we have set up a new company, High Speed 2, which has already started work on planning the new high-speed rail services to the west midlands, the north of England and Scotland.

To ensure that our railways remain resilient during the economic downturn and are well placed to support future economic growth, I am determined that we take the necessary steps now to invest in that critical part of Britain's infrastructure. Our priority is to deal with overcrowding and increase capacity to meet future demand. That is why we are investing more than £20 billion in enhanced rail capacity and in new and improved trains to accommodate the record passenger numbers.

Britain's £5.8 billion first high-speed line is now open, and from December this year commuters will be able to use high-speed rail services between London and Kent. Work has already started on the £16 billion Crossrail project, which will link the Docklands, the City, the west end and Heathrow. We are upgrading the Thameslink service, bringing more frequent and longer trains to commuters on that critical route, and passengers on the west coast main line are now starting to see the benefits of an £8.8 billion upgrade that has reduced journey times and delivered more frequent services.

I would like to inform the House today of what we are doing to invest in the next generation of long-distance trains, to make the UK a centre of excellence for European rail manufacturing. This morning, I announced to the stock exchange that a British-led consortium of John Laing, Hitachi and Barclays had been chosen as the preferred bidder for the contract to re-equip the east coast and Great Western main lines with new express trains. The high-speed trains that operate on those routes are up to 30 years old and although they have served passengers well, they now need to be replaced with more reliable, more efficient and greener trains that can carry more passengers.

I hope that the House will allow me to make a personal observation. My father, who worked on the railways all his life, was involved in the testing of the 125 high-speed trains as they were brought into service. I am delighted to have the opportunity to announce their successors today. They will have longer coaches, allowing up to 20 per cent. more seats on each train. Faster acceleration will allow journey times between London and major centres to be cut significantly, so a train leaving London will arrive in Leeds or Bristol 10 minutes sooner, Edinburgh 12 minutes sooner and Cardiff 15 minutes sooner. Faster journey times will mean that more frequent trains can be fitted on to the network, and improved reliability will mean that passengers face less disruption to their journeys. Moreover, the new trains will be up to 17 per cent. lighter than their existing counterparts, increasing fuel efficiency. Modern braking systems will further drive down energy consumption.

The contract, worth some £7.5 billion, is the biggest single investment in inter-city trains in a generation. It involves the construction and maintenance of up to 1,400 new vehicles. The first of those trains will enter service in 2013, and over the following years they will provide high-quality journeys to passengers between London and destinations across the UK, including Leeds, Newcastle, Edinburgh, Cambridge, Bristol, the Thames valley and south Wales. They will also be able to run on both electrified and non-electrified lines, which means that through trains will be able to run from the electrified to the non-electrified parts of the network. That is why I have announced, in parallel to the introduction of those trains, that we are developing plans for the electrification of the Great Western and midland main lines. That will allow us to deliver the widest possible range of high-quality services for passengers.

The announcement is good news for United Kingdom jobs, as well as rail passengers. As part of the contract, the winning consortium has agreed to make significant inward investment in the UK to construct a new state-of-the-art train assembly and manufacturing facility. I expect that nearly three quarters of the value of the order will be spent in the UK, benefiting the UK economy and providing UK jobs. The exact location of the new factory remains subject to further negotiation, but the company has confirmed to me that it will be in the east midlands, Yorkshire or the north-east.

In addition, new maintenance depots will be built in Bristol, Reading, Doncaster, Leeds and west London, with upgrades to existing depots throughout Great Britain. That means that new manufacturing jobs will be created and maintained in those regions, and that many more jobs will be safeguarded across the country in the supply chain. In all, I estimate that some 12,500 long-term jobs will be created or safeguarded as a result of today's announcement.

As hon. Members know, Japan is one of the most advanced nations in the world in high-speed rail and new rail technology. Japanese trains have extraordinarily high levels of reliability and speed. Meanwhile, the rail industry is expanding across Europe—with countries such as France, the Netherlands, Germany and Italy investing in high-speed rail and new train fleets, and significant new opportunities in the countries of central and eastern Europe.

By bringing together UK and Japanese technology, design and manufacturing capability, we will give the UK an even stronger bridgehead into the fast-developing European and international rail markets—just as the entrance of Toyota, Honda and Nissan into the UK did with the automotive industry. That means that the UK will continue to develop as a centre of excellence in train manufacturing, enabling the country to become a key player, as what was once a domestic rail industry becomes increasingly international.

[Mr. Geoffrey Hoon]

The Government's investment in the UK rail industry means that, in addition to the announcement, orders for a further 2,200 train carriages worth more than £2.5 billion are already confirmed or in the pipeline. Today, I can also confirm that the Department is in advanced discussions with National Express East Anglia to provide 120 new carriages to renew and expand the train fleet operating on the West Anglia route between Liverpool Street and Stansted airport. The preferred bidder for those trains is Bombardier Transportation Ltd, which plans to assemble the new carriages in Derby, safeguarding jobs there.

A further order worth £400 million—as part of the fiscal stimulus package announced by my right hon. Friend the Chancellor of the Exchequer—will be awarded shortly. Again, Bombardier is well placed to win that. There is another £2 billion order for 1,200 carriages for Thameslink, for which a preferred bidder will be announced later in the year.

The orders demonstrate that the Government are prepared to invest, even in difficult economic times, in improving our national infrastructure. The announcement is genuine good news—for workers that up to 12,500 jobs will be created and safeguarded; for the economy that we are putting the UK back at the forefront of international manufacturing industry; for the regions that the Government are supporting significant inward investment, and for passengers that we are taking the steps necessary to improve their rail journeys.

I commend the statement to the House.

Mrs. Theresa Villiers (Chipping Barnet) (Con): We welcome the prospect of new trains for the UK's chronically overcrowded railways, but the Secretary of State needs to answer several important questions about his statement. However, first, I thank him for advance sight of it.

On the phasing of the project, how many trains will be delivered? On what dates and to which parts of the network will they be provided? When will the full roll-out of the inter-city express programme be completed?

The Government have been working on the project since 2004; why is it taking so long to deliver? Will the Secretary of State confirm that the 2013 phase will be testing only, so that there will be almost no benefits to the travelling public before 2015?

How much in total has been spent on consultants during the procurement process since the end of 2007, when the total was already a startling £6.7 million? How much would have been saved if the Government had opted for a more standardised, off-the-shelf train rather than setting down the very detailed and complex specification that they chose?

How much has been added to the cost of the programme because a decision has yet to be made on whether to electrify the Great Western line? Is the Secretary of State promising the delivery of the new trains on the Great Western line by 2015, even though the final outcome on electrification may not be determined by then? To what extent will costs consequently be driven up?

The specification in the contract for the bids was for trains that weighed 362 tonnes, yet the Hitachi bid, which has been accepted, is for 411 tonnes. The Secretary of State claims that that is substantially compliant, but was Bombardier disadvantaged by sticking more rigorously than Hitachi to the weight specification?

The Secretary of State says that 12,500 jobs will be created or safeguarded. Will he admit that the assembly plant to which he referred will assemble items manufactured overseas rather than being what is normally understood to be a manufacturing plant? Will he place in the Library a copy of the research that he has undertaken to substantiate his claim about 12,500 jobs? What is the split between the jobs that will be created and those that he believes will be safeguarded? Will he comment on Hitachi's press statement today, which says that the new factory will initially employ only 200 staff, with the potential to employ only 500 staff in future?

Is the Secretary of State claiming that today's announcement will safeguard jobs at the Bombardier factory in his Derby constituency? If so, how can the news that Hitachi, not Bombardier, has won the inter-city express programme contract possibly give that guarantee? How can the announcement that Bombardier might—I emphasise "might"—get the contract for extra carriages, reannounced yet again today, for Stansted Express give that guarantee of safeguarding jobs in Derby? Is not the announcement on Stansted Express and Bombardier simply a cynical attempt to hide the bad news for the train factory in his constituency?

The Government's excessive micro-management of our railways is now holding up the process of delivering the extra rolling stock that passengers desperately want. We could have had extra Pendolinos on the west coast main line months ago, but Department for Transport dithering has held them up. The inaptly named Thameslink 2000 is now running around 15 years later than planned. Not one, not two, but three Secretaries of State for Transport have promised us 1,300 extra carriages, some of which were reannounced today, yet only four have been delivered. The Government's complacency is unacceptable and today's announcement will do little to reassure commuters who suffer daily from today's desperately overcrowded railways.

Mr. Hoon: I was grateful for what the hon. Member for Chipping Barnet (Mrs. Villiers) described as her support for the decision, but she spoiled the effect by her subsequent observations. I have read carefully the Conservative party's proposals for the future of the rail industry. Nowhere does that interesting document refer to something that I thought the hon. Lady might mention today—Conservative party proposals to cut our transport budget by some £840 million. It might help us all to understand those proposals if the hon. Lady stated whether she intended to cut Crossrail or bus subsidies, or whether she would withdraw the concessionary fares scheme for the elderly and the disabled. An understanding of what the Conservatives intended to cut would put her proposals for railway transport into better context. The title of the Conservative document should have been "Mind the Gap"—the gap between Conservative theory and practice.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. May I say to the Secretary of State that that was a somewhat irrelevant preface? I want concise answers, as far as possible, and, of course, brief questions.

Mr. Hoon: Clearly, my preparations for answering the hon. Lady's questions were longer than they should have been.

I emphasise that the jobs are real jobs in the UK. I was interested in the hon. Lady's failure to mention a word that I thought would feature in any spokesperson's observations about a major commercial decision—"competition". Nowhere did she mention the fact that such important commercial decisions are subject to competition, or that that is exactly how the issue was resolved. Bombardier is a great train maker. It has an order book of some 2,000 carriages, which, as I have indicated, will be added to by the announcement that I have just made, and it is bidding—with some prospects of success, I anticipate—for further orders in due course. That is important to the United Kingdom's economy, as is the decision that I have announced today.

We anticipate that something in the order of 2,500 new jobs will be created, and that would have been the case whichever consortium had been successful. The contract is for both the construction and the maintenance of carriages. That means that a significant number of jobs will be created in the maintenance sector across the United Kingdom. It also means that jobs in the supply chain—the estimate is up to 10,000 jobs—will be protected and safeguarded, as they support the manufacture. Three quarters of the value of the contract will be spent in the United Kingdom. That figure means that the great majority of the benefit will be provided for United Kingdom jobs and the United Kingdom economy.

Mr. David Blunkett (Sheffield, Brightside) (Lab): I welcome my right hon. Friend's announcement and the investment that goes with it. May I suggest to him, as he knows the midland main line very well, that the welcome announcement about the completion of its electrification be accompanied by an announcement on the relevant rolling stock that he has announced for the east coast and Great Western main lines? The Meridian trains that are now being inflicted on passengers on long-haul journeys to Sheffield are appropriate for short-term sprints, but they are noisy, they vibrate, passengers cannot use mobile phones appropriately on them and they are not suitable for long-haul inter-city work. Given that, perhaps he could encourage the possibility of expanding manufacturing, so that we get not only a high-speed rail line but the high-quality rolling stock that we deserve.

Mr. Hoon: I am grateful for my right hon. Friend's observations. I am sure that others will have heard his words and will take appropriate note. For the reasons that he mentioned, I am particularly keen to see the electrification of both the Great Western main line and the midland main line, which is something that I announced to the House quite recently. The trains that are being procured as a result of the announcement that I have just made will have advanced technology, allowing them to operate on both the electrified and the non-electrified parts of the network. That means that they will be very flexible and will be capable of operating across our network. As my right hon. Friend will be aware, from time to time train sets are moved from one line to another.

Norman Baker (Lewes) (LD): The £840 million cut is one bit of transport policy not copied from the Lib Dems.

Let me express my disappointment that the statement was announced to the markets first. If the markets had to be told separately, they could have been told simultaneously. I resent the fact that, yet again, this House has learnt about such matters after the general public. We on the Liberal Democrat Benches welcome any new investment in railways, particularly in rolling stock and jobs. However, the Secretary of State will understand that there is some scepticism about his announcement, given the fact that of the 1,300 new vehicles announced in July 2007, and reannounced at regular intervals since, only 423 have so far been ordered, according to a parliamentary answer that I received only this week.

Will he also accept that the fact that we have such a desperate shortage of rolling stock—there is none spare anywhere in the country—is not a good reflection on 12 years of this Government? Is that dramatic shortage not a consequence of the Treasury-driven franchise arrangements, which until recently encouraged train operating companies to reduce the number of their carriages? In effect, what we have heard today is a U-turn.

Does the Secretary of State accept that the industry is dubious about the bi-modal train—jointly a diesel and electric train—that he appears to have settled on? The industry believes that it will push up costs and add weight unnecessarily to the vehicle, and that more flexibility would be provided if a locomotive were simply added at the point in the network where the electricity supply runs out and diesel traction is required. Is it not the case that, as a consequence, the vehicle that the Secretary of State is ordering is much more expensive than need be?

When will we have longer platforms in place to accommodate the new rolling stock that the Secretary of State has announced today? Can he also give details of the timings for the electrification of the midland main line and the Great Western railway? Lastly, to repeat the question that was asked but not answered a moment ago, when will all 1,400 trains—or, as the statement says rather carefully, "up to 1,400" new carriages—be in service?

Mr. Hoon: Normally, the hon. Gentleman urges, encourages and exhorts me to spend more on railways, but I come to the House today with a £7.5 billion announcement on railways and I fail to detect a welcome from him or any sign that he thinks that this is a good thing. However, in the light of his previous observations, I will take it as read that he does think it a good thing. Today's announcement is important for the rail network, for passengers and for the rail industry in the United Kingdom.

I am sorry that the hon. Gentleman made the observation about not informing the House. I followed a well established practice in the House of ensuring that sensitive decisions were communicated to the markets at their opening this morning. That is not an unusual practice when commercially sensitive issues are decided on. It is right that we should not affect the markets by, for example, coming to the House in the middle of the day when the stock market has been open for many hours. I know that the Liberal Democrats do not worry unduly about matters such as the commercial implications of these decisions. Nevertheless, they are matters to which responsible Governments have to have some regard.

[Mr. Hoon]

I am not going to get into a debate with the hon. Gentleman about the advantages of bi-modal vehicles, although I could. One of the clear benefits is that, in order to operate electrically powered trains, not every part of the network—that includes, for example, maintenance depots—has to be electrically powered. His suggestion of fitting a diesel engine to the front has been done in the past. However, it slows things down and is rather wasteful—I would have thought that he would be concerned about the impact that such decisions have on the environment—and does not serve the purpose of a modern, 21st-century rail network.

Mr. Eric Martlew (Carlisle) (Lab): I ask my right hon. Friend to ignore the hon. Member for Chipping Barnet (Mrs. Villiers)[]; I would remind him that the Tories cancelled the high-speed train for the west coast main line. I am pleased that John Laing, which started as a small building company in my constituency, is playing a major part in the project. However, the reality is that we get new trains from various suppliers, yet in this country we still do not have an adequate test track. If we are not careful and if we do not get that test track, we will build the trains but send them to Germany to be tested. Will my right hon. Friend look at that?

Mr. Hoon: My hon. Friend makes an extremely good point about testing. Providing space on the network for the kind of high-speed running that is required to test new vehicles is an issue when our existing network is so busy, so I will certainly look at his suggestion.

Mr. Patrick McLoughlin (West Derbyshire) (Con): In agreeing with what the right hon. Member for Sheffield, Brightside (Mr. Blunkett) said about the Meridian trains on the east midlands line, when does the Secretary of State anticipate that the new trains will be available for that line, or is it a line that he just wishes to ignore?

Mr. Hoon: As someone who travels up and down that line very regularly—even more often than the right hon. Gentleman, I expect—I do not think that anyone could accuse me of ignoring it. Although I have promised the House that I will always mention electrification of the great western line before the midland main line, I am nevertheless committed to the electrification of both. Therefore, I think that we will see significant changes on the midland main line in years to come.

David Taylor (North-West Leicestershire) (Lab/Co-op): Further to the point that my hon. Friend the Member for Carlisle (Mr. Martlew) made, the Secretary of State's father probably tested the 125s on the test track in north Leicestershire. Can my right hon. Friend confirm that the east midlands location referred to in the statement is even more specific, in that it would be in North-West Leicestershire, close to the town of Ashby de la Zouch, where there is a well developed supply chain and a long tradition of high engineering skills, which spin off into Toyota, Rolls Royce, Bombardier, Bruth in Loughborough and elsewhere? What influence will the Government have on the eventual decision and is it a commercial one only? Finally, will my right hon. Friend see me about the planning implications of the location of any manufacturing plant in or near Ashby, which, as things stand, is currently crowded in by all sorts of planning pressures?

Mr. Hoon: I well understand why my hon. Friend would want to speak up on behalf of the benefits of such a major investment going to his constituency, and I would certainly be willing to meet him to discuss the proposals, although not to discuss any specific planning matters that are not part of my responsibility. I assure him that this will be a commercial negotiation conducted by the company. No doubt he will want to make representations to the relevant local authorities and, indeed, to the company itself.

Mr. Edward Timpson (Crewe and Nantwich) (Con): The Minister will be aware from recent discussions that we have had, and from his recent visit to Crewe, that Bombardier is one of the largest employers in Crewe and that it continues to overhaul trains in this very difficult climate. Today's announcement will be a huge disappointment to many of the workers at Bombardier, who, as recently as November last year, saw 45 of their fellow workers being laid off. In relation to the 120 trains, for which Bombardier is the preferred bidder, is it correct that up to 70 of them might be built in Japan? The Secretary of State said that another contract, for which Bombardier is tendering, will be announced shortly. When will that announcement be made? The biggest problem for Bombardier is the peaks and troughs between contracts, which mean that it cannot sustain a high-level, long-term, experienced work force at a time when those people so desperately need the work.

Mr. Hoon: The hon. Gentleman is right to speak up for the interests of his constituents. As the child of a railway family, I probably spent more time than I care to remember sitting on Crewe station. Anyone who has travelled regularly on our railways will appreciate the splendours of that particular place. It is vital that we recognise that the announcement that I have made today will protect and safeguard jobs in the railway industry right across the United Kingdom, including, I believe, at Bombardier. Necessarily, a great railway company such as Bombardier will have wanted to win this particular contract. There has been a detailed, thorough and competitive commercial contest to determine how the orders should be set out.

Incidentally, I do not recognise the hon. Gentleman's point about the prospect of some 70 trains being built in Japan, but I will certainly look at that. I do not see why Bombardier would provide that order to Japan. It is important to recognise that there is now a significant programme of orders in railways stretching forward, and that Bombardier is very well placed to win some of those orders.

Dan Norris (Wansdyke) (Lab): This is a very welcome piece of news, and I am very appreciative. I know that all those who have access to the Great Western line stations will be very pleased indeed. They will not care who heard what when; they will just be pleased to hear this news. The improvements in reliability will be important to those who regularly use the railways in my region, as will the reductions in the duration of their journeys. May I, speaking as a geek—a railway person who, rather like my right hon. Friend, sat on railway stations as a schoolboy, in places such as Keynsham and Bristol Temple Meads—ask him whether the top speed on the Great Western network will be increased above the 125 mph limit that it has had for a long time?

Mr. Hoon: I am grateful to my hon. Friend for his observations. These are exciting times for the Great Western line and, indeed, for passengers all down the line. We have announced a programme for electrification, and today's announcement will provide for higher speed trains perhaps even going beyond the extent of electrification. The bi-modal nature of the trains—if I may out-geek my hon. Friend for a second—means that they will be able to go beyond the electrified part of the line and therefore provide excellent services well beyond the limits of electrification. I do not anticipate the maximum speed needing to be exceeded at present. As a result of the new trains' lightness of construction, they will accelerate more quickly, which will reduce the time intervals between station stops. That will result in a significant improvement for passengers.

Mr. Mark Prisk (Hertford and Stortford) (Con): Having campaigned for them, I welcome the confirmation of the 120 new carriages on the West Anglia route. May I press the Secretary of State on two important delivery details? First, on rolling stock, when will the new carriages enter service? Secondly, a year ago—or possibly more—we were promised longer platforms and more track on that vital route. There have been a lot of delays and uncertainties about that. Will the Secretary of State confirm that the Government still hold that commitment, and tell us when the work will begin on the track?

Mr. Hoon: I have made it quite clear that capacity constraint is an important part of the work that we need to do to improve our rail network, and there are some significant steps that can be taken. Today's announcement on inter-city trains, which will have greater carriage capacity, will be part of that, as will the continuing work to lengthen platforms. The negotiations between the manufacturer and Anglia will proceed in relation to Stansted, and I anticipate that the carriages will be in service by 2011-12.

Mrs. Ann Cryer (Keighley) (Lab): I thank my right hon. Friend for his statement, which is very welcome. May I just check that a single train travelling from, say, London King's Cross to, say, Skipton will be able to change from electric to diesel power in that one journey? The reason why I ask is that the part of the Airedale line that runs from the constituency of the hon. Member for Shipley (Philip Davies) through Keighley and up to Skipton was electrified under the previous Conservative Government but, unfortunately, the cabling is such that if a 225—an electrified high-speed train—goes on to it, it drains the power from the whole line so that nothing else can use it. Up to now, therefore, trains going from King's Cross to Skipton have to be diesel-powered 125s. A lot of my constituents will be pleased to hear that the one train that travels each way between Keighley and King's Cross can be a fully modernised train that is much more comfortable than the 125s that we are using at the moment.

Mr. Hoon: My hon. Friend is probably beginning to exhaust the limits of my technical competence in the details of electrification. I know that there are various kinds of electrification, but as I do not know the arrangements in and around her constituency, I will not tempt fate by either agreeing or disagreeing with her. I will, however, ensure that she is written to and that an explanation is provided.

Susan Kramer (Richmond Park) (LD): Platform 20 at Waterloo is now available for domestic services, but I understand that the trains needed to run those services have not yet been ordered, even though the need for them was recognised two years ago. Will the Secretary of State confirm that the production lines for the class 450 Desiros have now, sadly, been closed, and that new orders cannot be delivered before 2011? Will he also confirm that the cost of those trains will now be 30 per cent. higher because of the collapse of the pound against the euro? And will he tell us whether we are going to get those trains at all?

Mr. Hoon: I have consistently made it clear since getting this job that relieving congestion and improving capacity on our network is of paramount importance. Bringing into service the platform at Waterloo is part of that process, and the investment that I announced today is part of a much wider £20 billion investment in new rail capacity.

Mr. David Anderson (Blaydon) (Lab): I welcome this news, which stands in stark contrast to the do nothing attitude of the Conservative party. May I point out to the Secretary of State, however, that high speed does not necessarily mean high quality? In the past year or two, the east coast line has seen job cuts resulting in reduced services for the people on board, so can we please be clear that, while high speed is good, other things also need to be put in place? Will he also have a word with National Express, which needs to get its act together?

Mr. Hoon: Certainly, my emphasis has not been on speed itself, as I made clear in response to an earlier question. This is not simply about increasing the maximum speed; it is about improving reliability and efficiency and, crucially, about improving the experience of passengers in higher-quality vehicles. I therefore agree with, and welcome, my hon. Friend's observation.

Mr. Roger Gale (North Thanet) (Con): In his statement, the Secretary of State said that from December this year, commuters will be able to use high-speed rail services between London and Kent. That, of course, is literally correct, but high-speed locomotives are of little value if their progress is impeded by poor track, out-of-date signalling, bad bridges and level crossings. When may we expect that the line between Canterbury and Manston airport will be upgraded in every respect, so that we can take advantage of the possibilities for Manston to play its part in aviation in the south-east and so that commuters from east Kent can travel to London at something like the speed at which they used to be able to travel in 1927?

Mr. Hoon: Well, I cannot remember what it was like in 1927, but I can remember what it was like under the previous Conservative Government. As someone who has always been a strong and consistent supporter of investment in the railways—I am delighted that I have the opportunity today not only to talk about it, but to provide it—I am determined to ensure that we improve the quality of our railways right across the country, including in Kent. The hon. Gentleman has been in the House rather longer than I have; I only hope that I can find an example of his referring to the appalling way in which railways were treated by the past Conservative Government.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): My right hon. Friend will know that the city of Sheffield has a long history of manufacturing and that many of its people have skills in engineering. I understand that he cannot say anything more about the location of the manufacturing and assembly plant, but Sheffield would indeed be an excellent area in which to place it. Is he able to say a little more about the types of job that will be available and particularly whether there will be opportunities for younger people to get training, as in these difficult economic times opportunities for apprentices and others to come into industry are enormously important?

Mr. Hoon: Knowing the excellence of manufacturing experience in the city of Sheffield, I made it clear that it is one of the places being looked at very closely by the consortium for the location of a manufacturing plant. It will be keen to take advantage of the significant skills available in the Sheffield area, not least because the plant will be designed to bring advanced railway technology into the United Kingdom, just as, as I mentioned in my statement, Japanese car companies brought advanced manufacturing production techniques for the automotive industry into the UK. That is very much the model that we want to see for our railways.

Miss Anne McIntosh (Vale of York) (Con): May I help the Secretary of State for Transport? On Radio 4's "Today" programme, it was announced that hybrid trains—diesel and electric—will be operated, so will he confirm that they will be available on the east coast route? How many will there be in proportion to pure electric and diesel trains? Will he respond to another of my concerns? I understand that Pendolino trains are the safest in existence because the carriages are so heavy; they withstood the rail disaster on the west coast route. The trains that he has announced today are to be 17 per cent. lighter. Will he reassure the travelling public that they will meet the highest safety criteria? Will he pledge to remove the bottleneck north of Newcastle so that even more freight and passenger trains can travel on the east coast main line route?

Mr. Hoon: I am always grateful for help from the hon. Lady, who has always been an enthusiastic supporter of the European Union and has argued that case from her days as a Member of the European Parliament. She seems to have been rather quieter on the subject of Europe in recent times—*[Interruption.]* The relevance of Europe comes from the importance of having rail manufacturing facilities in the UK that can successfully compete right across the European Union—a policy that might be in jeopardy if her party's policy on the European Union were ever to prevail.

What is important to safety, without getting into too much technical detail, is not so much the weight of the train but its construction. The hon. Lady is right that the way Pendolino trains are constructed means that passengers enjoy much greater protection, as we have seen in one or two recent incidents. In the Grayrigg accident, for example, the construction of the Pendolino train almost certainly provided protection to passengers. We want that same level of safety and security available to all passengers on all our trains.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Many of my constituents who, like myself, are regular users of the east coast main line will warmly welcome today's announcement. Will my right hon. Friend do what he can to ensure that those responsible for setting the timetables of the new services take full advantage of the opportunity for faster journey times? He will know that trains from Edinburgh to London are capable of journeys much quicker than they are timetabled for. The new trains provide an opportunity, perhaps with minor track improvements, to reduce journey times to under three and three quarter hours. I am sure that the same is true elsewhere. Therefore, it would be a tragedy if we did not make full use of the faster trains to provide shorter journey times. Will my right hon. Friend guarantee that that is done by the operators when the new trains come into operation?

Mr. Hoon: I am most grateful for my hon. Friend's observations. Clearly, the train operating companies, which are ultimately responsible for paying for the trains, will want to use them to the maximum advantage. That will not only mean shorter journey times, but should allow more frequent services to destinations such as Edinburgh and others along that route.

David Howarth (Cambridge) (LD): For those of us who are daily commuters by train, any announcement of new investment in the railways is very welcome. However, the lack of capacity in the British train manufacturing industry and the lack of rolling stock are problems right now. Will what the Secretary of State has announced bring to an end the constant delays in securing new rolling stock, which have prevented important improvements in services throughout the whole country, and especially on the absurdly overcrowded trains that I use every day between Cambridge and King's Cross?

Mr. Hoon: That was the whole point of the announcement, which provides not only more rolling stock on the network but the means of constructing it, by providing for the United Kingdom extra train-making capability.

Mr. Brian Binley (Northampton, South) (Con): I welcome the general thrust of the Secretary of State's statement and take the opportunity to thank him for meeting the hon. Member for Northampton, North (Ms Keeble) and myself to discuss these matters two weeks ago. He was very kind and helpful. May I ask how this statement might impact on the services provided for long-suffering commuters from Northampton? Will he give us some specific help in that respect, because I know that my constituents would welcome a light at the end of the railway tunnel?

Mr. Hoon: I return the compliment. I found the conversation about services to Northampton very interesting and I rather think that I gave a promise to visit and see the services there. Investing, not in the particular Northampton line, but in other lines across the country, will clearly have knock-on effects for capacity in the UK. We need more investment in railways; I accept the observations that have been made. That is why the Government are committed to spending £20 billion to improve capacity, which will benefit people in Northampton as it will those in other parts of the country.

Mr. Charles Walker (Broxbourne) (Con): I share a line with my hon. Friend the Member for Hertford and Stortford (Mr. Prisk), and in the morning it is hell in

Broxbourne, beyond hell in Cheshunt and simply miserable for commuters from Edmonton and Enfield into London. I am delighted that there is to be new rolling stock. May I ask the Secretary of State whether I could meet his officials or one of his junior Ministers for a gentle discussion about timings?

Mr. Hoon: I regard it as the responsibility of any Minister to meet right hon. and hon. Members to discuss their issues of concern. I do not recall ever having turned down a meeting, and I will ensure that one is arranged for the hon. Gentleman.

Dr. John Pugh (Southport) (LD): The Transport Committee strategy report states:

"We note how little new rolling stock is going to be available to areas outside London and the south-east".

What is being done about the old, unsafe 142s that shunt between Southport and Manchester on the Northern rail franchise, which are acknowledged to be the very oldest on the entire network?

Mr. Hoon: There is a constant programme of upgrading our rolling stock. I would not accept for a moment, however, that any of that rolling stock is unsafe.

Philip Davies (Shipley) (Con): Faster trains between London and Leeds are clearly welcome, but the biggest problem experienced by my constituents is getting to and from Leeds on horribly overcrowded trains on the Airedale and Wharfedale lines. Can the Secretary of State tell me when extra carriages will be available on those two lines in particular, and also, crucially, how much money will be allocated to providing the longer platforms that will be required to take them?

Mr. Hoon: I note that making an announcement about capacity on a particular line has laid me open to a general discussion abut capacity on all our lines. I repeat that I recognise that there are capacity issues to be addressed. We have a very significant programme of investment in capacity, along with a programme to establish where new lines will be required to relieve those capacity problems. That is something to which the Government are committed. I have to say that those on the hon. Gentleman's Front Bench are not committed to spending the same amount on transport infrastructure as we are spending.

Mr. Edward Davey (Kingston and Surbiton) (LD): Will the Secretary of State ask his officials to look again at the delays in reaching a decision on new train services for platform 20 at Waterloo? As was pointed out by my hon. Friend the Member for Richmond Park (Susan Kramer), the platform is ready for domestic commuter trains, but there could be a delay of over a year before it is actually used.

Will the Secretary of State also write to me and let me know whether his Department has finally confirmed with South West Trains and Network Rail the investment for the new 10-car commuter trains, including investment in all the related platform-lengthening and infrastructure works that are essential to reducing the chronic overcrowding that is being suffered every day by commuters to Waterloo?

Mr. Hoon: I should be delighted to send the hon. Gentleman a letter about that. I shall also send a copy to his hon. Friend the Member for Richmond Park (Susan Kramer).

Social Security

1.11 pm

The Minister for Pensions and the Ageing Society (Ms Rosie Winterton): I beg to move,

That the draft Social Security Benefits Up-rating Order 2009, which was laid before this House on 28 January, be approved.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this we shall take the following motion, on pensions:

That the draft Guaranteed Minimum Pensions Increase Order 2009, which was laid before this House on 28 January, be approved.

Ms Winterton: I am satisfied that the orders are compatible with the European convention on human rights.

This year's social security benefits uprating order increases support for people on pensions and benefits by more than £6 billion. It reinforces our commitment to providing real help in the current economic climate, taking total benefit expenditure for the next financial year to an estimated £142 billion. We are committed to doing everything we can to get real help to people, taking action now when it matters most.

The headline figures are generous, and I hope that they will be welcomed throughout the House. Pension credit will rise by the highest amount since its introduction, targeting the most vulnerable, and we will increase the basic state pension by 5 per cent. in April. That means more cash in pensioners' pockets, and it comes at an important time for them. The order will add some £6.2 billion to Government expenditure, of which almost £4 billion will support pensioners, £1.2 billion will help working-age people, £890 million will go to disabled people and carers and £70 million will go to children.

Mr. Nigel Evans (Ribble Valley) (Con): How much of the money will go to pensioners automatically, and how much will they have to claim? I ask because, as the Minister will know, a number of elderly people are not aware of all the benefits that are available to them, with the result that a substantial amount that could benefit them is not claimed.

Ms Winterton: The hon. Gentleman is right. We need to ensure that pension credit is claimed by those who are entitled to it. Later in my speech I shall say more about the type of assistance that we are trying to give people to ensure that they claim.

The order will increase most national insurance benefits in line with the retail prices index. As we have done in earlier years, we will base the uprating exercise on data produced in September, when the retail prices index stood at 5 per cent. I should emphasise that the September RPI of 5 per cent. was the peak of last year, higher than earnings.

Let me explain what this means for British pensioners. The basic state pension will increase by £4.55 to £95.25 a week, while the standard rate for couples will rise by £7.25 to £152.30. That is the biggest increase since 2001.

Mr. Oliver Heald (North-East Hertfordshire) (Con): There has been considerable concern about the true rate of inflation for pensioners. Obviously the Minister is using a recognised measure—the RPI—but the Rossi index, surprisingly, was much higher than the RPI this year because of rises in food and heating costs. Is the Minister satisfied that 5 per cent. is a true reflection of the price rises that pensioners are facing and have faced over the last year?

Ms Winterton: It is true that there have been extra pressures, especially this year. I am about to describe some of the other measures that we have taken—particularly in regard to the winter fuel allowance—to reflect some of those increased pressures, while, as the hon. Gentleman says, sticking to the formula. That, as I am sure he knows, is the way in which a number of Administrations have worked.

As I have said, from April 2009 pensioners on the lowest incomes will see the biggest increase in the pension credit standard minimum guarantee since its introduction in 2003. It will rise by £5.95 a week for single pensioners and by £9.10 a week for couples, which means that no single pensioner need live on less than £130 a week, and no couple on less than £198.45 a week. That underlines our determination to target help on the people who need it most—those with the lowest incomes. This year we will spend more than £13 billion more on pensioners than we would be spending if we had retained the policies we inherited from the last Government. As a result of those tax and benefit changes, the average pensioner household is £1,600 a year, or £31 a week, better off, while the poorest pensioner households are, on average, around £2,200 a year better off.

As the hon. Member for Ribble Valley (Mr. Evans) pointed out, it is vital for us to do all that we can to ensure that benefit recipients and pensioners receive the support to which they are entitled. That is why we have tried to simplify the claims process, removing the need for people to complete and sign claim forms: claims for housing benefit, council tax benefit and pension credit can now be made together by means of a single telephone call.

We are considering a number of other ways we can ensure that people receive their entitlement, such as the use of data matching to identify those who may be entitled to pension credit but do not currently receive it, provision for around 13,000 home visits a week by the local pensions service to vulnerable customers, and the promotion of take-up through a range of activities including direct mail initiatives, local partnership work, and regional radio, press and outdoor advertising. We also intend to support Members of Parliament who run their own campaigns locally. Those campaigns in themselves can be quite successful.

Mr. Evans: Today the *Lancashire Telegraph*, a newspaper that covers my constituency and several others in east Lancashire, is launching its own campaign on behalf of the elderly and pensioners to raise the profile of all the issues that cause problems to them. The Minister will be concerned to learn that over the past six weeks, during the very cold spell that we have experienced, there has been an enormous increase in the percentage of elderly people who have died as a result of, for instance, respiratory problems and lack of heating. What more does she think could be done, particularly during the current bad weather, to ensure that no pensioner will have to make the choice between food and turning the fire on?

Ms Winterton: One of the key measures that we have taken this year is the tripling of cold weather payments from £8.25 to £25 a week. That has meant that whereas last year we paid out about £4 million in cold weather payments, this year we have already paid out about £166 million. We are trying to ensure that extra help is provided. I shall discuss some of the other changes that we have made to ensure that real action is taken now.

John Barrett (Edinburgh, West) (LD): The Minister mentioned that a lot of pensioners are able to access information about benefits by telephone. One of the issues raised in the equivalent debate last year was the poor quality of service given by a number of call centres. Is she convinced that things have moved on and that when people phone up for help they get the support and advice they need?

Ms Winterton: When I visited one of the headquarters of the Pension, Disability and Carers Service—perhaps the hon. Gentleman should pay it a visit, if he has not already done so—I was certainly very impressed with the way pensioners were dealt with carefully: people tried to take their details and talk them through their eligibility. I constantly keep in touch with the directors of the service and so on, not only to ensure that the service provision targets are being met, but to examine all the time what else can be done to improve the system. It is vital that we examine different methods—for example, working with organisations such as Age Concern or Help the Aged, and, in particular, with local centres that older people—perhaps those on lower incomes—might frequent, so that we get the services and the information to these people, with a particular emphasis on the fact that these are entitlements. We must encourage them to take up their entitlements.

Andrew Selous (South-West Bedfordshire) (Con): Before we move off the issue of call centres, may I point out that some of the most vulnerable people who will be affected by the benefits uprated in this order have to approach the social fund, and its telephone service is a lot worse than that in other parts of the Department? Will the Minister look into that with her colleagues, and ask the relevant Minister to write to me on that specific point?

Ms Winterton: Yes, of course. If the hon. Gentleman has particular examples, I would be more than happy to pass them on to ministerial colleagues.

I wish to touch on the points that have been raised about the extra help that we have provided this year. We have, for example, increased the winter fuel payments by £50 for households with someone aged between 60 and 79, and by £100 for households with someone aged 80 and over. That means that the total direct help with fuel costs this year for pensioners aged between 60 and 79 will be £250—the figure will be £400 for those aged 80 or over. My right hon. Friend the Chancellor also announced, in the pre-Budget report, a one-off increase of £60 to the annual £10 Christmas bonus. That is additional direct financial support that will benefit not just pensioners, but all 15 million people who receive the Christmas bonus, including those on disability and bereavement benefits.

Mr. Heald: One of the slightly disappointing things about the Minister's announcement is that the cut in savings credit, which was supposed to come in when the basic state pension was increased by earnings, is being implemented early—this year. She will recall the national insurance contributions change where the upper accrual point was introduced. Again, that was supposed to happen because the basic state pension was being uprated by earnings, but it was brought in early—last year. Is it not time that she did what her old friends in the TUC suggest and introduced the uprating by earnings or prices, whichever is the higher now?

Ms Winterton: Of course if we had introduced the increase by earnings this year, it would been lower than the change that we are making by using the RPI. We have said that we will restore the link with earnings, either by 2012 or before the end of the next Parliament. That is our commitment—the Conservative party abolished the earnings link and we have said that we will restore it. As I said, this Government are spending about £13 billion more on our pensioners in general.

This morning, I tabled a statement—I did inform both the Opposition Front Benchers about it—explaining two supplementary issues concerning payments of invalidity allowances to pensioners from April 2009. In December, we announced new rates of invalidity allowance for customers under pensionable age to support the alignment of the rates of incapacity benefit and employment and support allowance. The rates for eligible pensioners due to receive invalidity allowance will be increased in line with the RPI in the usual way. The Department subsequently wrote to pensioners eligible for an invalidity allowance informing them of their entitlements, however, because of a technical error a number of incorrect entitlement notices were sent. That means that about 45,000 people may be overpaid and about 25,000 may be underpaid, depending on their individual circumstances. Weekly overpayments will range from a minimum of 5p to a maximum of £3, and the maximum underpayment will be £1.80 a week. Any arrears will be paid to customers, and we will not take any action to seek recovery of the overpayments.

As the Department works through the affected areas, we will write to all customers who are affected to explain their position. As people become pensioners from April 2009, they should automatically move on to the higher rate of invalidity allowance. Because the uprating order for this year does not provide the statutory basis ordinarily needed to make these higher payments, we shall be making them on an extra-statutory basis in the coming tax year—about 7,000 customers are affected, and the payments involved total about £350,000. Obviously, I am sorry that this unfortunate situation has occurred, but the issue is a technical one and we will put it right.

John Barrett: I wish to put on record the fact that I appreciated having early sight of the Minister's statement and that the Liberal Democrats welcome her decision not to reclaim these amounts, even where the sums are relatively small. We appreciate that, and we know that many constituents up and down the country will too.

Ms Winterton: I thank the hon. Gentleman for his support. I should emphasise that customers will not need to take any action themselves; the Pension, Disability and Carers Service will identify and correct cases as soon as possible, and will contact all those concerned.

[Ms Rosie Winterton]

On working-age benefits, we will increase most income-related benefits by the Rossi index, which is the RPI excluding rent, mortgage interest, council tax and depreciation. Most working-age income-related benefits will increase in line with the September Rossi index of 6.3 per cent. That means that the personal allowance for a single person over the age of 25 will increase from £60.50 a week to £64.30—for a couple the increase will be from £94.95 to £100.95. Incapacity benefit and employment and support allowance will both be increased using the Rossi index so that, over time, all customers in similar circumstances will receive the same level of support.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Can the Minister say a word about the carer's allowance? Most people who receive it are of working age, and a recent report by the Select Committee on Work and Pensions recommended that the Government should look to synchronise the increase in the carer's allowance with the increase in the minimum wage. It did so because too many carers who are working receive an increase in the minimum wage in the autumn that then disqualifies them from the carer's allowance, and they have to wait until the April uprating before they can be eligible again. Will she examine that particular issue?

Ms Winterton: Yes, I will certainly look at the points that my hon. Friend has made. I know that she cares passionately about this issue and I can reassure her that we value the work that carers do. In the national carers strategy, we have outlined our vision that by 2018 carers will be universally recognised and valued as being fundamental to strong families and stable communities. Within that, we will of course constantly bear in mind the support that carers receive through the benefits system. We have amended our proposal so that we will not move carers from income support until we have a clear and detailed plan setting out reform of the benefits system over the long term to take account of the needs of carers.

Andrew Selous: I commend the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble), who is an assiduous member of the Work and Pensions Committee, for raising that point. I would say gently to the Minister that this issue has been around for a few years now, and perhaps she could go back to the Department with a sense of urgency about getting it sorted, because it does cause worry for many people.

Ms Winterton: I will certainly take that point back to the Department.

In the July 2008 welfare reform Green Paper, we proposed that incapacity benefit customers with an age addition would have their benefit frozen until the rates were aligned with contributory employment and support allowance. However, following consultation, my right hon. Friend the Minister for Employment and Welfare Reform announced in December that incapacity benefit customers with an age addition would see their overall benefit increase by at least half of Rossi—3.15 per cent. That means that they will not receive less than £95.15 a week, which is the same amount of incapacity benefit as someone in the support group getting contributory employment and support allowance.

The cost of uprating benefits from April 2009 is nearly £6.2 billion, with almost two thirds going to pensioners. We are not taking a do nothing approach: we recognise that it is absolutely right to protect the most vulnerable in society, particularly during times of economic hardship. The cost of doing nothing would be enormous, and we are better positioned to help people during the recession than previous Governments were. On top of our active efforts to increase benefit take-up, the money that I have announced today represents real help and action now when it matters most. I commend these orders to the House.

1.33 pm

Andrew Selous (South-West Bedfordshire) (Con): The Conservatives support the uprating of benefits and pensions because we believe that anything that will help hard-pressed individuals and families at this incredibly difficult time for the United Kingdom is welcome. In these orders, the guaranteed minimum pension increases by 3 per cent.; incapacity benefit claimants with age additions receive an increase of 3.15 per cent.; the standard minimum guarantee element of pension credit increases by 4.8 per cent.; the basic state pension, carer's allowance, attendance allowance, disability living allowance, industrial injuries benefit, incapacity benefit and child benefit increase by 5 per cent.—by the increase in the RPI; and income-related benefits, including income support, jobseeker's allowance, employment and support allowance, housing benefit and council tax benefit increase by 6.3 per cent. or by the Rossi index which is unusually, as the Minister has already told us, more than the RPI this year because housing costs have fallen. While most tax credits will increase by 5 per cent., the child element of the child tax credit is rising by 7 per cent.

So we have six different percentage increases applied to more than 14 pages of different benefits, which is why I shall mention the issue of benefit complexity later. I suspect that it is the complexity of the subject that has meant that, in my recent experience, fewer and fewer Members attend this debate every year. If it is difficult for hon. Members who are meant to understand such things, how much more difficult must it be for our constituents, with their busy lives?

We have already had some discussion about the rate of inflation for pensioners. They will no doubt be very pleased to get more than the 75p increase that they got from this Government a few years ago. However, is it appropriate to use the RPI to uprate pensions—a point made quite properly by my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) a moment ago? I wonder whether he is aware that Capital Economics, a forecasting house, has calculated that the pensioners' inflation rate to December last year was actually 12.2 per cent. The question we really need to ask is how the indices are calculated and whether they are fit for purpose.

John Barrett: Does the hon. Gentleman agree that we are entering a unique situation in the year ahead? It is possible that we will have negative inflation during this recession, so pensioners' inflation might rise at the same time as the indices used to calculate the uprating of benefits actually fall.

Andrew Selous: The hon. Gentleman makes a valid point, and we will have to keep the issue under review, especially as far as pensioners are concerned, in the extraordinary circumstances into which we are heading.

Depending on the benefit, either the RPI or the Rossi index is used. Before we decide on the merit of the order, it is worth trying to understand which inflation measure is applied to each benefit and why. It is important to debate those issues because they open up important questions about whether different groups in our society suffer from different inflationary pressures. The benefits that people will access as a result of the order being made today will differ depending on the inflation measure that is applied to the benefit. The question that we have to ask when considering the merits of the order is whether the uprating will cover the increased cost of living to which the particular group drawing that benefit is subject. The RPI is applied to uprate contribution-based jobseeker's allowance, child benefit, incapacity benefit, carer's allowance and disability living allowance. Those are the main benefits to which it applies. The RPI is calculated by the Office for National Statistics each month by collecting some 110,000 prices of about 650 goods and services in about 150 locations, including on the internet. These goods include the obvious ones—bread, cereal, furniture and clothing, as well as water, gas and electricity. With that information, the ONS uses data from the Department's family expenditure survey and other detailed expenditure analyses put together by market research companies and trade reports, and arrives at a representative shopping basket. The changes in prices of the goods in the basket are used to produce a headline figure that is intended to be broadly representative of the cost of living.

With reference to the RPI, which is the subject of the order, it is worth pointing out that the patterns of pensioner expenditure are not explicitly factored into the representative shopping basket. The ONS explains that that pattern of demand is probably atypical and would distort the average. Pensioner households, which on average derive about three quarters of their income from the state one way or another, are having some of their benefits uprated by the order according to an inflation index that does not explicitly acknowledge or comprehend how they spend their money. That is an important point that we need to bear in mind.

Mr. Evans: If elderly people have got into financial difficulties, they may have borrowed money either on credit cards, for which the rate of interest bears no relationship to current bank rates, or they may even have been induced to borrow from loan sharks, who can charge obscene rates of interest. A constituent came to see me last week about the financial difficulties that he had fallen into, mainly because of the loans that he had taken out.

Andrew Selous: I am very glad that my hon. Friend has raised that point. He is right to do so: those on very low incomes, such as pensioners and others, are extremely vulnerable to unscrupulous people charging very high rates of interest. Indeed, that was why the former shadow Secretary of State was right to raise concerns that people on benefits were going to be charged rates of up to 27 per cent. in the White Paper brought forward by the Department. However, the broader important point has to do with the lack of availability of affordable credit for very large numbers of constituents around the country. We need to be a lot more innovative about involving credit unions and perhaps many other players who are not in the field to meet what is a very real need. This is a serious point, and my hon. Friend is right to raise it.

The Rossi index is the other main index used to uprate the different allowances and benefits—jobseeker's allowance, council tax benefit, housing benefit and income support—covered by the order. It is compiled in the same way as the retail prices index, except that it excludes rent, mortgages, interest payments and housing depreciation costs. It is higher than the RPI this year because housing costs were falling over the year to September to 2008. It is also important to remember that the Rossi index is different from the consumer price index which, confusingly, is the main inflation index used by the Government and the Bank of England.

Later in my remarks, I shall refer to the Government Actuary's report accompanying the two orders before us. It looks at the orders' effect on the national insurance fund that is used to pay out benefits and pensions for which national insurance contributions are a necessary qualifying condition. They include state retirement pension, contributory jobseeker's allowance and contributory employment and support allowance.

There are concerns about the assumptions being used by the Government Actuary and the Chancellor in the pre-Budget report, and the use to which the fund may be put. That is an important subject, and I shall deal with it later in my remarks.

The benefits and pensions that are uprated by these orders are vital elements in combating child, adult and pensioner poverty, but by no means are they the whole solution. We want to help the workless get back into work, where appropriate, and we want to find the best possible ways of enabling people to avoid poverty, including poverty later in life. We recognise the strong connection between worklessness and children growing up in poverty, and that it leads to fewer life chances for those children.

As for the effect of the order on the child-related benefits, we support the Government's aim to end child poverty by 2020, and we will support them if they produce sensible legislation to make that target binding. On its own, however, uprating the benefits in this order will not be enough, as the Department's figures show that the number of children in poverty has risen by 100,000 for the second year in a row. On current progress, the Government will miss by 500,000 children their target of halving child poverty by 2010. We believe that a broader approach is needed, one that does not just involved the benefits uprated by the order. They are vital, of course, but there needs to be serious engagement with schools, family life, local authorities and registered social landlords.

I turn now to the working-age benefits, which of course are of immense significance after yesterday's greatly increased unemployment figures. In December, 1.97 million people were declared unemployed, a total that was 146,000 up from the three months to September 2008. Not all of them are entitled to claim the benefits uprated in the order, and not all of those entitled to claim choose to do so.

[Andrew Selous]

The order increases jobseeker's allowance for those under 25 to £50.95 a week. That is relevant, as unemployment among 18 to 24-year-olds sadly increased by 38,000 in the three months to December to 616,000.

Mr. Lindsay Hoyle (Chorley) (Lab): The hon. Gentleman is making some very important points. We all recognise that, in general at least, unemployment is rising in everyone's constituency. Does he agree that we should reformulate the statutory redundancy pay to assist those being made redundant? It is a long time since it was looked at, and does he agree that we should consider introducing annual uplifts?

Andrew Selous: I am very grateful that the hon. Gentleman has raised that issue, and I studied carefully the comments that he made on this matter on the Gallery News email service yesterday. He has a point, and I shall refer to it in my remarks very shortly. I was quite struck by the percentages to which he drew attention yesterday, so I think that he is certainly on to something. I do not know exactly how we will solve the problem, but I commend him for raising it.

Jobseeker's allowance for people over 25 has been raised to £64.30 a week, an amount that the Minister for Employment and Welfare Reform admitted yesterday that he would be unable to live on. That is relevant because the claimant count for January increased to 1.23 million, which means that 73,800 more people were claiming the uprated benefit than was the case the month before.

As the hon. Member for Chorley (Mr. Hoyle) has noted, there has been no increase in statutory redundancy payouts, and the important point that he raised yesterday is that they represent some 56 per cent. of average weekly earnings, as opposed to 203 per cent. when they were first brought in in 1965. That is something that the House should be concerned about. If there has been a specific policy change, I think that we should know about it and debate it. We should see whether we think that it is fair and right, and what we can do about it within the limits of public expenditure. However, if the amount paid has been allowed to wither on the vine without anyone noticing or caring, that is concerning to me.

This is important, because redundancies are, very sadly, up. In the three months to December, 259,000 people reported that they had become redundant. Sadly, the OECD believes that many more people will claim the benefits uprated in the order, and it has predicted that unemployment will rise faster in the UK than in any other G7 country.

My party has a range of positive proposals to tackle unemployment, but I do not think, Mr. Deputy Speaker, that you would consider me in order if I decided to outline them now. Instead, I want to turn to the very important matter of pensioner benefits that has been raised already, and quite properly, by a number of hon. Members.

The Chancellor's pre-Budget statement in November was the basis for a significant part of these orders, but its wording was not as clear as it could have been. It has been criticised by the *Daily Mirror* and more recently by the National Pensioners Convention. The Chancellor said:

> "So I will ensure that every pensioner gets a one-off payment of £60 on top of the £10 Christmas bonus, from January. For couples, that figure will be £120, also paid from January."—[*Official Report*, 24 November 2008; Vol. 483, c. 503.]

Dot Gibson, the formidable vice-president of the National Pensioners Convention, is still waiting for her £60 payment. She has said that

> "the Chancellor implied that this payment was in effect a bringing forward of the increase in the state pension due in April, but if it doesn't arrive until the end of March, the whole episode has been a charade. Millions of older people have been misled and must now be left feeling cheated.
>
> One pensioner rang up to say her brother who lives in France got his £60 on January 1st, but she lives in London and is still waiting...If we had a decent state pension in the first place we wouldn't need to rely on these extra payments."

I want to look at the issue of means-testing and take-up, which my hon. Friend the Member for Ribble Valley (Mr. Evans) quite properly raised at the start of the debate. There are 3.7 million beneficiaries aged 60 and over in receipt of income-related benefits, and that is 30 per cent. of the population of that group. However, 1.8 million are not claiming the pension credit uprated in the order, which has now been increased to £130 a week. That is of great concern. It may interest the House to know that, in November 2004, the then Secretary of State for Work and Pensions said:

> "The Government still has a take-up problem on pension credit."

Of the poorest pensioners, where household income is less than 40 per cent. of median earnings, 60 per cent. are not claiming the benefits that they are entitled to—up from 36 per cent. in 1997-98. About 40 per cent. of those entitled to council tax benefit, uprated also in the order, do not claim it.

We rightly hear a great deal about fuel poverty, particularly regarding pensioners, but pensioners often tell me that they consider themselves to be in council tax poverty, too. I find it quite extraordinary that up to £4.5 billion of means-tested benefits that should rightly go to older people is unclaimed each year. Perhaps that is what the Prime Minister feared when he said:

> "I want the next Labour Government to achieve what in 50 years of the welfare state has never been achieved—the end of the means test for our elderly people".

We welcome the increase in the state pension, which, as the Minister told us earlier, will be worth £95.25 a week and £152.30 for a couple, and perhaps the Minister will join me in gently pointing out again to the leader of the Liberal Democrats that it is not about £30 a week. Will the Minister also tell us exactly when the Government intend to restore the link with earnings for the state pension? She alluded to the well-worn formula, but many people would like greater precision on that subject. If she said something on that when she replies to the debate, we would all be grateful.

It is worrying that the take-up of pension credit continues to decline, as an answer that the Department gave on 3 November last year shows. In November 2003, the take-up for female pensioners was 64.9 per cent., and according to the latest figures that I have, which are for February 2008, it has declined—albeit only by a small amount—steadily to 62.1 per cent. So we not only have a problem, as my hon. Friend the Member for Ribble Valley has quite properly identified, but one that is getting worse.

It is worth putting on the record the number of pensioners not claiming individual benefits, which are uprated by the order. Up to 1.82 million older people are not claiming pension credit—41 per cent. of those

entitled. Up to 350,000 older people are not claiming housing benefit—18 per cent. of those entitled. Up to 2.14 million older people are not claiming council tax benefit—a staggering 45 per cent. of those entitled.

Pensioner poverty has risen by 300,000, both before and after housing costs are taken into account, and is higher than in 1997. In 2006-07, 2.5 million pensioners were living below the poverty threshold of 60 per cent. of median income, representing 23 per cent. of pensioners. After allowing for housing costs, 19 per cent. of pensioners were below 60 per cent. of median income, representing 2.1 million individuals. Those facts were pointed out by Help the Aged as recently as Tuesday of this week. Again, perhaps when the Minister replies, she will tell the House what estimate of pension credit take-up the Chancellor of the Exchequer will use in his Budget report this year.

The Government received quite a lot of criticism last autumn for their decision to reduce the period of backdating from 12 to three months for pension credit claims. That suggests that they are more interested in saving money than in increasing take-up. So will the Minister confirm that at least 110,000 pensioners will be adversely affected by that change and that they will tend to be older pensioners, who will not be able to claim some of the benefits uprated by the order?

Falling interest rates may be popular with some people—indeed, with many people, particularly home owners—but they are really bad news for one section of the population. So does the Minister recognise that many pensioners are facing real hardship because their hard-won savings are now attracting very low interest, thus forcing them to rely on many of the benefits uprated by the order? We are talking about people who have done the right thing and what successive Governments told them to do: they saved during their working lives, so that their savings could supplement their incomes in retirement. To add insult to injury, those with modest savings are assumed to earn 10 per cent. on their savings in respect of their eligibility for pension credit, which is uprated by the order.

Will the Minister update the House on the conversations that the Minister for Employment and Welfare Reform told the House that he would have with her and the Treasury on this matter when he made his statement on 11 December, as reported in column 697 of *Hansard*. We would like to know how they got on when they went to the Treasury on that matter. Will the Minister confirm that she is wholly confident that the new personal accounts system will begin on time and that people who are being auto-enrolled into personal accounts will not be worse off by not being eligible for pension credit, which is, again, uprated by the order.

The Government have presided over the decline in a large number of occupational pension schemes, and we would like to hear the Minister say something about that as well, because of its direct effect on people being forced to claim the benefits in the order.

Fuel poverty has been mentioned by one or two hon. Members, and the statistics that the Department for Business, Enterprise and Regulatory Reform released recently show that electricity prices have gone up by 17 per cent. in real terms and gas prices by 27.1 per cent. over the past year. Again, that has a bearing on the 5 per cent. figure used to uprate the basic state pension.

Mr. Hoyle: The hon. Gentleman is being generous with his time in giving way. I agree with him on fuel poverty. I blame the energy companies for their sheer greed in putting up prices and not bringing them down. Does he agree that that is part of the problem and that families, particularly pensioners, are being put into poverty, purely because of the greed of the energy companies?

Andrew Selous: Certainly there is some truth in what the hon. Gentleman says, and I personally think that we need a range of policies to deal with this very important issue and the scandal of the poorest people paying the most through prepayment meters—a matter that I raised in the House a number of years ago. We could do all sorts of things—for example, with the Post Office card account, the use of which the hon. Gentleman will be particularly keen to encourage. People could be provided with decent information, telling them whether they are getting the cheapest tariff. They should not have to ring up and ask; it should be made absolutely obvious to them—something that the Conservative party is proposing. There is something in what the hon. Gentleman says, but we can do a number of other important things to tackle the issue.

I want to deal with fraud and error—a subject that the Minister for Employment and Welfare Reform mentioned when he made the December statement in relation to the order. It is an important issue, because if we were able to deal more effectively with the £2.6 billion overpaid, we could uprate many of these measures more generously. The figures are pretty staggering: £2.6 billion overpaid, and £1.1 billion of benefit expenditure underpaid. That has been going on for a very long time, and it includes money paid wrongly to prisoners, to people who have moved abroad and who were not entitled to it, to people already earning an income through employment and to people already claiming other benefits.

The Department is now running a sort of television show, showing some of its inspectors doing very good work. It makes quite entertaining television, but I tell the Minister in all seriousness that £2.6 billion is a very large amount of money at a time of great pressure on public expenditure. Again, I ask her to go back to the Department and discuss the matter with the Secretary of State and her fellow Ministers and to urge that that matter be pushed rather higher up the Department's agenda. We could be more generous with the uprating of a number of these benefits, which, as a number of Members have pointed out already, are not that generous for many of our fellow citizens in great need.

I want to consider the issue of the complexity of the benefits system. As I have said, 14 pages of benefits are uprated by the order that we are considering. That is 14 sheets of closely typed A4. The National Audit Office report, "Progress in tackling pensioner poverty: Encouraging take-up of entitlements", underlines the fact that complexity is part of the problem when it comes to delivering support to those who need it. It states:

"Many pensioners and those that advise them"—

we must not forget the lobby groups and support groups that help pensioners—

"consider the systems and administrative procedures for claiming benefits to be too complex. In all there are 23 potential entitlements for pensioners, with 36 linkages between 16 of them."

[Andrew Selous]

Our pensioner population will need degrees in higher mathematics to work their way around some of the system.

Similarly, the 17th report of the Social Security Advisory Committee, published in 2004, says:

"complexity characterises the entire benefits system...the size, complexity and dispersion of the benefits system, and the blurring of the boundaries over what should constitute its proper role has led to a pervading sense of a loss of cohesion".

Bodies do not come much more independent than the Social Security Advisory Committee. Help the Aged makes a point in similar terms. It says, on benefits for pensioners, that the

"system is so muddled and poorly advertised that even Pension Credit, a widely advertised benefit aimed at some of the poorest older people, is only claimed by just over half of those entitled to it."

I come to the final subject that I want to discuss. It is incredibly important, and I should be grateful if the Minister would respond to this part of my speech as fully as she can when she winds up the debate. If there are points to which she cannot respond, will she write me a fairly full letter on the subject, and put a copy in the Library? I refer to the thorny issue of what is happening in the national insurance fund. I have great concerns about the assumptions that the poor old Government Actuary, Mr. Trevor Llanwarne, has been forced to use, namely the ones given to him by the Chancellor in the pre-Budget report. I have before me a report from the Government Actuary's Department; it is directly relevant to the debate. Indeed, it was produced for the House, and is about the two orders before us. The Government Actuary is forced to use the assumption, made by the Chancellor in the pre-Budget report, that there will be an increase in earnings growth of 3.2 per cent. in 2009-10. The average of the forecasts in the Treasury's January comparison of independent forecasts for the UK economy is an increase in earnings growth of only 2.7 per cent for 2009-10.

The assumption in the pre-Budget report on claimant count unemployment for 2009-10 was 1.31 million. Yesterday, the figure rose to 1.23 million. The Treasury's January forecast for 2009-10, which uses independent forecasts, is average claimant count unemployment of 1.83 million, so the first thing that I want to say about the national insurance fund is that I am concerned about the assumptions in the pre-Budget report that the Government Actuary has been forced to use. Even small changes in those assumptions are likely to have a very large impact on the fund.

I want to ask the Minister a question that I should think almost every Member of the House is asked regularly by pensioners in their constituency, not least if those pensioners are allied to the National Pensioners Convention. It is on the thorny subject of the increasing surpluses in the national insurance fund, and the fund's increasing balance. I do not know about the situation in the Minister's constituency, but in mine, the Dunstable pensioners' association and other bodies haul me in once a year and ask, "What are you MPs doing? You are sitting on more and more cash in the fund. We're not very well off. By law, the money can be given only to pensioners and others. Why can't we have some of it?" That is more or less what they are saying.

I see from the Government Actuary's report that the Government Actuary is required to make sure that there is a yearly excess of at least one sixth over and above what is paid in benefits. This year, that will be a sum of £12.5 billion, yet when we look at the report, we find that the balance is actually £52 billion. The surplus, and therefore the overall balance, has got larger year on year since about 1997, and it is forecast to grow in a substantial way. If Members look at page 30 of the report, they will see that the balance will rise from £52 billion in 2008-09 to £102 billion in 2013-14. That is a substantial rise. That may well be necessary because of demographic trends in the population—there will be a lot more pensioners, and a lot fewer people paying into the national insurance fund—but I have not found that clearly stated by any Minister in recent times.

It causes me slight concern that when the hon. Member for Newport, West (Paul Flynn) tabled a question asking the Minister's predecessor, the hon. and learned Member for North Warwickshire (Mr. O'Brien), about the issue, part of the answer received was:

"when there is a surplus it is invested in public services."—[*Official Report*, 22 February 2008; Vol. 472, c. 1116W.]

The Minister knows as well as I do that, by law, the national insurance fund can be used only for pensions, jobseeker's allowance and so on—a very narrowly defined range of public services. People might see the answer and think that money was being taken out of the fund and spent elsewhere in government. The Minister's predecessor went on to say, again in a written answer:

"The equivalent of the excess of receipts overpayments would need to be raised through tax increases to maintain the Government's fiscal strategy."—[*Official Report*, 21 April 2008; Vol. 474, c. 1858W.]

That is in relation to the issue of ever-increasing yearly surpluses in the fund.

There may be perfectly good reasons why the balance in the fund is increasing in such a significant way—and such a sustained way, according to the forecasts in the back of the report—but we need clearer answers on the issue, if only so that we can properly engage with people from the National Pensioners Convention and others who are, quite properly, considering the issue and wondering whether the Government could be more generous. I hope that I am not blind-siding the Minister on that issue; I know that it is technical and complicated, but it is incredibly important. I am not playing party politics on this serious issue. If she is not able to give the House a full answer today, will she write me a full letter, and place a copy of it in the Library, so that every Member can see it?

To conclude, I hope that when we debate next year's uprating order, fewer people will be in dependency, and more people who want support can get it. I also hope that the millions of people who say that they would work if they had the proper support will have had the chance that they want of a better life for themselves and their families, and the chance to be less reliant on benefits. We hope, too, that more of our fellow citizens will be able to make arrangements for their pensionable age, so that some of the all-too-low pensioner incomes will be higher. We will work with the Government on any proposals that they make, but I serve notice on them that the Opposition will make their own proposals to deliver better welfare, and a fairer system that lifts more people out of dependency, which is not where so many of our citizens want to be.

2.9 pm

John Barrett (Edinburgh, West) (LD): It is interesting that in a week when much of the news has been about people at the other end of the pay scale—those earning large sums of money—we are considering people who are surviving on benefits, and who are very much at the opposite end of the scale. Sadly, important though the measures before us are, they will not get the same news coverage as people who have been getting large bonuses and salaries. That is not to say that the measures are not important; they affect millions of people.

The hon. Member for South-West Bedfordshire (Andrew Selous) covered many of the issues in great detail in his excellent speech. We welcome the uprating today. We are talking about a significant amount of money that will go to those who are most in need. I am delighted to see pensioners getting a significant rise in their pension. Of the £6.2 billion, £4 billion is going to pensioners. I could say it is too little too late, but we should welcome what has been announced today. It is a good thing.

We have heard the details of the figures involved. I share with the hon. Member for South-West Bedfordshire a concern about the complexity that runs throughout benefits uprating and the entire benefits system. The 14 pages of details are too much. It is not only difficult for those receiving the benefits to understand; it is also very difficult for those trying to give them advice and work out exactly what benefits people are entitled to.

As I said in my intervention, I thank the Minister for prior sight of her statement on invalidity allowance. I am pleased that no amounts will be claimed back. It is clear, once again, that because of the complexity of the system, many errors are made. So many people contact hon. Members regularly about errors made by the Department for Work and Pensions, particularly on tax credits. The Minister dealt with one relatively small error, but there are far larger errors out there that need to be tackled. It is also worth remembering today that there are many tapers, allowances and premiums that are not being uprated and have not been uprated for many years.

We are entering different times. Last year's benefit uprating occurred before the increase in unemployment that we are, sadly, seeing now. With unemployment nudging the 2 million mark and with four unemployed for every vacancy, tackling poverty among the population of working age will assume increasing importance. Even in my constituency, which is not normally noted for much unemployment, Royal Bank of Scotland headquarters announced 2,300 redundancies earlier this week. Many people, for the first time in their lives, will be looking at the results of today's debate. People who have never known unemployment in the past will rely on the upgrading and the benefits that we are discussing.

With unemployment rising across most sectors, there will be an increasing number of skilled workers on benefits and seeking employment. Although the extra money for jobseeker's allowance is welcome, is the Minister concerned that back-to-work benefits and policies under the Welfare Reform Bill are ill suited to high unemployment? We are considering a number of changes but, in the words of one famous individual, the times are a-changin'.

I welcome the commitment that incapacity claimants with an age addition will not receive less than £95.15 a week. But does the right hon. Lady understand the frustration of disability groups, in particular, that the rate of support component will be no more than incapacity benefit, despite past promises to the contrary? Does she share my concerns that welfare to work and jobseeker's allowance arrangements have been designed to work in a period of low unemployment, as I said, unlike the circumstances that we will see in the year ahead? We are considering the uprating and various cost of living rises—the Rossi increase was mentioned—but we may be moving into a time of negative inflation.

In the year ahead, as we enter uncharted waters, the Minister and her Department should consider how we ensure that benefits reach a more realistic level. I am amazed at how many people survive on the basic benefits. In the Treasury Committee, one banker asked what the level of jobseeker's allowance was—what people have to survive on. The figure is about £60 a week. The individual who answered the question was earning about £60,000 a month. Some people out there are surviving on very low levels of benefit.

I welcome the decision to increase the state pension to £95.25 a week. Will the Minister take on board the point that when benefits are calculated, the income that savers are assumed to receive from their savings is 10 per cent., but that is not happening in practice? People who have been prudent throughout their lives, people who have saved and put money by, do not want to dip into their capital because that will reduce their income and affect the amount of benefits they will have to ask the state for. Many pensioners who have been prudent all their lives do not want to apply for means-tested benefits.

There is too much means-testing in the system which, along with the complexity, puts many people off applying for benefits. It has been estimated that 1.8 million eligible pensioners do not claim pension credit. When I have raised the issue of means-testing in the past, it has been argued by the Government that that will focus most help on the people who most need it, so that the most deserving are in receipt of the amounts to which they are entitled. Sad to say, those most in need are not those who are entitled to and receive means-tested benefits, but those who are entitled to but do not receive the means-tested benefits, and they are right at the bottom of the heap. Those 1.8 million pensioners who are entitled to money but are not receiving it were often told by the Government that increased amounts such as the Christmas bonus would help make up the difference, but the sum paid out in that form is a small fraction of the £2.8 billion in unclaimed pension credits.

Fraud and error have been mentioned by previous speakers. It is vital that we ensure that fraud and error are kept to a minimum because both, in effect, take money away from those who are entitled to benefits. The elderly, the disabled, the unemployed, and people trying to get into work and off benefits should get the maximum support to which they are entitled, and if money is being lost through fraud or error, it is not going where it needs to go.

The Minister mentioned the winter fuel payment. Although I agree that that is usually a Budget issue, will she consider a higher rate for those who claim the higher rate mobility component of disability living allowance? Although benefits help many of those who are disabled, it is extremely expensive to keep the home of someone who is disabled warm, for two reasons—partly because, in certain cases, disabled people do not move

[John Barrett]

around as much as the rest of us, and partly because there is a far higher unemployment level among the disabled so they are more likely to be at home and to need their home heated. The third factor is that the average income of a household with a disabled person in it is lower, so although the costs of running a disabled household are often higher, the income is often lower. The people caught in that pincer movement need extra benefits, and we must make sure that those who are entitled to the benefit receive it.

It was mentioned earlier that falling interest rates were helping those with mortgages, but many of those who are unemployed and receiving mortgage interest relief are on fixed rate mortgages. I was pleased to see that the Chancellor and the Department have agreed not to introduce the formula which reduces the amount of mortgage relief until May, but if the base rate stays at 1 per cent., the current system whereby people receive their mortgage interest relief is 1.58 per cent. above base rate. That will give people mortgage interest relief at about 2.5 per cent., but 50 per cent. of those paying mortgages have fixed rate mortgages at 5 or 6 per cent.

I appreciate the action that the Government have taken by not reducing until May the amount that such people are paid, but between now and May a new system will have to be introduced or we will find that the new group of unemployed people who are on fixed rate mortgages will receive a benefit that does not cover their mortgage interest. The end result of that will be that not only will they have lost their job but they will be in danger of losing their house. We hope that many people who are unfortunate enough to lose their job will get back into the job market fairly quickly, but in these times of rising unemployment, that will be more difficult. The last thing that they need is to lose their house at the same time.

As I have said, I do not want to be niggardly, and I welcome the measures that have been introduced. When the Minister winds up the debate, I would like her to address the issues that we must deal with in the future—higher unemployment, means-testing, which is a major problem with the uprating, low inflation, complexity, which other hon. Members have mentioned, and the high levels of error and of fraud.

In conclusion, I welcome what has been given, but the Department has far to go.

2.20 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I am glad to have the opportunity to contribute to this important debate.

The hon. Member for Edinburgh, West (John Barrett) echoed a point that my hon. Friend the Member for South-West Bedfordshire (Andrew Selous) made from the Front Bench about the complexity of the benefits system and of the uprating that we are considering today, which is where I want to start. It is widely recognised that the system of benefits is complex. When the question, "What is a reasonable amount of money for an income replacement benefit?" is asked, there are many different answers. It has been thought for some time—the Work and Pensions Committee has reported on this—that we, as a country, should have a serious look at our benefits system and what a proper level of income replacement benefit should be.

We should not have a situation in which carer's allowance goes up by one amount and jobseeker's allowance goes up by another, and we should not have a situation in which carer's allowance, which is supposed to be an income replacement benefit for carers, is a totally different amount from JSA, which is also supposed to be an income replacement benefit. Our system is over-complex, and the case for simplification is strong. I hope that the Minister and her colleagues will, in the quietness of their private discussions, examine whether we cannot move to a system that better suits the needs of the new century.

There are, of course, temptations for Ministers in an over-complex system, and the devil is often in the detail. On the face of it, it is surprising that Ministers come here every year to announce "handsome" increases in benefits, yet at the same time the Institute for Fiscal Studies, which produced a major report on the matter last autumn, tells us that in 10 years' time pensioner poverty will be exactly the same as it is now. It is very surprising that with all those handsome increases, the Joseph Rowntree Foundation told the Work and Pensions Committee that over a 20-year period the effect of fiscal drag and benefit erosion, which lies in the detail of what has been announced, means that the Chancellor will recoup 3.6 per cent. of gross domestic product from the overall bill. That raises questions about the core benefits system, such as whether those benefits are sufficient for the people whom they are supposed to help and what is really going on behind the scenes.

I suspect that a good deal of sleight of hand goes on, and I will give two examples after I have commented on the point made by my hon. Friend the Member for South-West Bedfordshire about the national insurance fund. Tolley's tax notes record that

"David Lloyd George stood before Parliament and introduced…the novel concept of National Insurance…as a 'temporary expedient'…It is a curious fact that despite the size and permanence of this levy, very many people know little about it".

In the fourth edition of their text on the matter, Ogus and Barendt record:

"People are prepared to subscribe more by way of contributions, which they see as offering returns in the form of personal and family security, than they would be willing to pay by taxation".

The Government have been diverting money from the national insurance fund into the health budget. The Minister may want to comment on that, but it did not use to happen to the extent to which it does now. That is why the parliamentary answer to which my hon. Friend the Member for South-West Bedfordshire referred pointed out that we must bump up income tax, or a tax, if we do not want a large balance in the national insurance fund—it is jiggery-pokery or sleight of hand.

The Work and Pensions Committee produced a major report on carers in the autumn. One of our points concerned the size of carer's allowance, which is much smaller than other income replacement benefits. We made the case that the Government should conduct a major review of carer's allowance and that they should treat it as a proper income replacement benefit.

The Committee also made a more technical point, which the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) mentioned earlier. Each year, the decision about uprating the amount that people can earn if they are on carer's allowance is made in April, whereas the decision on the national minimum wage is

made in October. The effect is that if the national minimum wage goes up by a certain amount, a number of carers are forced off benefit. In the spring, when the uprating takes place, they go back on to benefits, because the benefits have caught up. The Committee felt that that was unhelpful and that the changes should be synchronised, because that would help many carers organise their lives.

The sad thing is that that would inevitably cost the Government a little bit of money, because those people would no longer be forced off benefit, which is an example of the sleight of hand that occurs. Maintaining that lack of synchronicity saves the taxpayer a little bit of money, but it messes up the lives of carers and is not helpful. Perhaps the Minister will care to admit that that is why the situation has not been changed.

The Committee highlighted that problem and pointed out that it is making life very difficult for carers. It is therefore surprising that the limit for earnings by those receiving carer's allowance has been frozen, so carers will not catch up this year. Not only is there no synchronicity, which we wanted to help carers, but carers have been done down a little bit by the limit not being increased in line with inflation, which is slightly higher than normal this year. That is another example of sleight of hand.

My other example concerns the savings credit element of the pension credit. This year—this is being done at a very odd time—the band of income covered by savings credit is being raised. The effect is to narrow the band of income that is eligible for savings credit, which means that pensioners who have got just a little bit more than the basic state pension will get less help than previously. The timing is odd, because the band was supposed to be raised in the context of the Government's introduction of the new system, under which the basic state pension will be uprated by earnings rather than prices. The argument was that if the basic state pension plus the new arrangements for the state second pension were in place, that would already be helping those who had a little more than the basic state pension, so it would be right at that point to start cutting back on the savings credit. However, to raise the band now, when nobody has even set a date for the introduction of the uprating by earnings, is an example of the Government taking advantage. They are trousering a little money now, when really that should be done later.

It is the same sort of thing as happened last year with the National Insurance Contributions Bill. The Government introduced the upper accrual point for national insurance contributions—again, that was supposed to happen when the basic state pension was uprated by earnings. However, the Government introduced that early as well. They have another year or two, perhaps more, during which people with incomes in the band between the upper accrual point and upper earnings limit are paying national insurance contributions and getting nothing for it. That approach—eroding benefits through the details, with a little sleight of hand—is one of the things that leads to strange results. Generous announcements are made, yet the overall effect, when we consider the detail, is not as good as it seems. So, yes, I support the uprating measures that we are discussing; obviously, benefits should be uprated. However, why do Ministers not have a look at what such little sleights of hand say to the general public and savers?

There is a consensus in the House that we should tell people that they should save for a rainy day and for their pensions so that they do not end up in the situation of so many in the past who said, "There was no point in saving, because I'd have got just as much on benefits." We are trying to change that culture; we are saying that there should be a much more solid basic state pension and better inducements to save, and that we should gradually remove means-testing from the system. Yet the little lost battles that I have mentioned are working the other way. The system is not all moving in the same direction with a plan designed to encourage hard-working people who want to save.

One has to ask why the Treasury is like that. There is a solid and long-standing history in the Department for Work and Pensions of wanting to encourage saving and, frankly, to minimise the means-tested benefits bill in the longer term. However, the Treasury looks at everything year by year in a short-term frame. It wants to make little salami slices so that it gets a little back-pocket money from its negotiations with the Department for Work and Pensions. However, overall, that is not in the national interest.

The burden of my remarks is to ask the Minister whether it is possible for the Government to try to make longer-term decisions to sort out the benefits system. Does the devil always have to be in the system's detail? The result is that the Chancellor saves a little money in the longer term, but we do not get what we really want.

2.32 pm

Mr. Charles Walker (Broxbourne) (Con): Normally, this House adopts an austere voice when it debates pensioners. However, I want to start by adopting a celebratory voice to talk about pensioners, because if we had no pensioners, we would have to invent them. In my constituency, and those of my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) and the Minister, pensioners provide a huge public and civic service. There are armies of grandparents dropping off and picking up the children from school and providing babysitting services during the day and in the evenings so that hard-working parents can have a drink at the pub or go out for dinner. Grandparents are hugely important in that role.

I hope that all our constituencies have flourishing charitable sectors. Which people are the mainstay of charitable organisations? By and large, they are pensioners—people over the ages of 60 or 65 who are fully engaged with their communities. I am thinking of meals on wheels or taking other elderly people to hospital appointments. Again, I say that if we did not have pensioners, we would have to invent them. The same applies to political parties. I am sure that my constituency is like—

Madam Deputy Speaker (Sylvia Heal): Order. I understand why the hon. Gentleman wants to make flattering remarks about the necessity of pensioners in our society; perhaps he would now be kind enough to move on to the order that we are now debating.

Mr. Walker: But that is exactly the point, Madam Deputy Speaker. If you will just bear with me for a little longer, I will relate it to what we are discussing.

Madam Deputy Speaker: I have been quite lenient in allowing discussion on the matter. I think that we understand the hon. Gentleman's point and perhaps he could now address his remarks to the order.

Mr. Walker: I will, Madam Deputy Speaker.

It is important that I make two observations about pensioners and their role in our communities, and explain why it is so important that we value that role. We in this place can never, ever do enough for pensioners. If I were Prime Minister, I would very much like to uprate the annual pension by £100 or £200 a week. However, I am not the Prime Minister and I appreciate that that would be impossible to do, whoever I was. I welcome the Government's announcement that they are uprating the state pension, but it is, frankly, not generous: £100 or £150 is the bare minimum. Therefore, we in this place constantly need to ask ourselves what more we can do for the retired. Are we doing enough? Of course, the answer will be that we are never, ever, doing enough, but we need to ask ourselves the question.

It is important that when we discuss pensions, we consider the many issues facing pensioners today. We understand that although the value of their savings is not deteriorating, the interest on them is going down. A little more than eight months ago we have interest rates of over 5 per cent.; now, we have interest rates of 1 per cent. That is reducing pensioners' income. A few months ago, we had historically high petrol prices; again, that took a disproportionate amount of pensioners' income. As we have discussed, one index of inflation—the retail prices index percentage—puts pensioner inflation at 12.2 per cent., not the accepted percentage that we live by in this place. We have also seen year-on-year above-inflation increases in council tax, which have a disproportionate impact on pensioners and their incomes. A couple of hon. Members alluded to that.

There is also the cost of utilities. The cost of electricity and gas in the wholesale markets has come down, but that has not yet fed through into the pricing of utilities on the doorsteps of pensioners. I am a relatively wealthy Member of Parliament, and I can afford to wait for utility prices to come down. I do not like waiting—nobody does—but I can afford to do so. For many pensioners, this is becoming very serious. We are having one of the coldest winters for 20 years. I congratulate the Government wholeheartedly on recognising that, but it is very important that they continue to place pressure on the utility companies to get their act together in this respect.

Pensioners are absolutely at the heart of all our communities, and we owe them a huge debt of thanks and gratitude. Much of what they do goes unpaid and unrecognised, so we in this place have an obligation, year on year, to ensure that we are doing as much as possible for them.

2.38 pm

Ms Rosie Winterton: This has been a positive and engaging debate. I join the hon. Member for Broxbourne (Mr. Walker) in his praise of pensioners and the very positive points that he made. Labour Members believe that we have demonstrated that we share that view through several of the measures that we have taken and increasing provision for pensioners, whether in the pensions and benefits system itself, or on wider issues such as investment in the national health service and other public services that are used by our pensioners.

Many points have been made during the debate. I will try to cover all of them, but if I do not do so, I will ensure that I write to right hon. and hon. Members. A number of contributions, particularly that of the hon. Member for North-East Hertfordshire (Mr. Heald), referred to the slightly complicated benefits system. The Department has a simplification unit that is constantly looking at how we can simplify benefits. I am sure that it would acknowledge that complexity has been placed on complexity, but we try to refine the system as much as we can. It is important, as the hon. Gentleman said, to look at a system that allows for longer-term decisions, and an element of certainty. However, as constituency MPs, we can all own up to the fact that when we press for changes to the benefits system, such changes can sometimes inevitably lead to a greater degree of complexity.

Andrew Selous: On a point of genuine inquiry and interest, is the Minister aware of any country that has cracked this nut? Are the UK Government looking for inspiration from any other country that has gone down this path successfully? I would be interested to hear if she is aware of any.

Ms Winterton: Other countries often look to our welfare state for inspiration, because it has led the way in providing a crucial safety net for many vulnerable people. We look to other countries to see whether changes have been made that could help to simplify our system. On welfare-to-work benefits, for example, we have considered whether there are simpler systems in other countries.

I want to deal with a number of points raised, starting with the so-called 10 per cent. rule, which was raised by the hon. Member for Edinburgh, West (John Barrett). I want to emphasise that there is no 10 per cent. rule. The income tariff is a simple method of calculating the contribution that people are expected to make to help to meet their living costs. Some 80 per cent. of pension credit recipients are unaffected by what is called the income tariff. The rules have been in place since 1988, but the Government have tried to make the system more generous than it was. Under the previous system, anyone with savings above £12,000 was not eligible for any support at all. The less generous rules also assumed £1 a week for every £250 of savings. Not only is the rate of tariff income half of the previous rate, but we have abolished the upper capital limit, which gives more people access to more support.

The hon. Member for North-East Hertfordshire, among others, raised the issue of carer's allowance. As I said, as we work towards reforming the benefits system we will consider how we can best support carers in line with the principles outlined in the carers strategy.

The hon. Member for Edinburgh, West talked about the fact that inflation was very low and asked what would happen next year. Decisions on uprating for 2010-11 will be made later in the year, but the Government have already made a commitment to increasing the basic state pension by at least 2.5 per cent. Should inflation fall to a negative figure next year, I can assure the House that we would not be looking to reduce current benefit levels.

A number of hon. Members touched on the question of trying to increase pensioner take-up. I said during my speech that there were a number of areas in which we wanted to see how we could improve take-up, and we will continue to do so.

On benefit fraud and error, I reassure the House that we have an error strategy and that we are constantly considering ways to ensure that errors are not made. As I said earlier, I have tabled a statement to apologise for the fact that two types of error have been made, but we certainly try to minimise them. The estimated level of overpayment due to fraud and error across all benefits is at 2 per cent., the lowest ever, and we are bringing it down. There has been a great deal of consensus that personal accounts and auto-enrolment are the right way forward, and we certainly want to ensure that they start in 2012.

I turn to the rate of pensioner inflation, as I believe it is called. It is true that a report by the Institute for Fiscal Studies on the inflation experiences of older households, published in October, suggested that in August 2008 pensioners were experiencing inflation of 7.4 per cent., or about 9 per cent. in the case of the oldest and poorest pensioners. However, it is important to point out that it also stressed that in the long term average inflation is almost identical for pensioners and non-pensioners. It showed also that pension credit is worth about £430 a year more than it would have been if it had been uprated since 2001 according to the inflation index used in the report. Similar figures show that the state pension is currently £340 a year more than if it had been uprated according to the inflation figures given in the report since 1987.

Andrew Selous: The Minister says that pensioner inflation is the same as for the rest of the population in the long term. Does she mean during the time when a person is a pensioner or over their whole life?

Ms Winterton: I believe that it is during the time when they are a pensioner, but I can return to the hon. Gentleman with further details on the report if that would help.

On the general point that hon. Members made about savings, I hope that they are aware that the Chancellor has said that he is considering policy options to help pensioners who are currently affected by the interest rate cuts, and that those options may be implemented in the Budget this spring.

I will write to the hon. Gentleman about the national insurance fund. I am sure that he realises that the combination of recent economic prosperity and demographics means that contributions currently exceed claims. Some of that money has been used to reduce Government borrowing, which ensures that everybody benefits, including pensioners. However, that does not necessarily mean that today's recipients have an unlimited claim on the fund. We need to consider the balance between what is currently happening and what will happen if things become difficult, perhaps because of the downturn or when the demographic balance shifts. We need to ensure that we get that balance right. As hon. Members said, there is a campaign by people who say, "There is £30 billion, it is our money and we should have it straight away." However, there are other important factors for us to take into account when considering the national insurance fund.

I reiterate a point that I believe I mentioned earlier: we have legislated to re-establish the link between the basic state pension and earnings. As I said, subject to affordability and the fiscal position, our objective is to do that in 2012, and in any event by the end of the Parliament.

Mr. Heald: Savings credit is help for pensioners who have a bit of income on top of their basic state pension. Why is the Minister cutting back on that? The Pensions Policy Institute described the policy as

"a tighter squeeze on Savings Credit".

Why is that being done so far ahead of the change to basic state pension earnings?

Ms Winterton: We have tried to get the balance right between a fair pension system for all and ensuring that the most vulnerable people get the help that they need. As I said earlier, the extra assistance that we have made available to people on pension credit—and the savings element of it—is far more generous than that under previous Administrations.

We are considering a comprehensive package of help for pensioners. We have a robust foundation on which to redouble our efforts to do more. We can do even more by looking to the longer term, planning for the future and making the right choices to answer the questions posed by demographic change and turning challenge into opportunity.

The Pensions Act 2007 and the Pensions Act 2008 have laid the foundations for pension reform, backed by positive consensus. The Welfare Reform Bill will ensure that support is matched by responsibility. That is especially important in an economic downturn. The cost of uprating benefits for next year is nearly £6.2 billion and almost two thirds of that will go to pensioners. That is significant investment which recognises that it is right to protect the most vulnerable in society, especially in times of economic hardship.

On top of our active efforts to increase benefit take-up, the money represents genuine help and action now, when it matters most. That is the right approach, and I am therefore pleased to commend the orders to the House.

Question put and agreed to.

Resolved,

That the draft Social Security benefits Up-rating Order 2009, which was laid before this House on 28 January, be approved.

PENSIONS

Resolved,

That the draft Guaranteed Minimum Pensions Increase Order 2009, which was laid before this House on 28 January, be approved.—*(Ms Rosie Winterton.)*

Lloyds TSB and Iran (Sanctions)

Motion made, and Question proposed, That this House do now adjourn.—(*Helen Jones.*)

2.52 pm

Andrew Mackinlay (Thurrock) (Lab): On 13 January, I stumbled across a copy of *The Wall Street Journal.* An articled headed "Tehran's strip club" reported something that is widely known across the Atlantic in the United States but has not had much oxygen, or light shed on it, in the United Kingdom either in the media or in Parliament. Nevertheless, it relates to our security policy, and our attempts to combat terrorism and have high standards of banking.

I discovered that Lloyds TSB had pleaded guilty to the Attorney General's Department in the United States to doing things in London to circumvent US sanctions against Iran. Not only *The Wall Street Journal,* but many other journals report that Lloyds TSB has entered into what is described as a deferred prosecution agreement with the US federal authorities, whereby it has already paid $300 million to those authorities by way of a fine. That was done not with a view to settling the matter, but to entering into an agreement with the federal authorities to make full disclosure of what is known in the industry as "stripping" in relation to money that came from Iran via London and got into the United States by the falsifying of documents in London. This is a very serious matter. The US Department of Justice and the district attorney concerned have done a favour not only to the United States but to the wider international financial community and us in the United Kingdom by detecting that operation.

As I have said, there is no disagreement or debate about the matter. Lloyds TSB has acknowledged fully and unreservedly that it was involved in the practice. However, it made that declaration after being discovered. Lloyds TSB was certainly using the practice, which is illegal in the US, between 2001 and 2004, but never acknowledged that until being challenged after 2007. Indeed, in the period up to 2007, Lloyds TSB used similar practices in relation to moneys that came from Sudan, which were stripped here in London and then got into the US financial and banking system.

What was the purpose of such a complicated process? I inquired about that. It would seem that Lloyds—and, regrettably, some other financial institutions here in London—helped Iran's rogue banks to infiltrate the US. The Iranians needed American dollars, sometimes to purchase things within the US borders, but also to channel other moneys through US banks to third countries or other parties demanding payment in dollars. All the evidence suggests that at least some of the money was destined to be used to purchase dual-use materials or technology, as part of the Iranians' desire to increase their weaponry and develop weapons, to the disadvantage of the international community.

The system worked like this. The UK branches or subsidiaries of the Iranian banks would send electronic messages via what is described as the SWIFT banking payment system, which would go to Lloyds. Employees at Lloyds in London would then re-key the data into a new SWIFT message, carefully removing any reference to Iran or its banks. Employees at the British bank called the process "stripping", as I have already said. The US sophisticated screening operations and software would normally have flagged up concerns, but as the transfers came from a respected British financial institution, the alert system did not operate. As I have said, that is agreed ground, and Lloyds TSB has acknowledged it. The Iranians also benefited sometimes from overnight deposits in the US, taking advantage of favourable interest rates.

The US authorities are now in a race to track down the ultimate destinations of those moneys and their precise origins. The district attorney's office has made it clear that he fears some of the funds

> "may have been used to purchase raw materials for long-range missiles."

I also regret to tell the House that it is not just Lloyds TSB that is involved. Since starting to delve into the issue, I have discovered that Barclays is having to co-operate with both the US Department of Justice and the district attorney, apparently in relation to similar transactions. Regrettably, the Royal Bank of Scotland has indicated that ABN Amro, which it bought earlier this year with our money, is also being investigated by the US Department of Justice about a similar issue.

On 21 January, I raised this matter at Prime Minister's questions, and the Prime Minister undertook to look into the matter and to write to me. I asked him how on earth this action could have been taken in London by Lloyds TSB, a British financial institution, to get around US sanctions, and how Lloyds TSB staff could have falsified documents—not my words; that is the admission—to get round those sanctions. Bearing in mind the fact that the United Kingdom has boasted about the need for a strict regime of banking transparency across the membership of the United Nations in order to combat terrorism, how could this have happened in the United Kingdom without there being a breach of UK law? I asked what regulatory bodies such as the Financial Services Authority, the Serious Organised Crime Agency, the Bank of England and the Treasury, and our security and intelligence services, had been doing about it.

On 29 January, the Prime Minister wrote to me in reply to my questions. He said:

> "The position with regard to the penalty levied against Lloyds TSB is set out in the statement by the US Department of Justice of 9 January 2009. There is nothing further I can add in relation to the agreement reached between the US authorities and Lloyds TSB which is a matter between those two parties. You asked why the Bank has not been prosecuted in the UK regarding this matter. The US action against Lloyds TSB concerns past breaches of US sanctions. We can only prosecute in the UK in relation to breaches of UK law."

In my view, the Prime Minister has missed the point. After 9/11, the United Kingdom led the call for transparency across the United Nations, and many of us are proud of the diligent work of Sir Jeremy Greenstock, the then United Kingdom ambassador to the UN, who led the sanctions committee. I had assumed, as had other hon. Members, that we had the most rigorous regime of scrutiny and oversight of our banking and financial sector, in order to frustrate illegal transfers across countries in breach of United Nations sanctions. I think that the Prime Minister still thinks that that is the case.

I had assumed, because of all the posturing from the Dispatch Box by successive Ministers about Iran exporting terrorism, and Defence Secretaries acknowledging that

many British soldiers had been killed by ordnance emanating from Iran, that significant sanctions were in place. For a long time, all of us—particularly Her Majesty's Government—have been concerned about Iran's desire to develop missiles and nuclear weapons to a point that we believe will threaten our interests. I find it fantastic that it is not in breach of United Kingdom law for officials at Lloyds TSB in London to falsify documents. Even if I am wrong about the sanctions and that none existed at the time, there must surely be an offence relating to the falsifying of documents.

I am concerned that there is no indication of any attempt by the regulatory bodies to which I have referred to investigate this matter, or of any serious attempt to find the law in this matter. I felt, from the tone of his letter, that the Prime Minister went on to slap my wrists. He said:

"Contrary to the assertion that you made in the House, the US case against Lloyds TSB has not involved accusations of money laundering. Therefore there is no suggestion that Lloyds TSB has contravened UK anti-money laundering legislation."

I was slightly irritated by that, so I thought I would look up the definition of money laundering. I had assumed that it was quite an old term, but I found that it was apparently invented by *The Guardian* newspaper at the time of Watergate, so it is a relatively recent one. Money laundering is, I discovered,

"the practice of engaging in finance/financial transactions in order to conceal the identity, source and/or destination of illegally gained money".

The Prime Minister's thesis is that at the time of this action, the UK did not have sanctions against Iran in place; apparently we have had them only since early 2007, which will no doubt feature in the Minister's brief. The Prime Minister thus seems to think that this is not a matter for the UK authorities, but I believe that money laundering is.

Money laundering is something that has had to be combated—both in principle and, I think, in law—for a number of years. We are parties to an organisation known as the Financial Action Task Force on Money Laundering; it is based in Paris and is primarily known by its French name—Groupe d'action financière sur le blanchiment de capitaux. We signed in 1996—it was revised in 2003—and agreed to criminalise money laundering and to enable the authorities to confiscate the proceeds of money laundering. Countries are required to ensure that their banks

"report certain suspicious financial activities to the appropriate financial regulators and law enforcement authorities."

There is also something known as the suspicious activities report, to which even Members of Parliament are subject. Lloyds, of course, was hardly going to declare its own wrongdoing, but the UK has an obligation under FATF membership to bear down on such activities. That, however, we have singularly failed to do. Will the Minister kindly address that point in his reply?

The biggest potential payoff is that Lloyds must now disclose fully to the US authorities all the details of these wire transfers originating in Iran and help the CIA and the FBI to track them to their final destinations. I would like to be assured, however, that, at least from now on, the UK authorities will say they also want full disclosure.

Before I move on from the Financial Action Task Force, I want to emphasise the fact that it places a duty on banks to know their clients. Lloyds TSB has not used that as a defence in any case, but there is no doubt that the particular FATF agreement to which the UK is party requires us to ensure the highest standards of banking. The UK has clearly failed in that regard and we should be ashamed of that. It is acutely embarrassing to the UK, particularly to the Foreign Office, which, metaphorically speaking, beat around the head those states that were somewhat reluctant after 9/11 to adopt the required transparency.

I probed and probed to the best of my ability on this matter, Madam Deputy Speaker, and I indicated to you that I felt that things had not been properly reported. I discovered through use of a computer that there had been one or two references to this issue in the UK press and in Parliament, which I shall allude to. In particular, I discovered that a man named Conal Walsh had written in *The Observer* on 8 October 2006:

"The Financial Services Authority is urgently scouring Britain's banking system for evidence of Iranian terrorism funding following an alert from the US authorities. The move comes after officials at the FSA were shown American intelligence indicating that suspicious Iranian funds were being funnelled through the City of London and other financial centres."

Apart from that report of 2006, however, there is no indication that the agencies to which I referred earlier have really done anything. I think I am entitled to ask the Minister what—if the *Observer* article was correct—the FSA found.

On 26 June last year, the right hon. Member for Richmond, Yorks (Mr. Hague) asked the Chancellor of the Exchequer

"what steps are planned to be taken through the Financial Action Task Force to ensure that certain Iranian banks cannot abuse the international banking system to support proliferation activities and terrorism."

In her reply the then Treasury Minister, the hon. Member for Burnley (Kitty Ussher), actually referred to "anti-money laundering", which I thought quite interesting. She said:

"The Financial Action Task Force... has expressed concern that the Islamic Republic of Iran's lack of a comprehensive regime for ant -money laundering and combating the financing of terrorism... represents a significant vulnerability within the international financial system."—[*Official Report*, 26 June 2008; Vol. 478, c. 466W.]

It was the Minister, not I, who referred to money laundering. Again, however, there was no indication of what was subsequently discovered.

On 24 November, the right hon. Member for Richmond, Yorks asked the Chancellor

"what assessment he has made of the implications for UK financial institutions of the decision by the United States administration to ban Iran from undertaking U-turn financial transactions"—

apparently, that is the technical term for some of the activities to which I referred earlier—

"involving US financial institutions."

The new Minister, the hon. Member for Dudley, South (Ian Pearson), replied:

"The U-turn licence enabled Iranian entities to have indirect access to the US financial system—including through UK financial institutions. Revocation of that licence will mean financial institutions worldwide can no longer route payments for the benefit of Iran through the US."

[Andrew Mackinlay]

He added:

"We are not aware that UK financial institutions made any significant use of the U-turn licence".—[*Official Report*, 24 November 2008; Vol. 483, c. 951W.]

Someone was, or is, asleep.

Perhaps the Minister will confirm this later, but I should have thought that both morally and legally, under UK law and because of our international obligations, we had a duty to adhere to the best practices of international banking. Even if at the time of these practices by Lloyds TSB there was no Order in Council or statutory instrument making the activity specifically illegal in the United Kingdom, surely through our lack of intervention we were acquiescing in a serious breach of our international obligations.

I have referred to the deferred prosecution agreement, which is a legal document. The agreement reached between the Department of the United States Attorney General and Lloyds TSB admits that from 2001 until 2004 Lloyds

"falsified the business records of banks in Manhattan by engaging in a systematic process of altering wire transfer information"—

in London—

" to hide the identity of its clients."

Lloyds had not owned up to that activity, although it had ceased to engage in it in 2004. It was rumbled only because in 2006 the diligent US authorities had embarked on an investigation of the relationship between the Government of Iran and two New York entities. It was during that investigation that they stumbled across evidence that Lloyds

"was engaged in the illegal transfer of funds into Manhattan on behalf of sanctioned Iranian banks."

Regrettably, it seems that they also discovered that other UK financial institutions might be involved in the practice.

The authorities discovered that Iranian business men were looking for high-quality American electronics. They had to act stealthily. They sought special parts coveted by Iran and especially by those seeking to make roadside bombs to kill United States troops in Iraq. That seems to have been the position. When the US Attorney General was asked whether these moneys were being directed towards terrorism, he said, "Actually that's why we need the full disclosure. We want to know where this came from and where it was going to." If the United States has not, as of this afternoon, fully discovered and had declared to it the totality of this criminal act in the United States, what confidence can I have, as a Member of the House of Commons, that our FSA, our security and intelligence services, the Bank of England and the Treasury have the slightest notion of what has gone on? I have no confidence about that. All the evidence suggests that there has been wilful ignorance and a washing of hands on the part of these agencies.

These were not random acts, nor were they a mistake; they were not undertaken by rogue individuals. It is indicative that Lloyds TSB knowingly set out to break United States law and condones the action of a large number of its employees acting on its behalf. That could have happened only with the permission of people at the highest level. One internal Lloyds TSB document said that transactions from the London branches of Iranian banks should be processed in "the normal way", which meant removing information that would tie them to Iran—this is all according to the agreement that Lloyds has now entered into with the US authorities.

Lloyds eventually dedicated specific employees to scrubbing the Iranian transactions—I think there was even an instruction book on how the employees dealt with that. One of the main questions on which the United States authorities are focusing is whether the money went to terrorism. I, too, want to know the answer to that, and I am entitled to know it, given that, apparently, I and others in this House have sent our armed forces into conflict situations where ordnance is coming from Iran.

In summary, I ask the Minister to address the following points. Will he tell us precisely to what extent this has been examined by the Treasury, the Bank of England, the FSA, SOCA and our security and intelligence services? I guess that he will not tell us about the last of those, and that goes to the heart of the problems with this place—there is no oversight of the security and intelligence services. The ridiculous Intelligence and Security Committee is not a parliamentary Committee; we do not even know, and we not allowed to know, whether it is even trespassing on this issue. That is a further indication of why we need a proper parliamentary Committee. Perhaps we could also create a precedent—perhaps the Minister will indicate whether the Intelligence and Security Committee has looked at this. If it has not, will he invite it to do so?

I have focused largely on Iran, but some $20 million came from Sudan, through this process, to the US. As has been indicated, this practice went on until 2007—I do not know whether it is a coincidence, but that was when a statutory instrument was passed here. That was probably the cut-off point. It rather indicates that there was full knowledge of and consent about this grave matter by people at a certain level in Lloyds—they were watching all the time. I want the Minister to tell me specifically whether it is lawful for a UK bank to falsify documents in the UK—let us forget about the US on that particular point.

Obviously, this was a systematic process; people were prepared to do this and it was sanctioned at the highest level in Lloyds TSB. One of the things that we have discovered over the past few weeks is that people do not do things for nowt—clearly, bonuses would have been paid to these people. I would like the Minister to say—if he would not mind—whether or not bonuses were paid to the staff and managers involved.

Over the past three or four months, the sums of money that have been discussed in this place are beyond belief—not billions, but trillions—so a mere $300 million may appear small change. But to most of us, it is a very serious matter. That is the sum paid to the US authorities by Lloyds TSB as an interim payment. It is no exaggeration to say that that is our money, which is not to say that the US authorities were wrong to demand it. Therefore, we have a right to know what happened. There was criminal wrongdoing, and the response by the UK has been pathetic. I am disappointed with the Prime Minister—not because he wrote the letter, but because he should have told the Treasury that it had to look into what happened. I will not let him get away with washing his hands of this issue; it is a very serious matter. It makes us a laughing stock around the world, it will prejudice the reputation of reputable financial institutions in this country, and I look forward to the Minister's response.

3.21 pm

Mr. Charles Walker (Broxbourne) (Con): I congratulate the hon. Member for Thurrock (Andrew Mackinlay) on securing this debate and bringing this important matter to the attention of the House. I intend to make only a brief contribution.

We live in a morally ambivalent age, and nothing will change that. But what on earth was a British bank doing, doing business with Iran? It was a shameful performance by Lloyds TSB. As the hon. Gentleman rightly points out, the $300 million fine is not coming from a magical printing press. It is shareholders' money and, as taxpayers, we are the shareholders, so it is our money. We need to know exactly what was going on.

All this happened a few years ago. Since then, we have had a bail-out of the banking sector, in which Lloyds TSB received the full endorsement of Government to take over HBOS, with this appalling act in the US hanging over its head. We can ask Lloyds TSB and its senior board members—they are still in place—how much money is enough. How much money do they need to make? Why did they do business with Iran? After all, we know full well that in Iran homosexual men are routinely murdered and hanged from cranes. Lloyds TSB makes great play of its corporate social responsibility. It claims to value its people. Well, in this matter, its corporate social responsibility does not amount to a hill of beans.

As the hon. Gentleman so rightly pointed out, we do not know whether the transactions conducted via Lloyds TSB have resulted in the loss of life of young American men and women who are meant to be our allies and whom we are meant to support. Lloyds TSB still has a huge amount of explaining to do on this issue and I hope that the Minister can address those issues when he winds up.

I do not expect the banking sector to be a paragon of virtue. Indeed, we have seen over the past year that it is very far from that. It is one thing to make bets on derivatives and overseas mortgage markets; it is quite another to do business with the regime in Iran. Lloyds TSB not only did business with that regime, but actively falsified the evidence and covered it up. It cannot claim that an innocent mistake was made, or a rogue manager was responsible and the bank had no idea what was happening. It was sanctioned at the very highest levels of one of the UK's leading plcs. And at that time it was one of our leading plcs—it was probably one of the top large companies quoted on the stock exchange. Again, I agree with the hon. Member for Thurrock that that is of critical importance.

The hon. Gentleman also highlighted the very important fact that Lloyds did business with Sudan as well as with Iran. Month in and month out, hon. Members and Ministers come to this place to express concern and disgust about what is going on in terms of the persecution of minorities in Sudan, yet one of this country's leading banks was doing business there. I imagine that Lloyds bank thought that it was a sweetener to secure further business. I do not know for sure, but I have a strong suspicion that if the people involved had not been caught they would have continued to grow their business in Iran.

I accept that there are issues to do with dual jurisdiction, and that we live in a global marketplace where there will always be conflicts and problems such as have been set out today. However, I shall conclude my brief comments by repeating my question of a few moments ago—that is, how much money is enough?

I always thought that the people who run our major industries, and most politicians, were fundamentally decent people tasked with making hugely important decisions. A lot of people do not like the decisions that our leading business men and politicians take, but they put themselves in such leadership positions, and that means that they have to take difficult decisions and stand by them. The British people are fair minded: we may not like the decisions that are taken, but we recognise the right of the people involved to make those decisions and the reasons why they take them.

However, I doubt that anyone in this country can fathom how probably decent people thought that it was legitimate to do business in Iran. On the scale of things, and compared to Lloyds' global portfolio, the amounts of money involved are quite small. It did business in Iran because it wanted to earn a little extra. Again, how much money is enough? How much profit did it need to make? Frankly, it is not surprising that our banking sector is in its current mess if such morally ambivalent people are in leadership positions.

3.27 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I am grateful to my hon. Friend the Member for Thurrock (Andrew Mackinlay) for drawing the House's attention to this very important issue. He referred to the letter dated 29 January that he received from the Prime Minister, but let me say a word about the settlement that has been reached. My hon. Friend described it as an interim settlement, and I think that he took that to mean that there could be a further fine.

My understanding is that that is not the case: the matter has been settled and Lloyds has signed a deferred prosecution agreement, as my hon. Friend the Member for Thurrock rightly said. That means that the matter is settled as long as Lloyds sticks to the agreement for the next two years.

Andrew Mackinlay: Will my right hon. Friend give way?

Mr. Timms: It is rather early in my response, but I will give way.

Andrew Mackinlay: It is early in his response, but the Minister is uttering the spin given to him by Lloyds TSB and the Treasury. He says that the matter has been settled, but it will be final only if there is full disclosure. The settlement is contingent on Lloyds TSB coming up with the fine and full disclosure, but that process has not been concluded yet. The US authorities will draw a line under the matter only when they are satisfied that it has been concluded. I do not feel comfortable that some people involved in criminal activity might get off scot-free, but that has not been agreed yet. The deferred prosecution is precisely that—deferred.

Mr. Timms: Indeed, and as long as Lloyds sticks to the agreement for two years there will no further fine or action. The disclosure process to which my hon. Friend referred is not about to start, and neither did it commence with the agreement on 9 January: as I shall explain in a moment, it happened well before that.

[Mr. Timms]

I want first to explain a little more of the facts of the US case; secondly, to explain how the case fits into UK law and international best practice at that time—I hope to answer some of my hon. Friend's questions—and thirdly, to explain more generally the actions that we have taken to improve the transparency of inter-bank payments and to deal with the financial threats posed by Iran.

The US Department of Justice's statement of 9 January 2009 set out that Lloyds TSB committed a violation of the US International Emergency Economic Powers Act—legislation under which the US Executive are able to prohibit transactions in response to an "extraordinary threat" arising outside the United States. Of course, the US has had sanctions in place against Iran since 1979, so now for 30 years. They have been progressively tightened since then due to growing concerns about the Iranian regime's sponsorship of terrorism, as my hon. Friend said, and, more recently, its nuclear programme. However, until November last year, US financial sanctions against Iran included a special licensing arrangement, to which my hon. Friend referred, known as the U-turn exception, which allowed some US dollar transactions that involved Iran to be processed through US dollar clearing in New York.

Those transactions were allowed if, first, they were sent between two non-US banks; and secondly, if the transactions did not require the debiting or crediting of an account of an Iranian individual or entity managed on the books of a US bank. The way that my hon. Friend referred to that slightly gave the impression that a bank had to apply for such a licence. My understanding is that that was a general licence that could be exercised if those two conditions were met. In other words, the exception applied if the Iranian link to the transaction did not touch the US or a US bank directly. It was designed to prevent US sanctions completely shutting off Iranian access to the dollar, given that oil transactions are globally denominated in US dollars. There was quite a wide interest in Iranian oil sales having such access.

Andrew Mackinlay: The Minister might recall that I raised the issue in the context of a reply to the right hon. Member for Richmond, Yorks (Mr. Hague), where the then Minister, our hon. Friend the Member for Dudley, South (Ian Pearson) indicated in his reply that there was not much activity. I raised it in the House to demonstrate that, in my view, there has not been due diligence by our authorities, because demonstrably a lot of activity was going on, but the reply, diligently given by a decent Minister but fed to him by the machine behind, indicated that there was nothing much in this. I do not want to labour the point by going back over my notes, but the *Official Report* will show that the tenor of the reply was that there was no problem. Well, there was a problem, and part of my submission to the House is that there has not been due diligence by the other agencies, not even to scratch the surface of this matter.

Mr. Timms: The point that I want to underline is that the general licence allowed banks to conduct such transactions with Iran in those circumstances.

The US Department of Justice's statement sets out that, between 1995 and 2007, Lloyds TSB, in both the UK and Dubai, made changes, as my hon. Friend has explained, to SWIFT messages—messages on the international worldwide funds transfer network, which are known in the US as wire transfers—worth more than US$350 million that involved principally Iran, but also Sudan, as he has mentioned, and, I understand, Libya as well. That involved removing payment originator information from some inter-bank payment instructions, so that payments would not be identified by US correspondent banks as originating from countries subject to US sanctions. The infringement related to removing originator information, rather than to the transactions themselves. That is quite an important point. The infringement had to do with the removal of that information.

I understand that Lloyds TSB ceased removing payment originator information from Iranian transactions in 2003. I think that my hon. Friend said 2004; anyway, it was round about then. It is perhaps worth noting that the US banks did process the payments, even though the SWIFT messages did not contain originator information. My hon. Friend suggested that that was because they thought that if the payments were from a UK bank, everything must be fine. My hon. Friend said that ABN AMRO had also been doing such things, too. I was not aware of that; I do not know whether that is correct, but I have no reason to doubt it. It was not a UK bank at the time. There is at least a question that ought to be raised about how the transactions were processed by the US banks, even though the messages did not contain originator information.

As we have heard, as a result of the breaches of US law, Lloyds has agreed to pay a fine of $350 million. Lloyds has notified the markets of that, and made provisions in its accounts last year for the payment of the penalty. Given its hedging arrangements, the £180 million provision in place in its accounts will, I understand, cover the full size of the penalty. It is important to stress that the US investigation is specific to breaches of US sanctions law; I know that my hon. Friend was concerned about that point. The US investigation does not allege that Lloyds TSB breached international sanctions, or that it facilitated terrorist finance, proliferation finance or money laundering. Indeed, the deferred prosecution agreement between the US authorities and Lloyds records that subsequent screening of the payments routed through the US between August 2002 and the time when the accounts were closed found no matches with names on the US terrorist or weapons of mass destruction watch lists. The US Department of Justice has acknowledged that Lloyds' co-operation with it has provided substantial assistance to the New York District Attorney and the Department of Justice.

My hon. Friend, perfectly fairly, asks why no one has been prosecuted in the UK over the issue. As he says, he raised the matter with the Prime Minister on the Floor of the House on 21 January. He has anticipated the answer: it is that we can prosecute only for breaches of UK law, and not for breaches of US law. As I have set out, the US case against Lloyds TSB concerns breaches of US sanctions. I certainly have not seen evidence of breaches of UK law in this case. I have seen no evidence of breaches of international sanctions, money laundering rules or terrorist finance rules. That is consistent with the findings in the US case, which is specific to breaches of US sanctions.

It is worth noting that the US imposed comprehensive financial sanctions on Iran after the Iranian revolution in 1979; we remember some of the circumstances. However, United Nations and European Union sanctions against Iran have been much more recent, and more targeted. Given the history of relations between the US and Iran, it is not a surprise that breaches of US-Iran sanctions did not necessarily amount to breaches of UK or European Union law.

Given the concerns that my hon. Friend raised about the way in which changes were made to the messages, I shall say a little more about how international banking practice relating to the transparency of inter-bank payments has developed. Decisions on what payment information should be included in SWIFT messages has, in the past, been regarded as a commercial matter for the banks. The decision was dependent mainly on what was required, technically, to allow the SWIFT messaging system to be used successfully. However, new international standards for measures to counter illicit financing were introduced following the 11 September terrorist attacks. The Financial Action Task Force, to which my hon. Friend referred, made nine special recommendations on terrorist financing in 2001, one of which—special recommendation VII—covers wire transfers. It aimed to correct the lack of transparency in inter-bank payments, which was recognised as a potential weakness in the system. Special recommendation VII calls on countries to

"take measures to require financial institutions, including money remitters, to include accurate and meaningful originator information...on funds transfers and related messages".

That recommendation was agreed in 2001, and was followed up by technical work on how it should be implemented, which continued until 2005. Once the technical work was complete, the European Union decided to implement special recommendation VII at the Community level. That was done through the Transfer of Funds (Information on the Payer) Regulations 2007, known as the wire transfer regulation, which was taken forward during the UK presidency of the EU in 2005. Following an agreement by the Council of Finance Ministers in, I think, November 2006, the regulation came into effect in January 2007.

The EU wire transfer regulation requires payments to contain complete information—name, address and account number—on the payer. To remove payment information, as was done in the case that my hon. Friend rightly highlighted, is not permitted under the regulation.

Until the regulation took effect in January 2007, there was no requirement in UK or EU law for banks to provide full payer information. So the actions of Lloyds TSB involving transactions before January 2007 do not constitute breaches of UK or EU law. And, as I pointed out, Lloyds stopped removing payment information from Iran transactions in 2003, well before 2007 when the legal obligation to do so under UK law and EU law came into effect.

Actions to tighten the law have been complemented by efforts by the banking organisations to raise standards of best practice. The Wolfsberg group of international banks has set out what it calls messaging practice standards to ensure that the payment system is not abused. Wolfsberg also acted to encourage SWIFT to make technical changes to the messaging system that will increase the amount of data that accompanies certain kinds of payment. Those changes are expected to come into effect at the end of 2009.

In addition, the Basel committee on banking supervision has been considering the issue at the request of the international regulatory community, and will shortly publish its own statement on the steps that banks should take to increase transparency in international payments.

Let me conclude by setting out the Government's approach to financial restrictions against Iran. We have been at the forefront of international efforts, in the Financial Action Task Force and the European Union, to strengthen controls on terrorist finance and to improve the transparency of inter-bank payments.

Andrew Mackinlay: I apologise for interrupting. I indicated in my speech that part of the issue was the embarrassment to the United Kingdom and inconsistencies with our foreign policy. I listened carefully to the Minister. It took the United Kingdom and the EU six whole years to implement that financial agreement, yet we were bragging and boasting and beating people about the head around the world from 2001 through the United Nations, in a committee headed by Sir Jeremy Greenstock, to implement it without delay. It is a revelation to us. It shows how we—our Foreign Office and the Treasury—were deficient in due diligence on the matter. It is a disgrace.

Mr. Timms: Let me give my hon. Friend a little more information about the process that was followed. His characterisation of it is not quite right.

The FATF special recommendation to which I referred was agreed in October 2001, but the specific requirements on banks were not clarified until the Financial Action Task Force agreed an interpretive note in the middle of 2005. My hon. Friend asks why it took so long. That is a fair question. That was the period that the FATF took to achieve and agree that interpretive note. The European Union then acted quite promptly and a proposal was made in July 2005. As I have said, ECOFIN approved the regulation in November 2006, and the regulation took effect on 1 January 2007.

I shall set out a little bit more information on UK policy. We have been at the forefront of international efforts, including action to deal with the threats posed by Iran's nuclear programme and by its weak anti-money laundering and terrorist finance controls. We continue to work closely with the US and other international partners to utilise a dual-track strategy towards Iran of pressure and engagement. We have taken a leading role in negotiating international financial measures to maintain pressure on the Iranian Government and to protect our financial systems from abuse.

Key measures that we have taken in the past few years include negotiating an international asset freeze against two Iranian banks—bank Melli and bank Sepah—negotiating FATF statements calling on states to protect their financial systems from money laundering and terrorist finance risks emanating from Iran, negotiating an EC regulation requiring banks to undertake enhanced due diligence on Iranian transactions and adopting new domestic powers in the Counter-Terrorism Act 2008 to allow us to impose financial restrictions in response to external money laundering, terrorist finance or weapons of mass destruction proliferation risks.

[Mr. Timms]

Taken together, those measures and others constitute a robust package of measures to protect our financial sector, which places the UK at the forefront of international action to tackle the threats posed by illicit financing linked to Iran. I hope that that presentation of the history over the past few years has illuminated some of the concerns to which my hon. Friend has drawn the attention of the House. I hope that my hon. Friend welcomes the robust stance that the UK Government have taken and will continue to take on those matters.

Question put and agreed to.

3.47 pm

House adjourned.

Westminster Hall

Tuesday 27 January 2009

[ANN WINTERTON *in the Chair*]

Palestinian Territories (Economic Aid)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Michael Foster.)*

9.30 am

Martin Linton (Battersea) (Lab): I do not usually have much luck in House of Commons ballots, but this debate could not have come at a better time. The war has just ended, and we are discovering its true horrors—white phosphorus, bereaved parents and injured children—as we contemplate the destruction not only of many homes but of much of the infrastructure of Gaza. The international community and Gazans themselves face not just a humanitarian crisis but the task, effectively, of rebuilding Gaza.

It is exactly a month today since the war started. What has been remarkable about the past month is not just the scale and spontaneity of the worldwide protests, which have been far greater than anything that we have seen before—some of us were involved in the issue at the time of the Lebanon crisis, and the situation has far outstripped even that—but the readiness of people around the world to help the Palestinians. For example, last week the Muslim community in Blackburn raised £150,000 for a Palestinian charity in just one week. Last night, Channels 4 and 5 and ITV screened the Gaza crisis appeal. We do not yet know how much it has raised—perhaps some people do. To my mind, it is unforgivable that the BBC and Sky refused to screen it.

Martin Salter (Reading, West) (Lab): I congratulate my hon. Friend on securing this timely debate. I refer him to early-day motion 585, tabled by my hon. Friend the Member for Birmingham, Northfield (Richard Burden). Does he not feel that the BBC and Sky should not seek to pre-empt the work of the Charity Commission, which regulates the activities of the constituent organisations of the Disasters Emergency Committee? It is not for the BBC and Sky to make political judgments about the worth or partiality of humanitarian disaster appeals. Does he not think that the BBC and Sky should reconsider their disgraceful decision not to show the DEC appeal last night?

Ann Winterton (in the Chair): Before you respond, Mr. Linton, may I make the point that interventions should be somewhat briefer than that?

Martin Linton: I agree with my hon. Friend. Broadcasters' role is merely to ensure that appeals meet their criteria. I have before me the BBC guidelines for televised appeals, and anyone who runs through them quickly will find that they have been met completely. First,

"The disaster must be on such a scale...as to call for swift international humanitarian assistance."

That is a tick. Secondly, agencies must be in a position to provide it. There may have been doubt about that earlier, but there is none now: agencies are there already. Thirdly,

"There must be sufficient public...sympathy...to give reasonable grounds for concluding that a public Appeal would be successful."

Yes again. For the life of me, I do not understand on what grounds the BBC refused the appeal. It is undoubtedly true that however much money Channels 4 and 5 and ITV may have raised last night, much more would have been raised if the BBC and Sky had been there as well.

Dr. Brian Iddon (Bolton, South-East) (Lab): An organisation called the Ummah Welfare Trust has its headquarters in my constituency. Its bank is refusing to clear cheques, which is making its operation extremely tedious. The organisation is linked to Interpal, which is suffering similarly. Has my hon. Friend looked into the reasons why Interpal and the Ummah Welfare Trust are being refused access to banks and therefore cannot provide humanitarian aid to Gaza?

Martin Linton: I hope that the Minister can respond to that. If it is in my power, I shall certainly look into it myself.

The war has shown us that, although there is a huge amount of sympathy for what is happening to the Gazans, we as a country seem to have lost our moral compass on this issue. It is one of the most brutal, ferocious, inhumane wars in recent memory, and although most people's response has been strong, some institutions do not seem to have understood the seriousness of the situation in Gaza.

My hon. Friend the Minister has just returned—I think at 5.30 this morning—from Saudi Arabia and Yemen. He will know that King Abdullah has pledged $1 billion. Saudi TV raised $300 million in an 11-hour telethon. Next door, Kuwait has pledged $500 million, and the Emirates have promised to construct 1,300 homes in Gaza.

By comparison, our Secretary of State announced an extra £20 million during the course of the conflict, in addition to an earlier £6.8 million. I do not know how much our bilateral aid will amount to over the whole of this year, but I know that last year it was around £45 million, and my figures state that £40 million in multilateral aid was given the year before, making about £80 million in total. I hope that the total is more than that now; I hope to hear about it from the Minister. We have pledged £250 million over the next three years, which sounds as though it will come to the same figure of £80 million a year.

I know that, on one level, £80 million is probably much more than many other European countries give, but at another level, it may be much less than is needed, given the destruction of Gaza's infrastructure not just by three weeks of bombardment with Israeli shells but by the three years of economic blockade that preceded it. I do not know whether my hon. Friend the Minister has had a chance to visit Gaza, but I have, and I can tell him that it looked like a bomb site before it actually was one. There were potholes in the roads because the Israelis would not allow in the tar needed to mend them. Huge piles of rubbish were dumped all over the place because the Israelis would not allow in the building materials needed for waste disposal. There is a desperate

[Martin Linton]

need for clean water, sanitation, building materials to repair shelters, fuel and power. That need, which was acute before the war started, is now 10 times more acute.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I certainly accept the scale and the seriousness of the situation, but does my hon. Friend agree that the situation came about because the terrorist organisation Hamas fired thousands of missiles and rockets of increasing range and sophistication at Israeli civilians? Indeed, 5,000 of them were fired after Israeli settlers left Gaza.

Martin Linton: We are considering the Gaza issue from an humanitarian and international development point of view. It would be a great detour to go into the rights and wrongs of it. That is not the point that I seek to make, and I fear that if we stray too far down that path, we might even be out of order. If one starts from the recent past, my hon. Friend's point may carry some weight, but going further back, the rights and wrongs of the situation in Israel start from 1948 and 1967. People in Gaza feel that they have been deprived of most of their own country. They have a sense of grievance that long pre-dates what she talks about.

I have been to Sderot and have seen the huge anxiety caused to the people who live there by the possibility that, at any moment, a home-made rocket will come into their community. Equally, however, I understand the sense of grievance of Palestinians, who feel that their land has been confiscated. They have been evicted from their villages and herded into a small strip of land; they have an unemployment rate of 80 per cent., and 80 per cent. of them depend on United Nations rations for refugees. I think that their sense of grievance is just as understandable. That is not to condone terrorism, home-made rockets or suicide bombers, but it is important to understand why people in Gaza feel so desperate and are prepared to go to such measures to, as they see it, defend themselves.

I shall try not to take up too much time, because there are many other hon. Members present who wish to speak. The most urgent needs are in the hospitals, which were desperately short of vital equipment even before the war started. Now, it is a race against time to see whether they can be re-equipped in time to save thousands of children who have life-threatening injuries. Organisations such as the Red Cross, the Catholic Fund for Overseas Development and Christian Aid are in the business of getting medicines and aid to hospitals, and they can get through. That is the light in which we have to see the BBC's reluctance to screen the Gaza crisis appeal in order to

"avoid any risk of compromising public confidence in the BBC's impartiality".

Is its precious impartiality more important than children's lives? Is it saying that it cannot save the life of a Palestinian child unless it saves the life of an Israeli child at the same time? What if there are no injured Israeli children? Does that mean that the Palestinian children will have to die?

It is a strange kind of even-handedness that cannot allow an appeal for horribly injured children on one side of a conflict because there are none on the other. The BBC director-general, Mark Thompson, should go on his own programme, "The Moral Maze", to try to get his head around this problem. It is a complex moral issue, but it is not so complex that we cannot see what the answer should be. Practically the whole world can see what the answer should be, except, apparently, the governors of the BBC.

As I have said, the relevant conditions for a televised appeal have been met. We know how much money has been raised by previous DEC appeals that were broadcast by the BBC. The Burma cyclone appeal raised £19 million, despite the fact that many people thought that disaster was under-reported because the press were not able to get in. The appeal for the Congo crisis—a war that many people feel has been overshadowed, and has been ignored and overlooked by the world—has raised £9.7 million so far, and is still open. As *The Times* has said:

"A national appeal from the DEC would normally raise about £10 million, but without the broadcasts the total is certain to be lower."

I hope that people will think about those words, because the BBC has a huge responsibility in this regard. It has a responsibility to be impartial, but it must not misapply that responsibility to the unnecessary injury of other people. Does the Minister have an estimate of how much more money would be raised if the BBC, and indeed Sky, changed their minds, as it is still open for them to do, and broadcast the crisis appeal?

I think that if the BBC were to broadcast the appeal, it would raise a lot more money than other appeals because of the ferocity, inhumanity and disproportionality of the Israeli assault, which has so shocked and horrified people, regardless of their views on the Israeli-Palestine conflict. My hon. Friend the Member for Reading, West (Martin Salter) has mentioned this morning's Order Paper, which contains several early-day motions expressing people's concern about the BBC's decision. My hon. Friend the Member for Birmingham, Northfield (Richard Burden), who is the chairman of the all-party Britain-Palestine group, has tabled one that has been signed by more than 100 people, including me. I am the chair of an organisation called Labour Friends of Palestine and the Middle East, and people might therefore expect me to have a particular view of the conflict; however, another early-day motion, equally urging the BBC to screen the appeal, has been tabled by my hon. Friend the Member for Denton and Reddish (Andrew Gwynne), who is the chairman of Labour Friends of Israel.

Right across the spectrum of views about the roots of the conflict, there is consensus that the BBC and Sky should broadcast the appeal, because there is absolutely no reason not to, and because the decision not to is unnecessarily depriving charities of money that could help them to save lives. One does not have to lay any blame to recognise that there is an humanitarian crisis, and I seriously question whether anyone could be found, even in the Israeli embassy, who would complain if the BBC screened the appeal. I look to my hon. Friend the Minister—I am glad to see that he is not suffering from any outward sign of jet lag—to provide the House with information about the level of the UK's current contribution and about whether any increase can be expected as the seriousness of the extent of destruction in Gaza unfolds.

The debate is not only about Gaza, but also the west bank. It is equally important that humanitarian aid, and economic aid in particular, continue to flow into

the west bank, because the roots of the problem—to come back to the point that my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) has made—lie not only in Gaza but in the west bank, where the Israeli Government continue to expand settlements and, from the Palestinian point of view, to rub salt into the wound. Until the Israeli Government stop expanding settlements and confiscating Palestinian land, and until they stop increasing the number of checkpoints—there are now 630 in the west bank alone, so an area the size of Lincolnshire has 630 checkpoints and roadblocks to keep Palestinians off the settler-only roads—they cannot expect the peace process to continue, or expect progress to be made. Neither can they expect people to feel that the Palestinian economy has any chance of escaping that asphyxiating grip, or expect people in the region to believe that peace is seriously and sincerely on the agenda.

The humanitarian, the economic and the political are all intertwined in the region. In order for humanitarian aid to work, we need political progress as well, so I very much look forward to hearing from my hon. Friend the Minister, particularly about UK and European Union contributions to the Palestinian Authority, which I feel should be stepped up, not just for Gaza but for the west bank. There have been various mechanisms, such as the Temporary International Mechanism and PEGASE to overcome the problems caused by the EU's reluctance to give money directly to Hamas. Whatever the rights and wrongs of that, what is important is that the money should get through.

I hope that the Minister will also deal with what the Israeli Government's role should be in this matter, because they are still the legal occupying power in both the west bank and Gaza, and therefore have responsibility for the entire population of the occupied territory. Legally speaking, every school that is repaired in Gaza, and every house that is built in the west bank, should be paid for by the Israeli Government, as the legal occupying power. At the very least, we should look to them to make a contribution and to tell us what their intentions are regarding the west bank and Gaza.

I should also like to be sure that both PEGASE and TIM are fully replacing the aid that the west bank and Gaza—the Palestinian territories—would have been getting whether the Government were Fatah or Hamas. We might all have strong opinions on those organisations, but surely the issue is about who the democratically elected representatives of the Palestinian people are, and who our Government should be dealing with. I shall not take any more time, because there are so many hon. Members present who want to speak. I very much look forward to hearing my hon. Friend's reply.

9.50 am

Mr. Bruce George (Walsall, South) (Lab): I am deeply grateful for the opportunity to add my comments, which will be little more than bullet points because of the time constraint.

What the BBC and Sky have done is erroneous. The BBC supported a repellent regime such as Burma, in the sense that a broadcast was made and money flowed in, and so the floodgates are open for it and others to assist any desire to aid. However, humanitarian aid must get through. The big, international organisations—whether they are Muslim or those of the UN or EU—will make their own decisions and have mechanisms in place to ensure that aid gets through. Big, international non-governmental organisations, such as Oxfam, will also have their own mechanisms in place.

However, I am concerned about the smaller organisations, of which there is one in my constituency. It is a good organisation that helps throughout the world, but what does it do in such a situation? Does it drive up to the border with aid? Will it get through the border? If it gets through, will it be allowed to distribute aid to the sources that it wants to distribute aid to? I hope that the Minister will be able to advise small organisations, which might not want to have their assistance subsumed within a large organisation's assistance programme. What help can the British Government give to a small organisation that wants to assist?

The history of giving aid to a country that is in a war zone or that is recently recovering from a war is patchy because the culture of the Government, entity or warlord concerned is not one that normally subscribes to high principles of charity or aid giving, or to the work undertaken by prestigious and important international organisations. All I hope is that those organisations, whether large or small, will be able to distribute their assistance without excessive interference because, as far as possible, they must ensure that all the money raised is spent on those who deserve the aid—not the participants in a conflict, but the victims of a conflict. For international, national or local organisations that are involved in any aid-giving process, the danger is that enormous sums of money will simply be transferred to organisations—whether in Burma or elsewhere—that will purloin the money and might have objectives that are inimical to the interests of the organisation giving the assistance.

I welcome the debate and look forward to what the Minister will say, particularly to hearing the advice his Department, the Government and the European Union can give to small organisations. I only hope that, as in the old days of the pony express, the mail gets through and that the assistance—whether it is large or small, to Muslims or non-Muslims—gets to the people who deserve it. That is imperative, and I hope that the advice given will be heeded.

9.54 am

Jeremy Corbyn (Islington, North) (Lab): Like other colleagues, I shall be brief because many hon. Members want to speak. That is good and I congratulate my hon. Friend the Member for Battersea (Martin Linton) on securing the debate.

The situation in Gaza is obviously appalling, but it is not new. The situation in the west bank is difficult—if not also appalling in many places—and, again, it is not new. Although the issue about the BBC and Sky refusing to broadcast the appeal is important—I will return to that in a moment—I want to draw attention to the systematic curtailment of economic activity and development in both the west bank and Gaza by the blockade, by the construction of the wall by Israel, by the prevention of the export of goods from Palestinian areas, and by the high levels of unemployment and difficulties that Palestinian people have in travelling.

In relation to any aid that is provided for development, we have to be sure of two things: one, that it will get through and be used to develop, and, secondly, that it

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will not be wasted by a subsequent bombardment. Many of us have memories of visiting Gaza in the past and of seeing, for example, the airport or the water treatment plant, which were splendid. The water treatment plant was built with a great deal of support from the Department for International Development. There were new roads and new pavements, schools, hospitals and all the other things that have been built largely with international support and aid—some of which came from this country, although some came from the EU and from all over the world. All those things have been destroyed in Gaza. On various occasions in the west bank, that degree of damage has also been done and many aid packages have been destroyed.

Although I strongly support appeals for aid and the international support currently being given to the Palestinians, there is a case for the Israeli Government to be presented with a large bill for the damage that they have done in Gaza over the past four weeks. What has happened has been a wanton act of carnage by the Israeli army against the civilian population in Gaza and has resulted in the destruction of their means of economic livelihood.

The aid appeal that the BBC and Sky ought to be broadcasting is being made by the Disasters Emergency Committee and, as others have pointed out, in relation to every previous international disaster of any sort—whether it is a tsunami, volcano, flood, war or any other form of humanitarian disaster—if the DEC meets and decides to launch an appeal, the broadcasting channels have always broadcast it, irrespective of the place concerned. They have done it for Burma, for the earthquake in Iran, for the Congo and many other places. I do not know what on earth is going through the mind of the BBC—it is mainly the BBC that has caused this problem—in not broadcasting the appeal. Is it that the Israeli Government have some kind of power of veto over what the BBC actually does, because it is beginning to look a little bit like that?

I thank the Government for putting what pressure they can on the BBC, and I welcome that. I hope that they will notice that a large number of hon. Members have also applied such pressure because we want the broadcast to take place. Of course, the whole thing has been counterproductive because the huge publicity given to the BBC's refusal has damaged its reputation and encouraged people to contribute to the appeal anyway. I hope that they do so to a large extent.

I would be grateful if the Minister gave us some good news about DFID, British aid and support for Palestine, and the way in which aid will get through—particularly in relation to exerting pressure to open the crossings to enable people to travel and in relation to the development of education. I also hope that the Minister will give us some news about the situation facing other aid agencies, such as Interpal. A number of British banks have refused banking facilities for Interpal, in particular Lloyds TSB. My hon. Friend the Member for Birmingham, Northfield (Richard Burden) has put a great deal of effort into supporting Interpal, which is a well respected, recognised charity. We should support all charitable efforts by ordinary people all over the country—indeed, all over the world—to respond in a decent, normal way to ensure that the people of Palestine no longer suffer from a lack of medicine, clean water, decent food and, above all, an absence of education for the young people there. It is our job to do all that we can, but I want to see a permanent settlement that allows the Palestinian people to live in peace.

9.59 am

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I, too, congratulate my hon. Friend the Member for Battersea (Martin Linton) on securing the debate. It is important that we consider the serious humanitarian consequences of Israel defending its citizens against the rockets of a terrorist organisation that has a charter proclaiming jihad, and that plants its weapons in civilian areas using civilians as human shields. Regardless of the origins of the situation, it certainly is true that there is a great deal of human suffering, and it must be addressed.

I shall concentrate my few points on what ought to be done, but, before doing so, I wish to raise one point about the partiality—or otherwise—of those giving some of the information about the scale of the disaster. We have heard a great deal of testimony from a number of Norwegian doctors, and particularly from Dr. Mads Gilbert. It is important to register that Dr. Gilbert is a well known activist on Palestinian issues and, much more than that, some years ago gave to his local Norwegian newspaper an interview in which he praised the 9/11 bombers. I state those facts just to put a question mark against whether Dr. Gilbert and others of his ilk are as impartial as the media believe them to be. Nevertheless, there is a major humanitarian crisis, and we need to concentrate on what needs to be done.

It is important that the ceasefire, which, even this morning, seems very fragile, holds. That means an end to arms smuggling and to the negative influence of Iran and Syria and that Egypt and other international observers must play a fuller part in border monitoring. It is important that the crossings be reopened fully, and I am pleased that the crossings at Kerem Shalom, Nahal Oz and Erez have been opened. The Karni crossing has been closed since Hamas attacked Palestinian Authority monitors there, but I hope that the situation can be rectified. It is important that the 2005 European Union agreement on monitoring the crossings and on movement and access is revived, but that means Hamas co-operation and an end to Hamas attacks on Palestinian Authority members.

I fully agree with the United Nations Secretary-General, Ban Ki-moon, who said that we need a stable political structure as a background against which individual agreements can be made and held to. That means a unified Palestinian approach, which, the Secretary-General suggested, should be under President Abbas. That is important, but I recognise that it may be difficult, given that, before and during the crisis, Hamas attacked and murdered several PA personnel. That has left a great deal of bitterness, but I hope that it is possible to form a unified Palestinian order to try to deal with the problems.

Aid should go to Gaza, and it is vital that it goes to where it is needed, but that means that Hamas should stop hijacking aid for use on its black market. For example, around 20 January, a Jordanian trucking company suspended its operations after its truck was stolen at gunpoint, and, on 5 January, Hamas opened fire on a convoy of aid trucks, seizing food and medical supplies.

It is believed to have been done so that Hamas could either keep them for its own use, or exercise its own black market. That is not the way to bring humanitarian help effectively to the Palestinian people, and such activities should stop. It is also important that Hamas does not abuse humanitarian efforts. Cement and metal are needed for reconstruction, but, in the past, Hamas has built rockets from pipes imported to rebuild Gaza infrastructure.

These are serious points that must be made if we are genuinely to address ourselves to how we can help the humanitarian needs of the people of Gaza. The need is great and reconstruction is required, but that means that there must be peace, reconciliation and an end to Hamas aggression.

10.3 am

Richard Burden (Birmingham, Northfield) (Lab): I, too, congratulate my hon. Friend the Member for Battersea (Martin Linton) on securing this timely debate. After the three-week war on Gaza, I had hoped to frame my contribution by looking at the long-term issues of economic development in the west bank and Gaza, because I thought that there would be a consensus around what needed to be done in the short term—around immediate humanitarian assistance. I welcome the efforts that my hon. Friend and the Government have made, but we all know that, if those short-term efforts are to be successful, the role of charities is absolutely vital, whether the charities are the Welfare Association, with which I have had the privilege of travelling to the area to see the good work that it does, Medical Aid for Palestinians, which had a major and very successful fundraising event on Sunday, or Interpal, which my hon. Friend the Member for Islington, North (Jeremy Corbyn) mentioned.

We must also consider the Disasters Emergency Committee charities: 13 of the most impeccable and mainstream charities in the UK, which wished, as we have heard, to broadcast an appeal this week, as they have done before on natural disasters and on war zones, whether they are Darfur, Congo or various other places. Its appeal was a humanitarian appeal, not one about taking sides, but the BBC and Sky refused to screen it. It has been the subject of huge concern in the past few days, and reference has been made to early-day motion 585, which stands in my name. I am very pleased that the chairman of Labour Friends of Israel, my hon. Friend the Member for Denton and Reddish (Andrew Gwynne), is also a signatory to that early-day motion, and I congratulate ITV, Channel 4 and Five on broadcasting the appeal last night.

The ability of broadcasters to screen such appeals is important both to how money is raised to assist Gaza in the future, and to whether the money gets through. The issue is not about the allegation from some BBC executives that some of us want to interfere in their editorial independence; it is not about that. They have the absolute right to take such decisions as they want, and the power to do so. The rest of us also have a right to express our views, publicly, if necessary, when we think that they are making bad decisions. The BBC said that if it had screened the appeal last night, it would have compromised its impartiality, but I do not see any evidence that, since last night, the impartiality of ITV, Channel 4 or Five has been compromised. The BBC's refusal to broadcast the appeal—in other words, its refusal to treat the situation in Gaza in the same way as it has treated war zones in Congo and Darfur—compromises its impartiality, not the other way around.

I wrote to Mark Thompson, the BBC director-general, on Friday, when I heard about the issue. In his reply he said that there were two reasons for the BBC's refusal. I shall turn to the first reason in a minute, but he said that the second reason was that

"Gaza remains an ongoing and highly controversial news story within which the human suffering and distress which have resulted from the conflict remain intrinsic and contentious elements."

The issue is fairly clear. The BBC executives are worried not about impartiality but about controversy. If they want to avoid controversy, their actions over the past few days have not been very successful. It is dangerous, however, for a broadcaster to start to equate impartiality with an avoidance of controversy.

Jeremy Corbyn: On that basis, the BBC would not have broadcast appeals on Burma, Congo, Darfur or any other place living with the consequences of a war. The BBC is advancing a simply ludicrous argument.

Richard Burden: I completely agree. It is dangerous if the two ideas run together. Wars are controversial—it is in their nature—but the impact on the victims is real, and that should be our focus.

I have several questions, some of which I hope my hon. Friend the Minister will be able to answer, others that, perhaps through him, people outside Parliament may be able to deal with. In today's *Guardian*, there is a report that the DEC approached the BBC on Tuesday, asking for the appeal to be screened. The BBC's decision to refuse to broadcast it was communicated to the DEC at 5.47 pm on Wednesday, because, as we know, it believed that the content would be partial and compromise its impartiality. At that stage, the appeal had not been filmed, and I understand that on such appeals, editorial content rests with the broadcaster. So, what was the BBC saying? If it felt that there was a problem with impartiality, the solution was in its own hands.

On the first reason why the BBC refused to broadcast the appeal, the letter that I received from Mark Thompson says:

"There were two key factors in making this decision. In addition to the practical issue of delivering aid, there was a second important reason",

and it then mentions partiality.

I just want to focus for a minute on the practical delivery of aid, because it is relevant to this debate and was clearly a reason that the BBC gave in its letter to me on Saturday. By the next day, the comments from BBC spokespeople were indicating that the issue of getting aid through was a less important factor because it probably could get through now. Interestingly, however, by yesterday that issue had re-emerged as a factor and, again, BBC spokespeople were saying, "We're really concerned about whether aid will get through and whether it will get into the right hands."

There are questions that the Minister may be able to shed some light on, but if he is not able to do so I hope that the BBC will. Who did the BBC ask about the issue of access for aid, when did it ask and where did it get its advice from? Was any advice sought from the Government, either through the Department for

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International Development or elsewhere, was any given and what was that advice? Apparently anticipating the DEC appeal, according to the report in *The Guardian*, the BBC charity appeals committee met in the run-up to the request for an appeal and some concerns were expressed about the ability of aid to get through. Apparently, those concerns had subsided by the time that the DEC made its request. We need to know who the BBC was asking and where it got its responses from. If the issue of access ceased to be such an important issue by Sunday of this week, why did it re-emerge as an issue yesterday? Who was the BBC asking and who told it that that was an issue? Who else did the BBC ask? I mention this matter because it raises some serious questions not only about what the BBC have been doing over the past week, but about the future of aid to Gaza and the Palestinian territories. If Chinese whispers can get in the way of the BBC's broadcasting such a crucial appeal, will Chinese whispers not raise their head again and again and get in the way of the delivery of aid in future?

Before the war on Gaza started, for 18 months it was subject to an amazing blockade that was well reported by the United Nations and others. I spoke to the mayor of Gaza about 18 months ago, before the blockade got really tight, who said, at that stage, that he was having real difficulty getting the materials in to repair sewers, roads and so on. This man was not Hamas; he was an independent. He was having difficulties. We were told that hospitals were having difficulty getting medical supplies in, because those could be used, possibly, by terrorists.

My hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) said that some of the materials that come in could be diverted for use elsewhere. However, the question is, if there are concerns about that, who makes the decision about whether materials go in or not? So far, the decision has been made by Israel. Israel decides whether aid could be abused and, if it thinks that it could, it just stops it getting in. That happened for 18 months and for a long time before that, to a lesser extent.

If we are going to sort this matter for the future and if the borders are going to be opened, who will decide what goes through when they are open? Will it be Israel or the Palestinians? Will the decision be made between them, jointly, or will the international community have a say in that matter? If the international community is going to have a say in that, will my hon. Friend the Minister say what the mechanisms might be for achieving that rather than its remaining the prerogative of Israel in future?

The discussion so far has rightly focused on humanitarian aid, but the solution for Gaza is not humanitarian aid. This should not be a poor part of the world. I do not want everyone to say that the matter is sorted once the people of Gaza are able to live for the foreseeable future on food parcels let in by the grace and favour of the international community, Israel or someone else. I want the people of Gaza to be able to trade and to have a decent, normal life. That is what they want.

Finally, if my hon. Friend the Member for Liverpool, Riverside is worried about the smuggling of arms and about whether food parcels contain bits of food that could be used by terrorists, or whatever, the answer is to open the borders, let trade happen and let the Gazans raise money for an economy, for themselves, and let them link with the west bank. That is the solution and that is what we should all be working for.

10.14 am

Dr. Brian Iddon (Bolton, South-East) (Lab): We should never forget that half the population of the Gaza strip are children. When Hamas was elected to government only just over half of the half of the population who are adults voted for it—the rest voted Fatah. Many of those who were previously Fatah members voted for Hamas because they had given up hope that their party would deliver proper governance and a proper living in the Gaza strip, yet we are punishing all those who are certainly not firm Hamas supporters, many of whom have converted to being Hamas supporters. It is not right to impose collective punishment on a population in that way.

I was in the Gaza strip on 14 April last year, before the war, and I saw the effects of the blockade. I have never seen a population so subjugated—unnecessarily so, in my opinion. Even the Rafah crossing, where trade could have kept going with Egypt, was stopped. Is it any wonder that people were digging tunnels into Egypt to smuggle goods through? Arms were not all that was coming through the tunnels: basic materials, such as toothpaste and other things that we take for granted were coming through—even goats. The tunnels were not just there for arms. I admit that arms were coming through, but the vast majority of materials coming through those tunnels were necessary for life in Gaza.

Last week, I raised the question of public health in Gaza, which was bad when I was there. On the day that I visited Al Shifa hospital it had two days' supply of fuel to keep the whole hospital running. It is the most important of the seven hospitals in Gaza and is the main centre for trauma treatment. It has an able intensive care unit, which I also visited—a traumatic experience. We talked to the staff there, including the director, who described his problems. He told us that 20 dialysis machines were out of action because there were no spare parts and not even technicians could be imported to repair some of the more expensive machines.

Al Shifa is an efficient hospital and it was well equipped, but even on 14 April last year it was not running properly. Basic medicines such as antibiotics, which we take for granted, were missing. Goodness knows how the hospital has survived attack during the three weeks of war without such basic materials. If the generators cease—if electricity is not supplied to that one hospital—80 patients will die within 30 minutes, many of them small babies in intensive care cots. If electricity is cut off for a week, the hospital will lose 250 patients at least, mainly as a result of its being one of the main dialysis centres in the region.

No wood was going into the Gaza strip; on 14 April people did not even have wood to construct coffins to bury their dead. In the grounds of Al Shifa hospital, there is a huge building that was derelict when I visited: all construction had had to stop because no concrete was going into the Gaza strip. That extension to Al Shifa hospital is important. There is no oncology in the Gaza strip at the moment, so no oncology work can be done. All cancer victims have to be exported to the west

bank, Egypt or Jordan. However, doing that has been pretty well impossible too, so people have been dying unnecessarily.

When I visited there was $93 million in the bank for replacing houses that, frankly, were not fit for animals to live in. I went into quite a number of houses and I would not put animals into the kind of property that people have to live in. The United Nations Relief and Works Agency was reconstructing houses and I saw some of those that were newly constructed, which I guess are now absolutely flattened. What a waste of money. It costs $16,000 to make a nice house for an extended family in the Gaza strip. However, that $93 million, even on 14 April last year, could not be moved to build the houses necessary for the citizens of Gaza.

I am very pleased that our Government are putting in about £27 million. I hope that along with the help from other Governments it is enough to start the reconstruction of Gaza, but I want to raise again with my hon. Friend the Minister the question of Interpal and particularly the Ummah Welfare Trust. I hope that he can explain why money from those organisations cannot be sent to Gaza, because most of my local Muslim population are very angry about that. I represent a large Muslim population in Bolton and they are very angry because they like to give to Muslim charities. Islamic Relief is another charity. It is not affected by the block involving the banks, but Interpal and the UWT are and they have a considerable amount of money that could flow straight into Gaza tomorrow for humanitarian work.

Mr. Eric Joyce (Falkirk) (Lab): Does my hon. Friend agree that it is sometimes surprising how little the vastly oil-wealthy middle eastern states give in that respect?

Dr. Iddon: We heard from my hon. Friend the Member for Battersea (Martin Linton) that those states are giving quite generously at the moment, in view of the current crisis, but I accept that the Arab nations could help the occupied Palestinian territories a lot more than they may have done in the recent past.

When I was in Gaza, the whole of trade had collapsed. There were almost no businesses working except agriculture. Even people working in the public services were not being paid. There was no fuel for transport and no public transport, so people were walking to work. No refuse vehicles were collecting refuse, so there were piles of rotting refuse everywhere. We have to get the whole infrastructure going again.

It is very important that the sewerage infrastructure is repaired. Just inside the border, near Erez, there is a large lagoon full of raw sewage—or there was on 14 April; I do not know what happened to it during the war. People were very concerned that one of the dams would break and the raw sewage would flow into the villages. A five-year-old boy had already fallen into the raw sewage and drowned. That is an intolerable situation anywhere in the world.

Raw sewage was flowing into the sea and affecting fishing. I want to mention fishing because it is not often mentioned. The fishermen cannot fish beyond a very short distance from the shore, but that area is the breeding ground for the fish, so by restricting the fishing, the Israelis are destroying all the breeding grounds. Furthermore, the small fish that are being caught must be highly contaminated by raw sewage.

A third of the people did not have running water in their homes before the current crisis. Goodness knows how many people can access water now. It is vital that we get the sewerage and water systems flowing and the electricity infrastructure reconstructed. Those are the basic requirements now in the Gaza strip. I am conscious that other hon. Members want to make a contribution, so I shall finish on that point.

10.23 am

Michael Connarty (Linlithgow and East Falkirk) (Lab): Nothing is new in the treatment of Israel and the attitude of the BBC to the conflict between Israel and the Palestinian people. When I first went to the occupied territories, in 1988, before I came into the House, I saw the fruit on the trees rotting because the Israeli Government would not allow the people of Hebron to pick their fruit to sell it. That was happening throughout the occupied territories at that time. Nothing is surprising, because every time one goes to the occupied territories in Palestine—call them what you like—whether it is the west bank, which is supposedly Palestinian-controlled, or elsewhere, one sees that the Israeli Government continue to carry out collective punishments against the people of the Palestinian nation, in areas either within Israel or in the occupied territories. Without regard to whether they can prove a connection with any incident, whether it is a demonstration by a young enthusiastic student outside a university or by an elderly woman outside a mosque, the family home is destroyed—smashed—and the people are driven to live in tents. Sadly, that is happening on a large scale and regularly, because of the attitude of the Israeli Government. I believe that the aim is either to drive the Palestinian people into subjection entirely to one Israeli state or to drive them out of what was their homeland in the first place. I do not believe that that is something that is alien to the current nature of the Israeli state, which I think has become a viper in the middle east, despite being put there to be a place of peace—that was the hope—by the Balfour declaration. Sadly, Balfour was a Scot. As a Scot, I am ashamed of what has been reaped after that declaration.

Recent events were not surprising, but the scale on which the Israeli armed forces attacked the civilian people of Gaza was shocking. There is absolutely no doubt about that. The excuses about Hamas being in the community and so on do not stand up to scrutiny. That is why Amnesty International is calling on the UN to have a high-level inquiry into the behaviour of all sides. I think that such an inquiry would reveal most fault on the side of the Israelis. I do not in any way, or under any circumstances, condone members of Hamas or anyone else firing rockets or attempting to fire rockets into civilian areas of Israel. They are doing their people a great deal of harm by doing that and they are giving an excuse to the war machine that is the Israeli state to attack the innocent people of the Palestinian areas.

Let us be frank about the context for the events that we are discussing. The ceasefire held from June until November. Between June and November, not one single rocket was fired into Israel from Gaza, but the Israelis attacked and killed six Palestinians in Gaza and thereby broke the ceasefire. Whether that was deliberate, I do not know, but it was the context for what followed, which led to the excuses that have been made for the attacks.

[Michael Connarty]

The context for the aid is very important, and in that regard Amnesty International has raised several very important matters. For example, in relation to the armaments used, the use of phosphorus was reported. There are eyewitness accounts from doctors. The Amnesty press release quotes one burns specialist at Al Shifa hospital as saying:

"We noticed burns different from anything we had ever dealt with before. After some hours the burns became wider and deeper, gave off an offensive odour and then they began to smoke."

That is why aid is urgently needed for the medical services in Gaza. Weapons that should never have been used are being used. The descriptions of the continuing burning and deepening of wounds caused by phosphorus shells used by the Israeli forces are horrific.

Amnesty is clear in the letter that it wrote to the UN Security Council. It states:

"Amnesty International urges the UN, preferably the Security Council, to establish, without delay, a comprehensive independent international inquiry into all allegations of violations of international humanitarian and human rights law by Israel, Hamas and other Palestinian armed groups participating in the conflict."

That is the context in which, as my hon. Friend the Member for Birmingham, Northfield (Richard Burden) said, it still seems that the Israeli state dictates how much aid will get into the area.

Masses of aid has gone in, and I join those who have commended the efforts of our Government and DFID in that respect. From my contacts through the European Scrutiny Committee, I am aware that the EU has been very generous. It provided €551 million in 2007 and €340 million in 2006. Massive amounts of money have gone in, as my hon. Friends have described. However, much of that aid, if it went into infrastructure, has been destroyed by the recent attacks and by attacks over the years.

I am a great supporter of those who try to tell us of the horrors of the past, especially about the aid that went to help the people of Europe, particularly the Jewish nations, who were attacked during the holocaust. I have been with students in my schools to Auschwitz to see the horrors of that place, which must never be forgotten. However, it is important that we do not become apologists for the Israeli state because of our sympathy for the horrors heaped upon the Jewish people during the Nazi period.

Some people say that all the wrong is on the side of Hamas and that things are happening that should stop aid going in. However, it is important to consider the report of the United Nations Office for the Co-ordination of Humanitarian Affairs, which states:

"Four Palestinians were injured on 22 January by a shell fired from an Israeli gunboat off the Gaza coast."

Why is an Israeli gunboat shelling Gaza? The report continues:

"a house was set on fire by a shell fired from an Israeli gunboat…Also on 22 January, IDF troops shot and injured a child east of Gaza City near the border."

That is not acceptable. Two wrongs do not make a right.

The scale of sympathy is not simply something to do with the organisations that have a deep understanding of what is happening. In my constituency, there is an organisation called Antonine Link—the Roman wall that runs through my constituency used to divide the people of Scotland. That group has set up a link with the peoples in the west bank who have been divided by the wall built by the Israelis. Organisations in Linlithgow do a huge amount of humanitarian work, and the Churches and faith groups have now turned to raising funds for the people in Gaza.

I finish by making one remark about the BBC. It has been run by idiots for the last decade. Whoever took the decision not to broadcast the appeal and the back-up given to that decision by Mr. Thompson, has brought the BBC into a position of unacceptable irrelevance to the people of this country. It is time that the BBC realised that it is a public broadcasting organisation. If it wants to be objective, it must advertise this appeal in the same way as it advertised previous appeals.

10.31 am

John Barrett (Edinburgh, West) (LD): Many people have been shocked at the images shown on television of what has recently been unfolding in Gaza. The true horrors of war, some might think, yet that is not so—what we see on TV is an extremely sanitised version of what is happening on the ground. Watching TV in other European countries or on the internet gives a far more graphic picture of the reality—of the suffering that the action means for many innocent civilians, especially children.

However, even those sanitised images were enough to trigger many good people on to the streets of Edinburgh and other cities a couple of weeks ago to say, "This must stop." Despite the bitter cold and rain, thousands of people braved the elements to call for an end to the bombing, the killing and the violence. Regardless of their political reading of the situation, the majority were there from a sense of compassion for the suffering of the people of Gaza. Jews were on that march, side by side with Palestinians and many others, old and young.

The conflict in Gaza was intensely political, but politics must not get in the way of efforts to stop further suffering wherever possible. Those who attended marches throughout the country may have had different ideas about the best long-term solution, but they were united in their desire to see an end to the suffering in Gaza. To achieve that, we need to facilitate the quick delivery of humanitarian aid to Gaza, the west bank and wherever else it is needed.

Gaza was a humanitarian concern before the recent conflict because of the severe restrictions imposed by Israel. Movement was all but impossible, and the supply of food and water, of sewage treatment and of basic health care were all creaking under the strain of the demands being made. Gaza's 1.5 million inhabitants were enduring the worst conditions for 40 years, with 80 per cent. of the population dependent on food aid. A coalition of eight UK humanitarian and human rights groups warned last year of an impending "humanitarian implosion" in the Gaza strip. What we see today is nothing short of a humanitarian catastrophe.

Other hon. Members rightly addressed the BBC's decision not to air the Disasters Emergency Committee appeal. I back the words of my right hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) when he argued that it was nothing short of an insult to the

viewing public—the licence-paying public—to suggest that they would be unable to distinguish between humanitarian needs and political sensitivities. The BBC claims that it cannot show the DEC appeal because it does not want to compromise its commitment to impartiality; at the moment, however, the BBC appears to be compromising its commitment to humanity.

I was pleased to hear that the Secretary of State for International Development has asked the BBC to reconsider its position. I would appreciate an update on what the Department is doing to resolve the matter. For the avoidance of doubt, it is easy to donate. I can tell those who read *Hansard* that they should visit the website www.dec.org.uk, or call the DEC on 0370 60 60 900. Ironically, the ban on the broadcast of the appeal has probably given it more publicity than could have been hoped for, but that still does not make the ban right.

The immediate needs in Gaza are the protection of civilians, emergency access for medical aid, electricity and fuel supply, water and sanitation, and food. Without immediate action, the UN is genuinely concerned about the total collapse of public infrastructure. Immediate and increased access to Gaza is the key to relieving suffering, and I would appreciate an update on what the Government are doing, through diplomatic channels, to ensure improved access to Gaza for the delivery of aid. Oxfam officials have identified the primary obstacle for aid delivery: the main crossing for aid to enter Gaza is 40 km from where most relief is needed, and it is too small for the number of trucks that need to go through.

The recent bombing damaged water wells and pipes and led to shortages; it has left half a million Gazans without running water. Five days after the ceasefire, 400,000 were still without water. Officials have confirmed that 2 million litres of waste water at Gaza city's treatment plant, which was bombed on 10 January, have leaked into surrounding agricultural land. What is the Minister's Department doing to ensure that Gazans are able to access reliable sources of water?

Eight hospitals and 26 primary health care clinics were damaged during the fighting. The World Health Organization says that Gaza's hospitals were "completely overwhelmed" during the Israeli assault; as a result, Gaza has only 2,000 hospital beds to cope with 5,000 injured. Although the situation has improved slightly, there are still reported shortages of skilled medical personnel and there is ailing equipment, with the UN describing facilities as under "enormous strain". I look forward to hearing what the Department is doing to improve the supply of medical equipment and personnel to Gaza.

With such widespread devastation, shelter is now a major concern. Other hon. Members may have seen reports that more than half of those questioned for a Care International survey were hosting displaced people in their homes. Officials in Gaza have estimated that 4,100 homes were totally destroyed and 17,000 damaged during the conflict. I know that many constituents who contacted me on the subject would appreciate knowing what the Government are doing to provide emergency shelter. I am delighted that a further £20 million in humanitarian assistance will be made available by the Government. Will the Minister update us on the current position?

Sadly, in the past we have supplied aid in the west bank and other places—for instance the port in the Gaza strip, as we heard—only to see it destroyed. I saw one example at first hand; a police station filled with UK-funded equipment and computers was bombed to complete destruction by the Israeli defence force, supposedly in an attempt to kill a prisoner being held in the cells. The building was destroyed, but he walked free from the rubble.

We have heard today of the scale of humanitarian need in Gaza. The figures are sobering. However, while Gaza is still smouldering—it is rightly the focus of today's debate—we must not forget the situation in the rest of the west bank. The construction of the wall, new settlements, razor-wire fences, checkpoints and access roads are all part of the process of subdividing the west bank and ensuring that it will never be a viable state in its present condition. The economy has been destroyed, and agriculture is suffering as water supplies become more problematic. What was a key part of the two-state solution is now a mix of refugee camps, with people in villages separated from their fields, children separated from their schools and adults separated from their work. It is amazing that that area, too, did not recently explode into violence as a result. The only long-term hope for peace in the region is a two-state solution, but for it to be an option, the Palestinians must have a state that they can call home. Our aid will help to keep body and soul together until that happens, but they cannot wait for ever.

Next month, I shall be visiting Gaza with Scotland's Medical Aid to see for myself the situation on the ground. Although the BBC says that airing the DEC appeal would be one-sided, we must remember the other side of the coin—military and other aid to Israel from the USA is estimated at £3 billion per year for the next 10 years. Any aid that we can give, or might have given, to Palestine will be dwarfed by that figure many times over. I hope that when the Minister replies, he will detail what can be done in the weeks and months ahead to go some way towards ending the misery for those innocent victims, who do not have food, water, shelter or medical aid.

10.40 am

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am delighted to serve under your chairmanship, Lady Winterton. I welcome the Minister back from Palestine and congratulate the hon. Member for Battersea (Martin Linton) not only on securing this debate, but on providing the Chamber with a well-informed speech. I shall draw later on some of his comments. I should add that the shadow International Development Secretary, my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell), is on his way back from Gaza.

Three weeks of fighting in Gaza have caused damage estimated at £1.4 billion. Four thousand homes have been destroyed, 17,000 residences partially destroyed and upwards of 1,300 Palestinians have lost their lives. In that context, we should remember the Israelis who have lost their lives as well as the Israeli soldier killed this morning. I hope that the latter death does not lead to a new upsurge in violence.

We should not for a minute underestimate the scale of the crisis in Gaza. The hon. Members for Bolton, South-East (Dr. Iddon) and for Edinburgh, West (John Barrett) graphically illustrated the destruction of public services and the absolute misery of people living with

[Mr. Geoffrey Clifton-Brown]

raw sewage, and without running water or enough equipment in the hospitals. The situation in Gaza is truly dreadful: it existed long before Operation Cast Lead began, but it is now inescapably more desperate.

The short and long-term scope for the spending of economic aid is huge. The United Nations Relief and Works Agency has launched a campaign whose stated aims demonstrate the immediacy of the need for humanitarian assistance—that need is recognised throughout the Chamber—and many other groups are, of course, working to provide that much needed assistance.

Many Members have criticised the BBC's decision not to broadcast the Disasters Emergency Committee's appeal. My hon. Friend the Member for Sutton Coldfield said that

"while it is clearly a decision for the BBC and other broadcasters as to whether they show the appeal, the British public ought to have the opportunity to make their own judgment on the validity of the appeal. British generosity through our leading NGOs will make a huge difference to this appalling humanitarian crisis."

As the hon. Member for Islington, North (Jeremy Corbyn) said, the BBC must be very careful not to lag behind or to contradict public opinion. It is the guardian of the licence payers' money, and ultimately they should have a broadcaster that conforms to their wishes, and indeed those of this Chamber—a number of signatures are on the relevant early-day motion.

A number of questions have been posed to the Minister this morning about the role of the Department for International Development. In 2007, DFID agreed funding of up to £243 million to the occupied Palestinian territories, although it is to be linked to progress in peace negotiations. In light of the recent violence, I would welcome an update from him on how DFID's aid campaign will now progress and on how he envisages us getting the aid into Gaza. As I said in a debate in this Chamber last week, it is imperative that we get water, food and medicines into Gaza as soon as possible and that we use every means possible to do so, including, if necessary, by ship and under the auspices of the Royal Navy.

The UK is not alone in providing funding. The European Commission is providing nearly €500 million, and the United States has pledged $555 million. However, even with all that funding and good will, the cessation of violence and the steady establishment of the Palestinian economy and infrastructure have not been achieved. In Gaza it is even more tragic that any gains made might have been destroyed during the fighting, and many infrastructure projects will be back to square one. The hon. Member for Bolton, South-East mentioned the excellent housing projects that might sadly have been destroyed. That is a tragedy. I share with Members in the Chamber the genuine hope that the ceasefire can hold. We must continue to try to look forward, which is why we are all here today.

Economic assistance must be spent wisely and properly, and audited correctly. We must ensure that it does not find its way into the hands of the Hamas extremists. That is not where the aid is needed. We must do all that we can to assist in the negotiations for a lasting peace settlement in the middle east. Only through a two-state solution, with a secure Israel living alongside a sovereign and viable Palestinian state, can true peace exist. Trust must be restored through negotiations. There is recognition that Israel must open its borders, but in doing so it must be open only to items that foster development, not violence.

As I have said to the Israeli ambassador, if peace is to endure in the long term, there will have to be a political solution, as we found in Northern Ireland. The onus is on Hamas to demonstrate that it prefers its people's welfare to warfare against Israel. In the west bank, Fatah has chosen a path of political engagement over conflict—a process that has not been easy but is beginning to show signs of progress. Developments are being witnessed in trade, employment, security and agriculture, all of which lay the groundwork for future economic and social developments, free from the threat of war. More can be done, however, and I hope that the Minister will say something about the fact that Mahmoud Abbas needs to receive more support from the western world to prevent him from being sidelined and silenced by Hamas. Israel needs to offer more carrot and less stick in the west bank, and the further opening up of borders to allow the free movement of goods and people that will allow the region to develop.

From the other middle eastern states neighbouring this conflict, we must see a greater demonstration that they truly believe in peace in the region and are doing all that they can to assist. I was very interested to hear the hon. Member for Battersea say that Saudi Arabia has pledged $1 billion and Kuwait $500 million, and that the United Arab Emirates has pledged to rebuild 1,300 houses. That is an excellent start. However, I urge all Arab states, many of which have plenty of wealth from oil revenues, to do more and to apply pressure to bring about a political solution. In addition, the international community must monitor developments to ensure that the rocket attacks do not resume, because the consequences of a resumption of hostilities, on top of what has happened already, do not bear thinking about.

I welcome Barack Obama's initial engagement with the issue and greatly look forward to seeing how he and Hillary Clinton, the new Secretary of State, choose to proceed. In particular, I welcome the appointment of George Mitchell in his new role as special envoy to the middle east. He has a proven track record in Northern Ireland where he was pivotal to the peace process. Let us hope that he can repeat some of that work in the middle east. However, we should not lose sight of Britain's historical involvement in the region and must ensure that we remain a key player and continue to work with our friends in the United States and Europe in trying to find a solution to this desperate situation.

In conclusion, I welcome the good will of all those, especially our generous public, who choose to provide money to combat suffering wherever it takes place. I hope that, despite the BBC controversy, they will continue to donate generously to the DEC appeal and to other non-governmental organisations trying to alleviate the suffering of those poor people in Gaza.

10.48 am

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): I congratulate my hon. Friend the Member for Battersea (Martin Linton) on introducing this debate. It is not only timely, but has been of a very high quality, as the

hon. Member for Cotswold (Mr. Clifton-Brown) said. I congratulate all Members on their contributions; I shall address as many of their questions as I can, but if I cannot do so in the time allowed, I shall follow up in writing to the Members concerned.

We have heard hon. Members' concerns about the grave situation in Gaza—concerns that the Government share. We have all been shocked by the loss of life and the scenes of violence in Gaza in recent weeks. The images on our television screens have been harrowing. My hon. Friend asked whether we should debate the causes of the situation—whether it was 1967 or 1948, for instance. When I was in Saudi Arabia, yesterday, we talked about events as far back as the 1917 Balfour agreement. However, we should leave historians to debate and rewrite the history books. What we should do as politicians is try to shape the future for the Palestinian people.

May I remind the Chamber, and all those listening, what the UK's position has been since 27 December when the conflict resumed? We called for an immediate ceasefire. The Foreign Secretary led the way at the United Nations to secure resolution 1860. My Department has led efforts to ensure that, even when violence is wrecking people's lives, they have access to medical supplies, food and shelter. The Government have not stood by, and we have not walked by on the other side of the road. My Department has moved incredibly fast to ensure the availability of all the resources that are needed for this immense humanitarian effort.

Since 31 December, the United Kingdom has pledged nearly £27 million for the relief effort. According to the UN, that makes the UK the current largest donor of humanitarian assistance. Many other countries have pledged future commitments. Saudi Arabia, for example, has pledged $1 billion for the recovery and reconstruction of Gaza.

Of the more than £11 million that we have spent since 31 December, £4 million has gone to the United Nations Relief and Works Agency, which provides food and shelter for the people in Gaza. Last Sunday, I announced a donation of £4 million to the International Committee of the Red Cross to deliver medical supplies and to support the medical evacuation to Egypt; £1 million has gone to the UN humanitarian emergency response fund to help non-governmental organisations support local work; and £1 million has gone to the World Food Programme to support logistical efforts in the task of getting aid through the crossings from Israel into Gaza.

Yesterday, the UK airlifted three specially modified vehicles to enable the UN to distribute safely humanitarian assistance and to allow the needs assessment to take place, with aid workers being kept safely in the vehicles. In addition, the Secretary of State announced that we were sending £200,000 to the Mines Advisory Group to help it clear unexploded munitions and other explosive material.

This morning, I can announce that £600,000 will be given to Oxfam to provide water and sanitation in Gaza. That should help to deliver clean water for up to 50,000 people who are most in need, and sanitation kits to more than 2,000 people.

Jeremy Corbyn: I welcome what the Minister has said about the British assistance. Will he confirm that when the exploration is done to uncover unexploded munitions, any evidence of illegal weapons that have been used by Israel will be handed over to the appropriate investigators, who may refer the matter to the International Criminal Court?

Mr. Foster: I am conscious that there are allegations on all sides about the illegal use of weapons, and that the matter should be, and is, subject to international humanitarian law and its agencies.

The BBC has come in for a lot of criticism during this debate. Its decision has managed to unite the political parties, the friends of Israel and the friends of Palestine. Somehow, it is deemed to be impartial, and it is worried about its impartiality. As for whether today's comments constitute interference in editorial decision making, I have to say that if an MP expresses a public opinion on a matter, that is not editorial interference. Trying to secure the best humanitarian aid for the people of Gaza does not constitute interference in editorial decision making.

Access has long been a problem in Gaza. We have been calling for the borders to be opened for a long time. It is an issue that I raised with Israeli Minister Herzog when I was in Jerusalem. It turned out that Israel was perfectly happy to consider increasing the number of trucks going through the crossings from 100 to 500 a day, which, according to the UN, will maintain the status quo. However, as my hon. Friend the Member for Birmingham, Northfield (Richard Burden) said, that does not take into account the 18 months in which the blockade has taken place and the backlog of work that is needed to be done.

Mr. Clifton-Brown: I am sorry to intervene slightly out of sequence in the Minister's speech, but it would be useful if he could tell us this morning—in addition to the very welcome announcement he has made on the amount of humanitarian assistance going into Gaza—when the aid is likely to get into Gaza and how much has gone in already. The situation is urgent and the aid is needed now.

Mr. Foster: That is a very good question. The aid is getting through, but clearly not in sufficient quantities. I witnessed lorries being loaded with food aid to be delivered to the Palestinian people, so the work is ongoing. As for the value of the aid that has gone through, that is a different calculation. I will investigate the matter to see what can be established. At the moment, the count that is being made is on the number of trucks going through the crossings as opposed to the value of the aid that is on those trucks.

At a meeting with Israeli Foreign Minister Livni last week, the Foreign Secretary and his European colleagues pressed for improved access for all humanitarian supplies. My hon. Friend the Member for Birmingham, Northfield raised the issue of what would happen to access in the future. Clearly, that issue will be part of the process that is evolving in Gaza. We have made it clear that the responsibility for managing the crossings should be held by the Palestinian Authority. However, if help is needed in the short term, the Prime Minister said that an EU mission would be made available to staff the crossings to maintain the security of the people of Israel while allowing the supplies to get through into Gaza.

Martin Linton: Before my hon. Friend the Minister leaves the issue of the BBC, will he or his colleagues pass on to Mark Thompson the points that have been made? Does he have any estimate of how much extra could be raised by the crisis appeal if the BBC changed its mind and broadcast it?

Mr. Foster: My hon. Friend is right to remind the Chamber that Mr. Thompson will be in the House at 4 o'clock this afternoon. Colleagues may want to address their concerns directly to him. As for the likely cost of the BBC's decision on the appeal and, therefore, the direct help that can be given to the people of Gaza, NGOs have told us that if the DEC appeal did not make the headlines, it could reduce contributions by up to 80 per cent., which is a substantial sum. However, the appeal has hit the headlines over the past few days, so the impact that it will make in the future is too hard to calculate.

In the minute or so that we have left, may I remind the Chamber that the UK has been the third largest bilateral donor to the Palestinian people after the United States and Saudi Arabia? At the Paris conference, we pledged £243 million to be spent over three years. In the first year, £84 million—just over a third—was committed. We are also the second largest contributor to the European Commission, and that has pledged more than $1 billion over three years. We are the second largest donor to the humanitarian relief effort in Gaza. That level of support demonstrates the importance that the Government attach to sustainable peace in the middle east and to improving the lives of millions of ordinary people who have suffered for far too long. We welcome the interest that this debate has shown and I will ensure that hon. Members are kept up to date with developments in the weeks and months ahead.

Equitable Life

10.59 am

Steve Webb (Northavon) (LD): I quote:

"I attended many of the public meetings convened by Equitable Life and found them truly depressing. I could see the fear and despair in elderly members' faces though they invariably tried to put on a brave face. I particularly remember a frail couple in their seventies. They were only 30 feet from me and I could see that as the man spoke his wife was squeezing his hand in silent support. It is not easy to speak in front of hundreds of people. He explained that until the collapse they had been advised that their pension would be around £75 a week. They now had to take their pension and (six months later) it was to be £35 per week. Could anything be done? Charles Thompson solemnly explained that not only could nothing be done but the £35 may actually decrease in future years. The man thanked him and sat down. The expression on the couple's face is seared in my memory. Both trying to be brave for each other. Both terrified."

I wanted to start in that way because there is a human face to the Equitable fiasco. In the course of this debate, we will discuss parliamentary process, ombudsmen, Select Committees and all the rest of it, but we risk losing sight of up to 1 million people who trusted the Government and a financial institution, and have been profoundly let down. I contend—as, I suspect, do other hon. Members, of whom there is a good turnout today—that they will still feel let down, not just by Equitable Life and the regulators, but by the Government's response to what the ombudsman said.

On 17 July, the ombudsman published her second report on Equitable Life. Almost six months later, on 15 January, the Chief Secretary to the Treasury gave a statement to the House setting out her response. I wonder whether, like me, other hon. Members did not follow it very closely. I just got a vague sense that the Government had said sorry, admitted a bit of maladministration and set up a compensation scheme. I thought, "Well, maybe that's the end of it," but my instinct was that it was not, and that that was not what had in fact happened. I believe that I am right in saying that none of the hon. Members who heard the Chief Secretary's statement that day had yet had the opportunity to read what was behind it: Cm 7538, which gave the details.

The statement sounded reasonable. We heard an apology and the Chief Secretary sounded understanding. She thanked the ombudsman and the Public Administration Committee, and she even asked a retired senior judge to come up with a fair payment scheme. What could be better than that? However, the reality of the situation is very different.

Mr. Mike Weir (Angus) (SNP): Does the hon. Gentleman accept that it was obvious even then that there would be a further several years' delay before anyone received compensation? The Chief Secretary said at the time that it would probably take two and a half years but might take longer.

Steve Webb: The hon. Gentleman is absolutely right. The phrase "justice delayed is justice denied" applies in this case. It was apparent even in the statement that although the ombudsman wanted action to start within six months and to be completed two years later, what would actually happen was delay piled on delay. Many of the people affected have already died, and there are

questions about whether estates and widows will benefit. Many families have had to live with such unanswered questions for a decade.

Annette Brooke (Mid-Dorset and North Poole) (LD): Does my hon. Friend agree that the proposals could not be further from what the Public Administration Committee recommended, which was an independent, transparent and simple compensation scheme to provide swift redress to those who had lost out?

Steve Webb: My hon. Friend is absolutely right. As I hope to explain, there are many facets of the Government's response that do not meet what either the ombudsman or the Public Administration Committee said.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): The hon. Gentleman mentioned the judge appointed to oversee the matter. Does he agree that that judge's remit has been deliberately restricted by the Government to ensure that compensation is limited and takes considerable time to be delivered?

Steve Webb: There is a good deal of prescience in Members' interventions. The hon. Gentleman is absolutely right. The process is fundamentally flawed in many respects, one of which is that the judge can answer only the question that he is asked, and that question is being circumscribed overwhelmingly and unfairly.

Alan Duncan (Rutland and Melton) (Con): I congratulate the hon. Gentleman on raising this important topic, and I note that Opposition Members outnumber Government Members by about five to one. Does he agree that the simple message that we need to send from this Chamber is that many people feel that the Government are quite simply hoping that people will die off before they have to meet their obligations? The Government have a pressing moral obligation to do something immediately to compensate some of the most cautious and responsible investors in the country.

Steve Webb: I certainly agree with the hon. Gentleman about the need for speed. I have received a copy of a letter that one of his hon. Friends sent to a constituent, and I am a little worried about what that Member wrote. They said that the Government had announced that they would establish a payment scheme and that they had made an apology, adding:

"I hope that these developments will lead to a resolution of the outstanding issues."

One of my worries, not only about the hon. Gentleman's colleagues, but about the whole House, is that we have been had. We heard a statement that sounded mellifluous and gave reassurances about feeling people's pain, but I hope that every hon. Member present will leave this debate more worried than when they arrived, and more determined to do something about what the Government propose.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): May I put it on record that the Government side is represented and that there are Labour Back Benchers in the Chamber? One thing that has troubled me—I have asked everyone who has written to me about Equitable Life to come and see me—is the difficulty of teasing out which losses were incurred as a result of maladministration and which as a result of market failure. Does the hon. Gentleman accept that rather than squabbling with each other and scoring party political points, we could try to find a way of taking the matter forward positively?

Steve Webb: I agree that no one is suggesting that people should have a free ride, or that they should not be subject to the same stock market variability as everyone else. The analogy that has been drawn to my attention is the comparison with investment in "Elsewhere Life": what people might reasonably have expected had their money been with a similar company of similar status, but elsewhere, and how what they actually got differed, particularly because of regulatory failure. We need to focus on those issues.

Several hon. Members *rose—*

Steve Webb: Let me make a little progress and then I shall give way again.

Everyone present knows that there has been a series of reports. The ombudsman's second report involved four years' work, at the end of which she made 10 findings of maladministration and five findings of injustice. The Government's response—this was published repeatedly—said either that there was no maladministration, or, if there was, that no injustice had arisen from it. It is worth considering the list of findings. On finding one, about the dual role of the chief executive and the actuary, the Government's response said:

"finding of maladministration not accepted".

On finding two, the Government's responses were:

"Valuation interest rates...finding of injustice not accepted"

and

"Affordability and sustainability of bonus declarations...finding of injustice not accepted".

Neither have they accepted finding three of injustice, or finding four of injustice about valuation rates. One would never know any of that from listening to the Chief Secretary's statement.

Mark Simmonds (Boston and Skegness) (Con): The hon. Gentleman makes a powerful case and is being generous by giving way yet again. Is he aware that because of the reasons that he has just articulated, it is estimated that perhaps more than 90 per cent. of those who have lost out through the Equitable Life scandal will not be compensated at all? Will he join me in expressing concern for the people of Lincolnshire and those where his constituency is? This issue is causing people major concern that needs to be rectified as swiftly as possible.

Steve Webb: It is all right; no one knows where Northavon is. The hon. Gentleman makes a serious point: the process has curtailed massively the people who might be even potentially eligible. It is interesting that the ombudsman says in her report:

"My second—and central—recommendation is that the Government should establish and fund a compensation scheme".

However, I have read the Chief Secretary's statement word for word, and I cannot find the word "compensation" anywhere in it. What we are discussing is a hardship fund that will work on a charitable basis and probably be means-tested, and that is the fundamental problem.

Mark Hunter (Cheadle) (LD): Is my hon. Friend as struck as I am by the contrast between the Government's approach on this issue and the swiftness of their decision to bail out the bankers in their hour of need? They acted with great urgency to assist the banking industry, while many hundreds of hard-working families who have investments in, or are policy holders with, Equitable Life feel that they are being asked to wait an extraordinary length of time for what is simply natural justice.

Steve Webb: My hon. Friend is absolutely right. Other bail-outs have been provided—one thinks of the situation involving Icelandic banks—but this case is dragging on and on with no obvious end in sight. As we have heard, the worry is that people are dying as it goes on. Even if that is not the case, the situation is causing constant anxiety. I appreciate that there is a range of circumstances, but some policyholders are scrabbling to get by and are seeing their real-terms income declining year on year. I had not appreciated that until I talked to the Equitable Members Action Group, to which I pay tribute for its tireless campaigning. One of my constituents says:

"My Equitable Life pension has fallen from £7306.79 per annum, when I took it out, to £5525.76 now, despite being transferred to the Prudential...To add insult to injury, I understand that it will continue to fall year on year until it dwindles to nothing, if I don't die first."

The situation is not even static—it is getting worse.

Bob Spink (Castle Point) (Ind): The hon. Gentleman will be aware that the Government are relying on the earlier Penrose report, which stated that Equitable was the author of its own misfortune. However, even Penrose pointed to serious shortcomings regarding the regulators, which failed policyholders. The Government's policy, with its reliance on Penrose, is flawed. Even if we go back to the first report, we find that the Government should be giving compensation. Some 30,000 affected pensioners have already died.

Steve Webb: They have indeed. The Chief Secretary has quoted selectively from Penrose. Penrose goes on to say that

"it may be appropriate to comment that the practices of the Society's management could not have been sustained over a material part of the 1990s had there been in place an appropriate regulatory structure".

It is a both/and situation: clearly the society's management and operation were at fault, but the regulatory regime should have picked that up and did not.

Peter Bottomley (Worthing, West) (Con): Does the hon. Gentleman agree that one necessary task for the Prime Minister is to explain why the Chief Secretary did not give the House the information in the report or the Government's publication that followed shortly afterwards? Does he also agree that it would be suitable for the Liaison Committee to concentrate on that the next time the Prime Minister comes before it, in order to show that Parliament will not be treated in that way, especially when there is an issue of injustice?

Steve Webb: If members of the Liaison Committee raised the point with the Prime Minister, I would welcome that. I am sure that we would get an answer.

Mr. Andrew Turner (Isle of Wight) (Con): The sorry saga of Equitable Life has rumbled on for eight years. The Chief Secretary to the Treasury said that when blame rests with the owners of a financial institution,

"it is not generally appropriate for the taxpayer to pay compensation".—[*Official Report*, 15 January 2009; Vol. 486, c. 378.]

However, the ombudsman made it clear that the Government should pay up. Those Equitable Life policyholders who are left cannot afford to wait another few years while the Government procrastinate.

Steve Webb: The hon. Gentleman is quite right. The waiting has gone on long enough; it is time for justice.

This is the fundamental problem. We have a process involving a parliamentary ombudsman who is independent and to whom our constituents, through us, can go for redress where maladministration has occurred. For many decades, what the ombudsman said went, and that was an entirely good thing. Sometimes when I have complained to the ombudsman, she has not found in the way that I wanted, and sometimes she has. The point is that we accept the outcome in either case. I am worried that the Government are essentially being defendant, judge and jury simultaneously. They do not like the verdict, so they are simply saying, "We'll have this bit of it, but not that bit." What is the point of an ombudsman process if the Government behave in that way?

Let us consider what Sir John Chadwick has been asked to do. I do not know a great deal about him, but I understand that he is a retired senior judge and I am sure that he is an expert. However, I feel instinctively uneasy that the whole process has been handed over to a good chap. We are asking a good chap to go away and think deep thoughts; to set up, presumably from scratch, an office and a structure to gather data; and to report not to Parliament, but to the Treasury. As far as one can see, he will report privately and in secret. I do not imagine that the Minister will say much that is helpful this morning, but if she can at least say that we will have access to what Sir John says to the Treasury and that we will see his findings and recommendations as we go along, that will offer a little transparency to the process that might otherwise be totally lacking.

Susan Kramer (Richmond Park) (LD): Does my hon. Friend agree that nothing in Sir John's remit addresses the issue of justice? Justice lies at the foundation of the claims of Equitable Life policyholders. If regulators cannot be held to the standard of justice, we can have no confidence in our financial system generally.

Steve Webb: My hon. Friend raises an important point about confidence in the financial system. One of my constituents wrote to me:

"My own children, seeing what has happened to me, have decided not to bother saving for pensions."

The Government's response is so worrying because there is a presumption among the public that when they invest in the private sector, there is a regulatory framework to protect them. It may not protect them from all risk—nor should it—but at least it should ensure that companies are properly run. However, it did not do so in this case. If the Government walk away from their responsibilities, why should anyone else trust those institutions, especially given that Equitable was a gold-plated

mutual with a nice crest on the letterhead, and all of that? If people cannot trust Equitable Life and the Government do not help, why would they ever invest?

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): I congratulate the hon. Gentleman on securing the debate. I have had the opportunity in the past to partake in such debates.

The hon. Gentleman has just mentioned the Government's not giving a commitment to Sir John. However, I understood that they had given such a commitment. Indeed, Equitable Life states just that, noting,

"the commitment by the Chief Secretary to the Treasury to relay this information back to Parliament at regular intervals."

Steve Webb: There is a difference between what Sir John says privately to the Treasury, which is then filtered and relayed to us, and direct access to what he is saying—in other words, the incoming material not filtered through the Treasury. That is my point. If what Sir John says to the Treasury is placed in the public domain, I shall be delighted, and if the Minister can confirm that, I am happy with that. We need to hear what is said at the time, rather than what is filtered some time later.

Gregory Barker (Bexhill and Battle) (Con): What angers my constituents in particular is that the payment of compensation, as was made clear by the Committee, is not a matter of charity but a requirement of justice to redress a wrong, yet the Government have concluded that compensation will be paid on a means-tested basis. That is their whole remit. Can the hon. Gentleman think of any other case where justice has been dispensed on a means-tested basis?

Steve Webb: The two concepts certainly do not sit well together. Clearly, if someone has suffered an injustice, the matter of whether they have other means or are still of working age and can earn money from somewhere else does not seem material in remedying that injustice.

Many Members want to contribute to the debate, so I shall just run through the fundamental flaws of the Government's approach to Sir John Chadwick's work. First, to assess people who have suffered disproportionately —although I do not think that is the right question to ask—an assessment of their circumstances and those of other household members, along with their other incomes, would be needed. A complicated household means test of some sort would be needed, which would be bureaucratic and time-consuming, and money that should be spent compensating people would be spent on bureaucracy. I do not recall the ombudsman saying that the compensation scheme should just be for those disproportionately affected and I am concerned that that element has been allowed to creep in. As the hon. Gentleman says, if the scheme is about justice, I cannot see why there should be a test for disproportionate effects.

Secondly, Sir John will be asked to apportion blame between the management of Equitable Life and the regulators, but I do not see how he can do that. If the company messes up and the regulators fail to stop it and alert policyholders, whose fault is that? It is both their faults. However, the Government are responsible for the regulatory regime. Why should the policyholder receive less compensation for the injustice that they have suffered from the failure of regulation just because somebody else was the ultimate cause? I do not follow the logic of that. How can Sir John put a number on it? I assume that he will have to do that and then say, "It was half the regulator's fault and half the company's fault, so we will pay half compensation." It does not make sense.

Thirdly, we have talked about speed, which is so much of the essence. I understand that the average age of annuitants is 80, so the consequences are obvious. There are already plenty of Equitable widows—and widowers, for that matter—who simply need to know where they stand. I hope that the Minister will reassure us today that the estates, and thus widows and survivors, will benefit. It is not their fault that their loved one—the policyholder—died. Why should they suffer again because of delay in the process?

Jo Swinson (East Dunbartonshire) (LD): I congratulate my hon. Friend on securing this important debate.

On the issue of speed, eight years have passed already, and even the ombudsman has suggested another two years, which would take the period to more than 10 years. However, the Government, dragging their feet, suggest that it will be even longer. Can my hon. Friend think of any other case in which justice has been so long delayed? Let us compare Equitable Life with the Icelandic banks situation, where the Government acted quick as a flash. Why does the Equitable case not require urgency from the Government?

Steve Webb: I congratulate my hon. Friend on the leadership that she has shown on this matter and on the debate she introduced in this Chamber some months ago. Sadly, there are other examples in which justice has been similarly delayed, but of course that does not justify the situation that faces us today. That is the key point.

A further point about Sir John's study is how independent it will be. Crucially, the ombudsman wanted an independent tribunal, but Sir John has been appointed by, and is answerable to, the Treasury so how can he be fully independent? Let us bear in mind that he will be advised, presumably by the Treasury, which is ever so slightly implicated in this whole thing, and by the Government Actuary's Department, which also has ink on its hands—I suppose that is the phrase. Surely, if such a structure is to be used, at the very least we need involvement from a policyholder representative. Just asking one decent chap to do the decent thing and give some advice does not seem up to the scale or urgency of the problem. Surely the Government should have acted on what the ombudsman said, not invented yet another structure and delay.

Anne Main (St. Albans) (Con): I congratulate the hon. Gentleman on securing this important debate. Will he expand on the point he was making? The lack of transparency in the original process led to what my constituents have called a cruel deception—when Equitable Life was technically insolvent, but they were still encouraged to invest. Without the involvement in the process of such good men as the hon. Gentleman described, people will have no faith either in the Government or the transparency of the process that they are trying to put in place.

Steve Webb: There has been a series of regulatory failures under consecutive Governments, the answer to which has always been transparency. Had we known what was happening inside Equitable Life, many of those things would not have happened, but now we need to get inside Sir John's mind. The whole business seems extremely strange to me. The structure that the Government have adopted is a new creation and another way of kicking the matter into the long grass. We need an open process to respond positively to what the ombudsman said.

Miss Anne Begg (Aberdeen, South) (Lab): Every Member in the Chamber today is here because they have constituents who have suffered as a result of the situation being discussed. They will be looking for something a little more concrete. I have not yet heard the hon. Gentleman say how much he thinks it will cost to put right this wrong. Without quantifying the amount that hon. Members think the Government should invest in a compensation scheme, all we are hearing today are warm words.

Steve Webb: I have to disagree with the hon. Lady; she is starting in the wrong place. She asks how much we can afford and says that afterwards we should tweak the scheme to meet the bill. We are talking about an injustice that needs to be righted. She knows that figures of up to £4 billion have been talked about. That is one estimate. However, we do not have access to data on scheme members—how much they have lost and the different categories—so it is difficult to know how much the bill would be. The starting point must be to remedy the injustice. Of course, we will have to put a figure on that, but to start by asking what we can afford is not the way to remedy the injustice.

My final concern about the John Chadwick process is the following fundamental issue: is it about hardship, charity and discretion, or about righting injustice? Surely it must be the latter, which is why the ombudsman process was involved. Was there maladministration leading to injustice? The ombudsman said yes. The Government said, "Well, probably not." However, they excluded most of the ombudsman's expensive findings. The Government say that they agree with five in 10 of the findings, but those are the cheap five. The position is so constrained that it is not acceptable.

Tim Farron (Westmorland and Lonsdale) (LD): One of the Government's objectives must be to draw a line under the whole case. If Sir John draws further conclusions with which hon. Members and, more important, policyholders, are not satisfied, it will leave the matter up in the air and it will return to the Government's desk time and time again. Justice must be achieved quickly and with an end.

Steve Webb: My hon. Friend is right. I suspect that the parliamentary process will not produce justice, so again the courts will probably have to do it. The winners will be the lawyers, and the losers—we hope—the Government. Sadly, the taxpayer will have to pay more money so that the case can be fought in the courts. I hope that Equitable policyholders get justice, but I have a nasty feeling that it might be in the courtroom rather than through Parliament. That is depressing for all of us who have gathered here today.

I shall end with a quote from a constituent:

"My husband is 80 in May and is suffering from dementia and Parkinsonism and is unable to cope any longer... his pension diminished by a quarter to a third several years ago when all the problems became apparent. Although the monthly amount we received is extremely small that little extra that was deducted makes a difference."

We are not talking about fat cats or people on the take; we are talking about ordinary, decent people who saved and trusted. They deserve justice.

11.25 am

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I add my congratulations to those given to the hon. Member for Northavon (Steve Webb) on securing a debate on the inequitable life fiasco. Two things come out of the issue. First, I hope that at some stage we will enshrine the role of the ombudsman in law, and, secondly, despite not just this case, but the occupational pensions case and all the banking issues that have arisen over the past six months, hardly anyone has said anything about the auditors. Those who audit these things write them off, put their reputation on the line, and get off scot-free. We must examine the law on auditing and auditors, but that is for another time.

I completely associate myself with the remarks made by the hon. Gentleman, and I will not repeat them because I know many hon. Members want to speak. In terms of compensation, there are some extraordinary parallels with the occupational pension scheme debate that I started in the House back in July 2002. We met the Secretary of State for more than a year and there were lots of warm words. If we had had 50 per cent. of the occupational pension scheme that we wanted, we would have signed. Those concerned were happy to go for 50 per cent.—they would have gone for anything because they had nothing. Instead, however, they sensibly dug in. Amazingly, they also had an ombudsman report, which found in favour of my and other constituents. There were only 126,000 people involved—not 1 million—but all were individuals with a case to be answered.

What did the Government do? They started by saying, "Let's hang something out. Let's have £400 million. That seems a good figure. Let's go to £1.2 billion. No, that's not enough." Gradually, as the campaign developed, they said, "Let's go to £3 billion." Eventually, we got our justice, which was £8 billion.

It seems that exactly the same parallels exist in relation to Equitable Life and I simply do not agree that it is right for the Government to concentrate only on those who are needy. Let me give an example from just one constituency case out of 500. Lorraine and Richard Baker state:

"We find it unacceptable that the Government Minister is prepared to discriminate against some of those affected by the Regulators failure whilst others will receive compensation. Whether we have yet experienced hardship as a result of this fiasco is not entirely the point. If we are not compensated for the losses we have so far incurred we will of course experience hardship in the future."

That just does not come under any jurisdiction that we have so far heard about from the Chief Secretary in the House.

My sense is—the point has been made previously—that the Government actively want a legal challenge in the court. In relation to a legal challenge, I will give 100 per

cent. support to the Equitable members who are here listening to this debate and to those in my constituency. I do not know whether it should be a judicial review or whether it should take place in the High Court as I am not a lawyer, but it is imperative that we support them as a House. It is critical that we go with the people concerned and support them—whether in the High Court or as part of a judicial review.

Susan Kramer: Does the hon. Gentleman not think it is a disgrace that a strategy of dividing people seems to underlie the Government's position? That means that those who face extreme hardship are so desperate that they will accept any mechanism that might get them something, instead of banding together to fight for full justice. Considering the people concerned are so elderly, such an attempt to break, divide and conquer is even more despicable.

Derek Wyatt: I agree. I am reminded—this was mentioned previously—that we had miners' compensation and compensation for dock workers who had cancer of the throat. There were loads of incidents in relation to which the Conservative party did not pay compensation for 18 years. It seems that this is in exactly the same territory—we are going to push and push, but, at this rate, there will not be a single cheque paid until 2012. That is just not acceptable. I agree entirely with what the hon. Lady says.

The issue is moral, which is exactly what the occupational pensions people said in 2002 and 2003. Ultimately, that is what Ministers came round to agreeing with and the money was paid. The Government must reconsider their response, and I hope that the presence of so many Members here today will make the Minister take back to the Treasury the fact that the initial response was inadequate and, to be frank, showed that nothing had been learned from the occupational pensions campaign. I believe that, in the end, Equitable Life members will win, however painful and slow the process may be.

11.30 am

Mr. Andrew Tyrie (Chichester) (Con): The Government appear to accept that there has been regulatory failure, that the failure amounts to maladministration and that a resolution should come sooner rather than later, but they have also, almost immediately, gone in for a series of blocking and delaying tactics in response to the ombudsman's report, and that is wholly indefensible. I accept that the Government have apologised, but what exactly did they apologise for? It seems that they apologised for some vague 20 years of regulatory failure, but we need an apology for the decade of delay while the issue was on the Government's books waiting to be dealt with—while it was on their watch.

I congratulate the hon. Member for Northavon (Steve Webb) on his remarks, and I shall sum up his key points, to which he has already alluded. There are two unacceptable factors: first, the arrangements for compensation and, secondly, the effect of the decisions on the time it will take before compensation comes through.

On the compensation arrangements, we have had the transmogrification of what should have been a compensation scheme into a hardship fund, and that is wholly unacceptable. The Government have rejected the parliamentary ombudsman's recommendations for arranging compensation, and they have introduced means-testing, which the ombudsman said would be a novel and worrying development. The approach has been rejected in other cases and, explicitly, by the Public Administration Committee. Somebody has already quoted point 84 from its second report on the issue.

Gregory Barker: I made exactly that point earlier. My hon. Friend is very knowledgeable about these matters, so can he think of a similar case in recent history, whereby a matter of injustice or maladministration was resolved by a means test rather than in relation to the scale of the losses of those with a grievance?

Mr. Tyrie: My hon. Friend has already made that point eloquently, and I certainly cannot think of a case. If there had been one, I am quite sure that we would have heard about it already from the Government.

In discussion with the Chief Secretary to the Treasury immediately after her statement, I sought from her in the corridor an explanation for the decision to create a hardship fund rather than a compensation scheme. She gave me a number of explanations that I did not understand, and I asked whether I could write to her and receive her explanations in writing so that they could be put in the public domain. I wrote that letter immediately—within 24 hours—but have not yet had a reply. I hope that the Exchequer Secretary is today furnished with something to enable us to take the explanation for, and justification of, the hardship scheme a little further.

Mrs. Maria Miller (Basingstoke) (Con): Does my hon. Friend share my concern about the message that the Government are sending to my constituents and to those of everybody in the Chamber about the importance of saving and providing for the future, and about how the message is being taken by people making such provision, when the Government statement clearly shows that it is not only in this process that they will discriminate against such people? That is what the ombudsman has done throughout the process.

Mr. Tyrie: I completely agree. Some big issues are involved. One is the damage that has been done to the savings culture in Britain. Large sections of the community were looking after themselves and did not want to allow themselves to become a burden by requiring some kind of benefit from the state. Many of them will now be thrown back, or have already been thrown back, on exactly that support.

I find some of the wider questions perplexing. I still cannot work out whether the Government want people to start saving or to abandon saving altogether and spend even more. The Government have so many contradictory policies on the conduct of economic policy that it beggars belief. However, that is a subject for another day.

I turn to the second of the unacceptable aspects of the statement, which to some degree has already been discussed—the question of delay. As I said a moment ago, the Chief Secretary sought in her statement to shift blame by talking of decades of regulatory failure, going back well into the 1980s. As I pointed out, the Government have had the opportunity to do something about that for well over a decade, but they have done virtually nothing.

[Mr. Tyrie]

The delays built into the compensation scheme are unfair and will be seen to be unfair by the hundreds of thousands of policyholders who might be affected. Further delay will be seen as the Government kicking everything into yet more long grass. Policyholders now realise that the Government are not endorsing the recommendations of the parliamentary ombudsman; they are not even attempting to do so, but are doing the opposite and setting them aside. The Chief Secretary said in her report that any compensation scheme should be "independent, transparent and speedy". No one could use any of those words to describe the Government's response to that report.

In all the time that I have been campaigning for the policyholders of Equitable Life, I have tried very hard to avoid party politics. It would be difficult to find statements of mine that are party-political. Early on, when I was on the Front Bench and responsible for such issues, I had discussions with the hon. Member for Twickenham (Dr. Cable). We decided to work together in a wholly non-partisan way. However, the statement, with its attempt to shuffle blame on to an Administration of 20 years ago and the calculated introduction of further obstacles to speedy compensation, has drawn me to conclude that the quickest route to a measure of compensation—the hon. Member for Sittingbourne and Sheppey (Derek Wyatt) in effect confessed this—will probably be the election of another Government.

11.38 am

Mr. Mike Weir (Angus) (SNP): I congratulate the hon. Member for Northavon (Steve Webb) on securing this debate. The subject affects constituents of all of us. As a former court lawyer, it occurs to me that the Government's actions in relation to Equitable Life are similar to those of an old lag up before the sheriff. He starts with an outright denial, but as the evidence accumulates he reluctantly accepts that he will have to plead; he makes a half-hearted plea and then tries to minimise it and wriggle out of the consequence of his actions.

No one could have been in any doubt from the ombudsman's report that the Government had a case to answer on the inaction of the regulator that led to the downfall of Equitable Life. I do not intend to cover the cause; what is required is urgent action to put right a wrong. Frankly, the actions announced by the Treasury are far too little, far too late. Like all hon. Members, I have a significant number of Equitable Life policyholders as constituents, most of them now elderly, who have suffered significantly. Sadly, some died while waiting for justice.

When the Government said that they would apologise, there was real hope that action would finally be taken to end the saga. It was therefore a considerable let-down—to put it mildly—when all that was announced was yet another investigation, under Sir John Chadwick, on how a compensation scheme, if it was even that, would work. Worse still, it was abundantly clear that the Government expected that it would be some years before compensation was paid to anyone. In her statement, the Chief Secretary said:

"The ombudsman recommended that a payments scheme should be completed two and a half years after the decision to pay out. The Select Committee said that it could not assess whether that was viable, and our initial assessment of the ombudsman's approach is that it might take significantly longer than that to implement fully." —[*Official Report*, 15 January 2009; Vol. 486, c. 379-80.]

The more cynical among us might consider that statement as putting a decision beyond the next general election. However, it raises some pertinent questions. What is the date of the decision to pay out? Is it the date of the Chief Secretary's statement to the Commons, the date on which Sir John Chadwick reports with specific recommendations or some other day? We do not know whether the two and a half year period has even started. It could be some time before it does. There is absolutely no time scale for telling anyone if and when they will get any payment. In responding to the debate, will the Minister clarify that point? How long do the Government think it will be before payments are made?

It seems that even after nearly 10 years of waiting, policyholders will still have to wait several more years before compensation is available, but of perhaps even greater concern is the Government's stance on who will receive compensation. It seems abundantly clear that they do not intend to compensate everyone who has lost out but only those who have suffered disproportionately. What that means is unclear to me and, I think, to many others, but it seems clear that some sort of means test is envisaged, and the hon. Gentleman gave a clear exposition of what that could mean. Will the Minister clarify how the disproportionate effect will be calculated? How will it be determined which losses are directly due to maladministration? Both concepts could keep the lawyers in business for years, if not decades.

The worst thing about the scheme is that it will inevitably lead to endless arguments about definitions, calculations and who is more worthy of compensation than others. It is a mean-minded scheme that will set policyholders against each other. I appeal to the Minister, even at this late stage, to give justice to that group and come up with a simple, even-handed scheme so that my ageing constituents need not wait interminably before finding out whether any of them will be compensated. I leave it at that, as many more Members wish to speak in the debate, and I hope that the Minister will take these points on board. There is extreme anger within the House and among our constituents at how such a vulnerable group is being treated by our Government.

11.43 am

Daniel Kawczynski (Shrewsbury and Atcham) (Con): In all the documents about Equitable Life that I have read recently, one of the most salient came from the Equitable Members Action Group on 26 January. It states:

"EMAG estimates that, under this Treasury proposed process, more than 90% of Equitable policyholders would receive absolutely NO COMPENSATION whatsoever. It is Parliament's prerogative to stand up for authority of its own Ombudsman and reinstate the independent Tribunal proposed by the PO."

That is extremely important. We as Members of Parliament have a duty to stand up for the mechanisms put in place by the House to protect citizens. The Government are deliberately trying to obstruct the findings of the parliamentary ombudsman and making it impossible for her recommendations to be implemented. That is why MPs from all parties should be working together to ensure that the ombudsman's findings are upheld. The time has come to create an all-party group specifically

to look after the interests of Equitable Life policyholders, and we are in the process of setting one up. If anybody wishes to be involved, they should contact my office. We should harness all the interest and passion expressed in this debate into one all-party group to campaign on the issue. We cannot just leave it to the Treasury Committee and others, who will review the situation on a piecemeal, ad hoc basis. We must have an all-party group that uses its wherewithal in Parliament to support Equitable Life policyholders.

I shall be brief because other hon. Members want to speak, but the Chief Secretary has thrown the issue into the long grass, because she announced neither the scale of the compensation nor the timetable. Many of my constituents in Shrewsbury are very concerned that only a fraction of the £5 billion claimed will ever be paid out. As has been said, the system involves a means-tested concept, whereby if someone still has some savings or a roof over their head, they may receive no compensation at all. That is scandalous. It shows that new Labour is totally dead because the Government are saying, "We don't care a fig about the middle classes. We're only going to help those who are the worst off and the ones who are in dire straits." That is disgraceful. What if someone expects to rely on a pension of £20,000 and is suddenly told that they will have only £15,000? That may not be a dire situation for the Chief Secretary, but it will have a massive impact on some of my constituents.

When the Chief Secretary made her announcement in the House, she gave no assurance that the first payment to policyholders would be made in 2009. That is another matter of deep concern. There must be interim payments. I would like the Exchequer Secretary to let us know whether she will consider ensuring that interim payments are made, given that there is no guarantee that the first payment will be made in 2009.

Even more worrying, the Chief Secretary refused to confirm the ombudsman's time scale for the final payment—that everything would be done and dusted within two years. Again, she refused to give those assurances, and as we have heard, 30,000 constituents have died already. It is imperative that the situation is dealt with speedily.

I congratulate the hon. Member for Northavon (Steve Webb), who initiated the debate. He made an excellent speech. I reiterate what he said about estates and widows and widowers; people must receive compensation should their loved ones die.

Sir John Chadwick will now set up an office and will obviously have to recruit staff to sift through the hundreds of thousands, if not millions, of documents in order to arbitrate in the matter. What budget will the Government give him? Will he have enough resources to recruit sufficient numbers of staff and to be accessible, so that the process is carried out as speedily as possible? I intend to go and see Sir John Chadwick with the all-party group and hold him to account directly, because it is important to make him realise the extent of feeling about the issue in the House.

11.48 am

Anne Main (St. Albans) (Con): I congratulate the hon. Member for Northavon (Steve Webb) on securing the debate. He is absolutely right. If the Minister does not realise today that there is a truly human face to this disaster, that real people are suffering and that the difference it is making to their lives is incalculable, something is very wrong. I am appalled by the idea of means-testing. I ask the Minister to consider who would sign up to any savings or pension plan if the small print said, "By the way, if this goes wrong, you will be means-tested." I suggest that no one would do so. To introduce that concept retrospectively is appalling, and it is not just me and other hon. Members in the Chamber today who are making such remarks. People have not been hoodwinked by the Government's deciding to address the issue selectively.

I am aware that the debate is coming to a close, so I shall leave the Minister with a comment from a constituent of mine who has been affected by the matter. He used an interesting analogy to make it clear how he feels about the Government's choosing to exclude people from fair and just compensation. He said to me:

> "If, in a leisure moment you have seen any of the popular 'Pirate' films...you will remember Cap'n Jack Sparrow had a rather unusual compass—it pointed in any direction he wanted it to...a device borrowed"

by the Chief Secretary—

> "to respond to the Ombudsman report. Point it...in any direction except justice and fair compensation."

He could not have put it better.

The perception, and the reality—unless the Government change their mind rapidly—is that the Government are choosing who is worthy. I cannot think of a more iniquitous way to proceed with elderly people, many of whom are relying on the scheme to make their lives comfortable.

I want the Government to bear in mind that those people are suffering disproportionately as a result of many different blows. In particular, the Department for Work and Pensions presumes an income savings rate of 10.4 per cent., which is actually five times the achievable level of savings accounts should people have savings elsewhere. When the Minister is deciding who is in disproportionate need, will she consider that point? Some people might have savings in other accounts, but they too will not be generating what was expected. That is a double blow for people caught up in the Equitable Life scandal. Should the Minister wish to meet any of my constituents, I am sure that they will tell her what it feels like to face an impoverished old age, because someone has decided that they are not worthy of receiving what is due to them.

11.51 am

Mark Hunter (Cheadle) (LD): It is a pleasure to contribute to this important debate under your chairmanship, Lady Winterton, and I compliment my hon. Friend the Member for Northavon (Steve Webb) on securing it. I say that with particular regard to the fact that the Government have so far steadfastly refused to allow such a debate in Government time. Just last week, I asked in business questions whether the Leader of the House would consider making time available in the Government's timetable.

Many Members are interested in bringing their constituents' concerns to the attention of the House, but in a Westminster Hall debate, no matter how brief we make our remarks, there simply is not time for everybody to participate. That adds to the general feeling

[Mark Hunter]

that the Government are hoping to put this issue to one side, so that people will not have the chance to raise their concerns in a meaningful way. Perhaps they are even hoping that a general election will intervene before they have to make the difficult decision.

Bob Spink: The hon. Gentleman will be aware that the right hon. Member for North-West Hampshire (Sir George Young) called for such a debate, and that the Leader of the House said that she would refer the matter to the business managers. However, we have heard nothing since. Will the hon. Gentleman encourage the Minister to commit to such a debate? Does he believe that in such a debate—in Government time and on the Floor of the House—the Government should introduce hard proposals for an interim payment scheme, so that those suffering terribly, and who might die before a scheme comes on stream, can receive compensation?

Mark Hunter: I concur with the hon. Gentleman. The response received by the right hon. Member for North-West Hampshire (Sir George Young) was probably exactly the same as the one I received from the Leader of the House last week.

Mr. Alan Reid (Argyll and Bute) (LD): My hon. Friend is correct in saying that this matter should be debated on the Floor of the House. The ombudsman's report was to Parliament, not to the Government, and Parliament should take the decision. It should have the chance to vote and to decide whether to implement the ombudsman's report in full by paying compensation, without means-testing, to everybody who lost out.

Mark Hunter: My hon. Friend makes a very important point and is, of course, absolutely right. There is no clearer demonstration of how isolated the Government have become on this issue than how Members here—a few have had to leave—have chosen to seat themselves. With great respect, it would not have been possible for the Labour Members here at the start of the debate to have sat any further away from the Minister than they chose to do. It was almost as if they were frightened of being tainted by the Government's pathetically inadequate response to date.

I want to speak out on behalf of the many constituents who have contacted me about their policies held in Equitable Life and the many more who, I am sure, have been adversely affected. My constituents, and those of hon. Members around me, have waited long enough—years, in fact—to hear their fate and whether their savings will be returned to them. Despite the Government's announcement, they are still none the wiser. They are left waiting in limbo. That is disgraceful, particularly in the current economic climate, when people find things so difficult.

The Government announced that they would fund a compensation scheme only for those who had been "disproportionately affected". That is the term used in their response. The Government would decide who those people were by checking

"the extent of somebody's losses, how great the losses were but also perhaps looking at how great they were as a proportion of their income".

As we have already heard, that is tantamount to means-testing. Does the Minister really believe that that is fair to all policyholders, who have been waiting so long to hear whether their pensions will be saved?

The ombudsman's report also made it clear that the aim of any compensation scheme should be

"to put those people who have suffered a relative loss back into the position that they would have been in had maladministration not occurred."

That is not what the Government propose. They decided to disregard the ombudsman's recommendations by helping only those whom they decide are worthy. When will the Government accept the ombudsman's report in full and put in place appropriate compensation for all those who are affected?

After the Government acted so promptly and with such urgency to bail out bankers in their moment of difficulty, and acted promptly for other depositors, who lost money in the Icelandic and other banking situations, does not the Minister believe that the same treatment should be afforded to Equitable Life policyholders?

11.56 am

Mr. David Heath (Somerton and Frome) (LD): It is a pleasure to participate in the debate and I congratulate my hon. Friend the Member for Northavon (Steve Webb) on introducing it so ably. I am sorry that my hon. Friend the Member for Twickenham (Dr. Cable) cannot be here as he is involved in other parliamentary business.

I take hon. Members back to a time not long ago when we had sound financial institutions in this country and mutual societies that were seen as rock solid in their propriety. Some of those, such as Equitable Life, had been in existence since the 18th century. Then came the get-rich-quick age, when all those institutions were torn apart and put together again, and management acted to maximise their profits rather than safeguard the interests of their depositors. That is the legacy of Equitable Life.

Bob Spink: Will the hon. Gentleman give way?

Mr. Heath: Let me just say a few words; the hon. Gentleman has made a couple of interventions.

I do not seek to diminish the role of the management and the pseudo-Ponzi scheme that they were operating within Equitable Life, or their culpability in creating the circumstances that came about, but we must and do also accept the role of the regulators—the Department of Trade and Industry, until 1997, and then the Treasury, and after January 1999 the Financial Services Authority and the Government Actuary's Department. With all those taken together, there was a toxic mix of rule-bending within a financial institution and failure by the safeguarders of the public interest to do their job properly. That is why we ended up in a mess.

Since that time, we have had endless debates on the subject. I reread a speech made by my hon. Friend the Member for Twickenham on 27 November 2002, at column 67WH of *Hansard*. It was a superb exposition of the position at that time. My hon. Friend looked forward even then to the ombudsman's report and to what he hoped would be the resolution of a sorry saga. Since then, as we know, the Government have decided to play it long. We have had a succession of questions, speeches and interventions. I participated in a Westminster

Hall debate just before Christmas, and the Minister answering on that occasion, the Economic Secretary to the Treasury, cut a sorry figure. He was unable to answer any question cogently.

Daniel Kawczynski: Feeble.

Mr. Heath: I think that is an accurate description of the Minister's position.

[*Mr. Roger Gale in the Chair*]

When the House resumed in January, we finally had a statement from the Chief Secretary to the Treasury, which was the culmination of eight years of waiting. We have had 13 reports on Equitable Life. In 2001, there were reports from the Corley Institute of Actuaries, the Treasury Committee and the Financial Services Authority. In 2003, there was the parliamentary ombudsman's first report. There was the Penrose report in 2004, Paul Myners's review of corporate governance of mutuals and Sir Derek Morris's review of the actuarial profession.

In March 2007, we had the Faculty of Actuaries consideration of Ranson and Headdon. There was an FSA report on Penrose in July 2004, a Financial Ombudsman Service report in March 2005 and a report by EQUI, the European Parliament's Committee of inquiry into the matter, in June 2007.

We also had the report in relation to the joint disciplinary scheme for the Institute of Chartered Accountants, which has not yet been published, and in July 2008 the parliamentary ombudsman's second report.

Therefore, although we have had no shortage of reports on the issue, the Government have effectively announced yet another review and yet another report. They issued an apology, but it was partial, not an apology for the things for which an apology was needed.

Uniquely, after an ombudsman's findings of maladministration and injustice, no compensation was offered. Ex gratia payments were made to a few people who were affected. We had this concept—again unique in response to an ombudsman's report—that the money was not to go to those who suffered the injustice or the maladministration, but to those whom the Government considered needful of support. That cannot be right.

I have a series of questions to put to the Minister. Why is Sir John Chadwick's brief so restricted? Why has it been pared down to such a point that he cannot consider what many of us feel to be the crucial questions? Will that not ensure that the payments are minimal? Sir John Chadwick's review is designed to ensure that the minimum amount, not the right amount, is paid out as proper compensation.

What has happened to the oft-quoted precedent that the Government cannot compensate everybody who finds themselves at a disadvantage, when they are prepared to compensate the depositors of Icesave without any culpability on the part of the regulator? No one is suggesting that the regulators were at fault in the circumstances of the Icelandic banks, yet the Government were prepared to make compensation. In this example, in which the ombudsman has clearly demonstrated that the regulators were at fault, the Government are trying every technique that they have in their armoury to avoid payment.

What estimate has the Minister made of the proportion of with-profits annuitants who will receive ex gratia payments? Many feel that it will be a small proportion of those who should be compensated. Has she even made such an estimate? Are the Government walking into this with their eyes closed?

Does the Minister believe—this is the crucial question with regard to the role of the ombudsman—that the payments will put individuals in the position they would have been in had maladministration not occurred? That is the whole point of the ombudsman system. It is not the role of the ombudsman to compensate for commercial losses; everybody accepts that. The question is, will everyone who has suffered an injustice and a loss—not just those who find themselves extremely hard up—be placed in the position they would have been in had the maladministration not occurred? The answer is transparently clear—they will not.

Why have the Government conceded the findings of maladministration but not injustice? Why do the Government take this pick-and-choose approach to the ombudsman's report, which enables them to assess that the ombudsman is absolutely right when the findings are inconsequential, but absolutely wrong when the findings are damaging to the Government's reputation? If the Government take the view that they can pick and choose from the ombudsman's findings, what future is there for the ombudsman?

I have asked that crucial question in a couple of debates on this subject. What is the point of having a parliamentary ombudsman—an Officer of the House, not of this Government—if the Government are found wanting and to have created maladministration and injustice, but then walk away from those findings and are prepared to ignore them?

What is "disproportionate effect"? How are we going to assess the consequences of this review if we do not know what factors Sir John Chadwick will be asked to take into account in assessing what "disproportionate effect" means? Is a person's losing half their life savings disproportionate? I would say it is, but I suspect that the terms of reference will mean that, unless someone is virtually destitute, they will not receive compensation and their loss will not be considered as having disproportionate effect. That is wrong.

Anne Main: The hon. Gentleman mentioned the word "destitute", but as we know many pensioners who are affected are in the benefits system in a way that they may not have been before. I am not sure whether the Government have truly assessed the impact of deciding to give money to some people and the effect that that will have on their benefits, or even on their tax burden. It is worrying that, in deciding who they award compensation to, the Government have not considered the impact on the future benefits of pensioners.

Mr. Heath: I am grateful to the hon. Lady for that intervention. There are two interpretations: either the Government know precisely what they are doing but are not prepared to tell us or the people who were investors in Equitable Life, or they are blundering around finding yet more delaying tactics to stave off the evil day when they finally have to do something, rather than talking about possibly doing something at some time in the future. I suspect that it is the latter, but we may hear the Minister say which of those two interpretations is so.

I have another question to ask on a point that has, I think, been raised this morning. What is the position of the estates of deceased members? The Chief Secretary

[Mr. Heath]

was unable to answer that question when the statement was made. Perhaps the Treasury has now thought about it and perhaps the Minister will tell us today whether the estates can benefit from the compensation that would have been paid to the person were they still living. That will affect a lot of people, as we have heard.

Will the process be open? That key question was asked by my hon. Friend the Member for Northavon. Will we know what is happening with regard to Sir John Chadwick's considerations or will that be a matter between Sir John Chadwick and the Treasury, to be filtered, bowdlerised and released at convenience and, probably, to be delayed, as has been the case with the history of this whole episode?

Why are there to be no interim payments? That is a fair way to deal with people who are very elderly and are waiting—and have waited so long—for justice in this matter. Why must they wait yet another two or three years, or however long it is going to take to conclude this protracted process?

It seems that most hon. Members feel that this episode smacks of injustice to those who are not necessarily, as some might caricature it, rich people who chose to invest their money, but are ordinary people who invested their life savings in an institution that they trusted. There has been injustice done to those people. This Government find themselves in the shameful position of having so devalued the parliamentary ombudsman that I am not sure we can see a genuine future for that office. That makes the Government look extremely shabby. That is not my concern, although it makes politics looks shabby, which is something we should be worried about.

This episode gives the impression that regulators can fail without consequence, which undermines the whole system of regulation. After all, over recent years we have built up a pantheon of regulators that govern so much of public business. If we do not trust the regulators, we do not trust the system. Not trusting the system discourages people from taking sensible decisions about their money, discourages them from saving and makes the economic situation in this country even more parlous. The Minister has a lot of answers to give us. A lot of questions remain outstanding.

12.10 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): I welcome you to the Chair, Mr. Gale, and congratulate the hon. Member for Northavon (Steve Webb) on securing the debate. His case was well-crafted, well-marshalled and strong, as all the contributions have been. To single out a few, the hon. Member for Sittingbourne and Sheppey (Derek Wyatt) made a brave contribution, my hon. Friend the Member for Chichester (Mr. Tyrie) was extremely helpful with his expertise, the hon. Member for Cheadle (Mark Hunter) gave an accomplished presentation on behalf of his constituents and my hon. Friend the Member for St. Albans (Anne Main) gave a particularly impassioned speech on behalf of hers.

I thought that I would turn round the usual way of summing up a debate by starting with questions, partly in order to give the Minister a bit more time to prepare the answers. I recall that at the last such debate, in November, we had no answers at all, on the basis that the Economic Secretary to the Treasury was awaiting a statement from the Government before anything could be answered. Today the Minister has a little more time to answer the many questions raised.

First, the reports from Sir John Chadwick were promised by the Chief Secretary in a statement two weeks ago. How will they be made? Crucially, will they be made available to the House and Parliament? Secondly—this point has cropped up several times—the Minister needs to explain the word "disproportionate", which the Chief Secretary mentioned in her statement in terms of those affected by Equitable Life. In the same vein, the Minister needs to explain properly the situation in cases where the policyholder has, sadly, died. Most important, the Government must give at least some indication of what time frame is likely to be needed for compensation to be assessed and paid. That is the crux of the argument in today's debate.

This is the first time that I have spoken from the Opposition Front Bench on Equitable Life. In the short time available, I will not be able to chart the background of the sorry state of affairs before us, but I can tell Members that during my time in the financial markets, I saw quite a lot of malpractice and maladministration. However, what I saw normally affected major institutions that arguably could or should have known better. In the case of Equitable Life, we are talking mainly about a set of small investors who were naturally risk-averse. Indeed, they were generally placing their life savings, or a part thereof, in trust with what they believed to be a distinguished, venerated and properly regulated institution.

We have known about the regulatory failings since the Penrose report, in which Lord Penrose criticised both the regulatory system and the fact that the regulators failed to act after becoming aware of a problem. The Opposition therefore welcome the ombudsman's conclusion that maladministration took place and the Government's apology. We welcome the fact that the Government have accepted at least some of the ombudsman's findings of maladministration and some aspects elsewhere. However, did they make representations about the findings of maladministration and injustice before the ombudsman published her report, or did they simply trot out their earlier arguments all over again?

The main purpose of today's debate is to look forward and to deal with the urgent and overdue problem of compensating those who lost out. The last debate in Westminster Hall on Equitable Life was on 25 November. Thirty Members were present on that day, and 31 Members are present today. I share the opinion of the hon. Member for Cheadle that such debates should take place on the Floor of the House to enable more Members to speak. After all, about 1 million policyholders have been affected, which means that an awful lot of Members have constituency correspondence and issues to raise.

Since November, we have heard the Chief Secretary's statement, but the saga goes on. The Opposition very much share the concerns raised during the statement and again today about the extraordinary and completely inexcusable delays in making the payments that policyholders deserve and, in many cases, so desperately need.

Many Members—

The Exchequer Secretary to the Treasury (Angela Eagle): Will the hon. Gentleman give way?

Mr. Hands: The hon. Lady will have her chance to respond, but I want to get on, because I have limited time available.

Many Members have compared the situation with aspects of the current financial trouble and the speed at which the Government have acted on some facets of the present crisis. Several policyholders have contrasted the Government's prompt action to protect savers in the Icelandic banks with their almost glacial progress on Equitable Life. If the Government can act quickly on the current financial crisis, when the right course of action is frequently unclear and controversial, surely they can act quickly to rectify the tragic situation of Equitable Life, where the problem that we need to address is all too clear. We agree that there is no quick calculation to determine how much compensation should be paid, and we further agree with the ombudsman that the condition of public finances is relevant when determining how much should be paid; at the same time, however, the financial condition of those wronged has worsened.

Susan Kramer: Does the hon. Gentleman acknowledge, however, that the full compensation, as calculated by EMAG and others, would be somewhere to the right-hand side of a decimal point in the financial rescue plans, so the issue of public finances scarcely has a bearing in this circumstance?

Mr. Hands: The hon. Lady makes a powerful point, but one problem for all of us is that we are operating in a complete vacuum as regards the amounts involved—the individual amounts, the relative amounts and so on. Until we have some information, it will be difficult to know where the decimal point might fall.

Angela Eagle: Will the hon. Gentleman give way?

Mr. Hands: I shall carry on, because there is only limited time left.

We agree that there is no quick calculation; at the same time, however, the financial condition will have worsened. Above all, the Government must act quickly. Some 30,000 policyholders have already died, many more will do so before justice is done, and further delays will be inexcusable. It is difficult to quantify the losses, but it is even more difficult to understand why so little progress has been made in trying to get the process even started. Time is running out, and most policyholders do not have the option of returning to the workplace. Every one of us has had letters from constituents, outlining how much they have suffered and still suffer in real life.

The ombudsman described the delay in addressing the issues as "iniquitous and unfair", and every step of the way, the Government have sought to block, frustrate and delay the fight for justice. Does the Exchequer Secretary recognise, therefore, that what appears to be a new decade of delay is entirely the Government's fault? In her reply, will she tell us how Sir John will keep the House abreast of his progress? Will his interim reports be made available to Parliament? The Chief Secretary to the Treasury tore up the ombudsman's proposed timetable, but no alternative appears to have been proposed. When will Sir John make his first interim report, and will the Treasury ask him to produce an outline timetable?

On the compensation scheme, it is time for the Exchequer Secretary to explain what is meant by those who have suffered "disproportionately", whom the Chief Secretary has mentioned on various occasions. Will the Exchequer Secretary explain whether she has rejected the Public Administration Committee's conclusion that it would not be appropriate to compensate only policyholders and annuitants who have experienced financial hardship?

One concern raised in the House during the Chief Secretary's statement was the status in any payment scheme of those who died before justice was done. More than 30,000 policyholders have already died, and it is vital that there is clarity about how their widows or widowers will be treated in the scheme. Re-reading *Hansard*, I noted that it appeared that the Chief Secretary had not really thought about that, so has the Exchequer Secretary had time to consider all the ramifications?

In a previous debate on the subject last November, my hon. Friend the Member for Fareham (Mr. Hoban) set out three things that the Government needed to do: admit responsibility, issue an apology and create the payment scheme. The first two have been done, but the crucial and most difficult third step must now be taken with absolute urgency. If the Government fail to do that, we will do it when we are in government.

12.19 pm

The Exchequer Secretary to the Treasury (Angela Eagle): If I had not already been aware of the degree of worry about these issues before attending and listening to the debate, I certainly would be after the speeches we have heard. Those who said that many policyholders who experienced losses might be in difficulties are right.

I congratulate the hon. Member for Northavon (Steve Webb) on securing a debate on the subject. I give hon. Members an assurance that I will take all the questions asked back with me but I will do my best to provide answers this morning. I think that hon. Members of whatever party understand that the lack of clarity about individual circumstances and losses has to be considered. That is why Sir John Chadwick has been asked to do his work.

In the circumstances, it is only natural that the Government's response to the ombudsman's report should generate such interest. Reflecting the extent of her remit, the parliamentary ombudsman's second investigation of the regulation of Equitable Life's with-profits fund under the Insurance Companies Act 1982 regime, which has now been superseded by more modern forms of regulation, looked exclusively at the role of the prudential regulator and the Government Actuary's Department. It would not have been permissible for her to have considered the actions of Equitable Life, or any other party in the private sector.

The substantial report published by the ombudsman in July 2008 was the culmination of a four-year investigation, as has been said this morning. The factual and technical complexity of the issues investigated by the ombudsman, which contributed to the length of her investigation, are the reasons why it has been necessary for the Government to take time to consider that report. Indeed, the Government would rightly have been criticised had they not considered the report carefully before giving their response.

[Angela Eagle]

I repeat that the Government accept that maladministration occurred in some areas, and that in some cases—although not all—we believe that it may have led to injustice for policyholders. My right hon. Friend the Chief Secretary apologised for that on behalf of the public bodies and successive Governments who were responsible for the regulation of Equitable Life between 1990 and 2001. We also accept that some policyholders may have suffered a disproportionate impact.

We have looked in detail at the ombudsman's central recommendation for a compensation scheme. I have heard suggestions that the Government are at fault in not accepting the recommendation that we should establish and fund a compensation scheme. Such a scheme would have the aim of restoring Equitable Life policyholders who suffered a relative loss—a loss that policyholders would not otherwise have suffered had they invested or saved somewhere other than Equitable Life—to the position in which they would have been if the maladministration the ombudsman found had not occurred. I attempted to ask the hon. Member for Hammersmith and Fulham (Mr. Hands) what the Opposition's policy on that is, but he would not give way.

I want to deal with some of the many issues and questions that have arisen.

Mr. Tyrie: Is the Minister prepared to tell us clearly whether it is the Government's view that people should be put back in the position that they would have been in if maladministration had not taken place?

Angela Eagle: Those are precisely the issues and calculations that we have asked Sir John Chadwick to consider in detail. Those who actually listened to my right hon. Friend the Chief Secretary's statement will have heard her say that we have asked that Sir John be given access to the detailed policy information held by Equitable Life, so that he can examine—as those who have seen his terms of reference will have seen—the balance of loss as it is measured between maladministration and the behaviour and activities of the society itself. He will then be able to form a view.

Various hon. Members have said that 90 per cent. of Equitable Life members will not be repaid. I believe that calculation appeared on the EMAG website. However, I reassure Members that it is only with access to Equitable's data that we can assess which classes of policyholder will receive payment under the scheme. That is precisely why we have appointed Sir John Chadwick to review the data, so that figure must have been plucked from the air. It is certainly not one that the Government would recognise at this stage of the work.

Alan Duncan: The House will be slightly, if not totally, dismayed at the apparent lack of sympathy or sense of justice in what the Minister is saying this morning. We all understand that exact figures may be difficult to calculate. Given that the Government are about to assume responsibility for the pension payments of all the Post Office workers, can she not set up a scheme quickly that, in the interim, at least allows a measure of responsibility for the pensions of Equitable Life policyholders?

Angela Eagle: I shall try to deal with some of the issues about interim payments and other payments that have been raised by hon. Members during the debate. As my right hon. Friend the Chief Secretary said on the Floor of the House during her statement, we will consider the idea of interim payments, but we would not want such a scheme to hold up the swift delivery of the main scheme—[Hon. Members: "Swift?"] I am talking about going forward from where we are now.

About 11 days ago, we had a statement in the House in which the Government apologised and said that they would set up an approach to enable those who have suffered disproportionate loss to receive ex gratia payments. Hon. Members have asked for a timetable for that. My right hon. Friend the Chief Secretary said in her response to the statement that we wished the process to be as swift as possible, but the ombudsman herself said it would take up to two and a half years. We have not made that kind of assessment. We want Sir John to make progress as quickly as possible so that we can expedite the ex gratia payments.

Opposition Members must recognise—as the ombudsman did—that these are complex areas. There was no costing in the ombudsman's report or any idea—apart from the scheme taking two and a half years—about how such payments can be made in practice. We are attempting to deliver an ex gratia payment scheme as quickly as possible. We have asked Sir John to give us his advice as quickly as possible on how that can be done. Clearly, delivering such a scheme must be as simple as possible. The ombudsman recognised that there is a tension between a simple and quick scheme and consideration of the kinds of losses that relevant policyholders have suffered due simply to maladministration. Such issues must be separated out, as hon. Members have recognised, from the losses that would have occurred because of market movement or because of the behaviour of the society, to which the hon. Member for Somerton and Frome (Mr. Heath) referred, and which was so criticised in the Penrose report.

The hon. Member for Northavon was the first of many to ask how Parliament would be kept informed of Sir John's work. We hope that he will give us interim reports. We want the information to be shared as it is generated. As his work reveals the nature and extent of the practical issues before us, we will put in place a parallel system to ensure that delivery is as quick as possible. We do not want to wait until he reports—

Mr. Roger Gale (in the Chair): Order. We now move to the next debate. Will Members leaving the Chamber please do so quietly?

Dying Well Strategy

12.30 pm

Mr. Frank Field (Birkenhead) (Lab): Through you, Mr. Gale, may I thank Mr. Speaker for choosing today's debate? I am particularly pleased to see my hon. Friend the Member for Meriden (Mrs. Spelman), who I know wishes to catch your eye.

It is a particular pleasure to open this debate, because I come to praise the Government. That may not last all day, with the Welfare Reform Bill to be debated in the main Chamber later, but certainly in relation to the dying well strategy, my praise is without limits for the way in which the Government have not only raised the issue and tried to give it a public profile, but begun a conversation with those of us in the wider community who have a particular interest in it. Full marks to the Government there and full marks to them for holding the line against those who believe that an appropriate way for people to end their lives is to meet up with some form of death squad. The Government have resisted those easy, beguiling solutions, which again is cause for praise. It is also a pleasure to see the Minister of State, Department of Health, my hon. Friend the Member for Corby (Phil Hope), who has, over a long period, taken an interest in the issue and approaches it with the sensitivity that it deserves. Today, I come to praise Caesar, rather than to undertake any other activity.

The initiative that the Government are attempting to build on is clearly strengthened in Parliament by the fact that we have the all-party dying well group. That group is led admirably by Lady Finlay and my hon. Friend the Member for Heywood and Middleton (Jim Dobbin). My interest in the issue and in initiating the dying well group, along with my colleagues, was prompted by the death of my mother just after the last general election. As the Government have said on a number of occasions, this is not a topic that we normally talk about, so death steals up unexpectedly and takes us unawares. What happened with my mother reinforced to me a number of lessons, which I want to lay out for the Minister's consideration because they have wider significance.

My mother was blessed for the last five years of her life in that she was looked after by the Little Sisters of the Poor. There are only two establishments that I have ever attended in which I would be happy to die; most of the others fill me with foreboding. The Little Sisters of the Poor is one of those establishments and I would consider myself fortunate if, at the end of my days, I were able to gain admittance to it.

However, in the last week of her life, my mother was in hospital and was treated there by a doctor of considerable skills. He diagnosed that the drugs that she had been on for four years were ones that were meant for four weeks and that they had solidified her lungs, hence the difficulty in combating the lung disease that finally killed her. However, that doctor, who, just by listening to my mother's chest, began an analysis that led to an understanding of the cause of that death, was totally unprepared to allow her to die in the way that she wished. Indeed, when I told the doctor that my mother wanted to go home to the Little Sisters, he said, "You can't move her. She's dying." I said, "But she'd be really happy to die at home" and he said, "No, no. She'd die on the way home." I said, "Don't you realise how happy she would be even to die on the way home? That, to her, would be a success, even though you regard it as a failure." He said, "No, to move her out of her bed risks her death." I said, "But why can't we just borrow your bed. As we can get on to the moon, surely there are ambulances we could hire that could take her and the bed back to the Little Sisters. Maybe she would die in the ambulance, but as I say, that would be an enormous success." I was asked, "What written agreement do you have with her on how she wishes to end her days?" I said, "We have discussed the matter with the Little Sisters, and they know perfectly well what my mother wishes." He said, "But it's not written down?" I said, "No, it is not written down." Of course, he was worried that if things turned out as we all knew they would, legal action could be taken.

On one of their regular visits, some of the nuns from Little Sisters spoke to the doctor about allowing my mother to return home. He asked whether they knew about people dying and whether they would be prepared for it. The nuns told him that they specialised in helping people come to the end of their lives successfully and happily and that, to them, dying was part of living well. That doctor, so talented, did not know about the Little Sisters, an organisation that is brilliant in looking after people towards the end of their days. That suggests that the Government have set themselves a gigantic job in trying to change not only the attitudes of lay people, as death takes us by the hand, but of those who are professionally trained to help us in the last stages of life.

The figures speak for themselves. Most wish to die at home; but most die in hospital. To have your last conversation—you have to have that last conversation—in a public ward in a well-run hospital and in front of other people, some of whom are thoughtlessly watching their televisions, is not good for the person who is dying nor for those with them. My mother was in a four-bed ward. The old lady opposite her, who knew the score, took off her hearing aid so that she could not hear what we were saying. I am sorry to say that the other two, the younger members of that establishment, did not have those good manners or that sensitivity.

I wish to put four questions to the Minister. First, what steps are the Government taking to try to give effect to people's wish to die where they want? Secondly, I again ask the Government to share their ideas on the next steps in having a conversation not only with the professionals but with us lay people, who also will die at some stage? Just as the Victorians specialised in talking about death but would not talk about all sorts of other phobias, so we have rid ourselves of the other phobias but find it difficult to talk about dying. How do the Government hope to break through that barrier?

Thirdly, given that in important areas the Government sometimes ring-fence funds, what plans do they have in this respect? I do not want to develop that line, because I know that if my hon. Friend the Member for Meriden is able to catch your eye, Mr. Gale, she will want to say more about that. Fourthly and lastly, the Government, like no previous Government, attach considerable importance to this part of our lives. My hon. Friend has a private Member's Bill going through the House. To what extent might the Government give protection and fair passage to that Bill, so that it gets on to the statute book?

[Mr. Frank Field]

I end as I began, by praising the Government. When the record of our Administration is written up, I fear that it will not be the huge increases in public expenditure and the fantastic targets that the Government have set that will occupy the history books: I think it will be those changes that begin significantly to change the quality of our lives and the culture in which we live. It is those areas that cost the taxpayer nothing but bring a huge amount of happiness and encourage the verities to which most of us subscribe and which increase happiness and faithfulness—I think of the Government's reform of civil partnerships—that will merit considerable note in the history books. I also believe that the Government have tried to break through the nation's phobia—the fear of talking about last things—thus ensuring that our last wishes can be given better effect.

I am glad to have had the opportunity to open the debate, and I am grateful to Mr. Speaker for allowing it. I know that other hon. Members wish to contribute and, having spoken for 10 minutes, as I said I would, I shall now sit down.

12.40 pm

Mrs. Caroline Spelman (Meriden) (Con): In the same vein, I praise my right hon. Friend Member for Birkenhead (Mr. Field) for the way he has championed this cause and for articulating both the needs of people at the latter stages of their lives and the needs of their relatives. I thank him for calling for this debate, thereby making it possible for me to contribute to it.

I, too, care passionately about this subject, not least because both my parents were unable to die at home, although they wished to do so, and because, in my constituency, there is a centre for the study of ageing and spirituality, which is led by the Reverend James Woodward, who spoke to us only last night in another place about what more could be done to improve the quality of the end of people's lives. I share my right hon. Friend's view that, if only we did more to improve the quality of life at end of life and to make people's ending better for them, they would be less afraid and less likely to resort to ending their lives prematurely.

As my right hon. Friend said, there is a stark contrast between the 75 per cent. of people who say that they would like to die at home and the 25 per cent. of people who manage to do so. We as legislators have something to address here in respect of an aspiration that is completely unmet. However, this issue is even more important than that. As a Member of Parliament—I am sure that you experience the same thing, Mr. Gale—I have noticed the number of times that relatives have come to my surgery burdened with a sense of guilt and grief about not being able to provide the best end for a loved one, because all their efforts to bring a loved one home or to make them more comfortable in dignified surroundings were thwarted. That is what has motivated me so strongly.

We hear also from professionals working in this area how difficult it is for them to help to meet the wishes of the person who is dying and the wishes of their relatives. One professional nurse relayed how she had to make 10 or 12 phone calls a day over a prolonged period to ensure that her mother did not go into accident and emergency but went instead into a nursing home with a visiting palliative care nurse. I am sure that plenty of people who read the report of this debate will be able to relate to the difficulty of trying to secure for people what they really want.

It is difficult for the terminally ill patient to find out what their choices really are. If they are not fully informed and given all the information available, almost by default they find themselves swept into the system and swept into a hospital bed, which, often, they are unable to get out of to go back to where they would like to die or into palliative care, which has the specialist provision that they need.

It is vital that palliative care teams are fully integrated into hospitals, so that at the point of decision, when a terminal prognosis has been gently and clearly given to the patient, they can be presented with the choice of dying elsewhere—in a hospice, for example—or being able to go home. It would be no good asking a patient if they wanted to go into a hospice when it had not been made clear to them that they had only weeks to live. As my right hon. Friend says, we are, as a society, for whatever reason, not good at talking about such matters to the people who really need to know. I ask the Minister, what could the Government do to facilitate that?

One reason why people do not wish to talk about death is that it raises huge existential questions, but we would help those facing their end if we shared their options with them and helped them to plan their last days. I, too, am grateful to Lady Finlay for helping me to understand better the needs of terminally ill patients through her own professional background. She was present at the talk given last night by Reverend James Woodward. At that talk, we heard from Lady Neuberger, who is also well-informed on the subject. She pointed out the stark contrast between this country, where our default setting is to put people in hospital beds and expect them to remain there until they die, and the Netherlands, which interestingly has gone further down the road to euthanasia, but in some respects has better end-of-life provision. We need to address the culture surrounding someone's last needs and consider how to enable them to continue to accomplish tasks, until their dying day and hour, that confer on them a sense of human autonomy, which we do not relinquish until our last.

People are very afraid of the process of dying when faced with limited choices and forced to remain in a hospital bed where there is little that anyone can do for them. I tend to understand that. I encourage the Minister to address the question of what more we can do to enable people in their last days to lead a normal life. I am concerned, at this economic juncture, about the position of our hospices, which on average receive only 30 per cent. of their funding from statutory sources. Sue Ryder Care estimates that it is subsiding primary care trusts by about £6 million a year due to the shortfall in funding. In this recession, there is a genuine threat to hospices that depend so much on charitable funding.

Hospices and the Government have explored the possibility of a tariff negotiated with the NHS, so that a patient expressing a wish to die at home or in a hospice could bring with them the necessary funding from the acute setting. That would help many hospices to survive—hospices on which we depend, in partnership between

the third sector and the state, for the provision of palliative care. The Secretary of State announced last week an increase in patient rights. Will that extend to the rights of terminally ill patients? Does the Minister see that as a means to secure the funding, so that the money could follow the patient back to a hospice or into the home, where they could end their days?

As a result of the out-of-hours contract with general practitioners, some terminally ill patients are less sure of being seen out of hours by the GP attending to their needs into the last stages of their illness. In light of last week's announcement, have the Government any thoughts about helping to ensure that a GP who, over time, has built a relationship of trust with a terminally ill patient may be with them at the end? Good 24-hour nursing provision, supplemented by organisations such as Marie Curie Cancer Care and Macmillan Cancer Relief, and the comfort of the familiar face of the family doctor would help to improve people's experience of their last days.

As the Minister will know, the gold standards framework is aimed at improving the standards of end-of-life care. Although it has come into being as an example of best practice, there are concerns that those in palliative care feel that its provision is patchy. What plans do the Government have to ensure that the framework is not patchy, but more consistent, and something on which everyone in the country can rely to ensure that our experience of palliative care at the end of our lives is to that standard?

To conclude, the distribution of specialist palliative care across the country needs to be fair and even. There are pockets of good provision and pockets of weaker provision. I shall endeavour to address more of that issue when I introduce my private Member's Bill. However, I am grateful to my right hon. Friend for initiating the debate, and I feel that we have a chance today to ask the Government some of the key questions on which so many people—perhaps even us, one day—will depend.

12.50 pm

The Minister of State, Department of Health (Phil Hope): I congratulate my right hon. Friend the Member for Birkenhead (Mr. Field) on securing the debate, and thank him and the hon. Member for Meriden (Mrs. Spelman) for their remarks. Both spoke of their personal experiences. As Members of Parliament we are not only the representatives of our constituents; we also bring our personal experience to such debates. I believe that this is the first time we have had a debate on the end-of-life care strategy. In a way, we have even more reason to thank my right hon. Friend for enabling the debate to take place: because end-of-life care affects us in the way that has been explained, it is not debated very widely in the community, as he said. The all-party group on dying well, which he has mentioned, is part of the process of encouraging that wider debate.

Some people end their lives with dignity and respect, with family and friends around them and in comfortable safe surroundings that they have chosen to be in. However, I think that my right hon. Friend and the hon. Lady are right to suggest that many people do not, and that provision of such experiences is at best patchy. That is why we published the end-of-life care strategy last July. It sets a clear direction for the future of adult services in that respect and builds on previous work, not least the NHS cancer plan of 2000, in which resources were allocated. However, there is clearly more to do, and we need wider public debate. In a way, we are starting that today.

As my right hon. Friend and the hon. Lady have said, we need to get not only the public, but health and social care professionals, to engage with death and dying and to understand the content of the strategy, as well as the philosophy and principles behind it, and the practical action involved. Critically, it is right to focus on choice and to suggest that people's preferences and needs for care are not fully elicited from them at an appropriate time, and are not fully planned or revised as those individuals experience the end of their life.

We need to be a lot better at ensuring that such planning becomes the norm and not the exception. The aim of the strategy is to raise the profile of the concepts—the idea of choice in end-of-life care and what the quality in question would look and feel like. Possibly it should go further and look at changing societal attitudes towards death and dying. Most people do not want to think or talk about death or engage with it. That is part of the problem, and why there is a lack of choice and a lack of the experiences that we would like for everyone.

An initiative that we are taking to get the debate going and deal with the point raised by my right hon. Friend is the establishment of a new national coalition of organisations to raise the profile of end-of-life care. It will be led by the National Council for Palliative Care and will develop a national tool to measure public awareness and assess public attitudes to death and dying. The strategy deliberately avoids targets and recommendations, but it gives excellent case studies and clear advice about what works and what represents the best we can provide at the end of someone's life. It builds on the strategic health authorities' visions of what end-of-life care should be like, and I am pleased to say that it has been well received by the national health service and by the voluntary and third sectors, which play such an important role in the relevant sphere.

Mr. Field: I want to pick up on something that my hon. Friend the Member for Meriden (Mrs. Spelman) said earlier, which I hope the Minister will be able to deal with. If not, perhaps he will write to us. One aspect of having a strategy involves helping the nation to get its mind around this issue, but death sometimes trips us up quickly and unexpectedly. My hon. Friend's proposal is really an extension of what the Secretary of State was saying last week. If the organisations that would help us to die at home knew that the bills were going to be paid at some stage, it would ease our transfer at that vital stage of our lives.

Phil Hope: I think my right hon. Friend is referring to last week's announcement that we are to pilot personal health budgets, which we already have within social care, to see whether that principle can be applied to the health service. We will announce those pilots shortly, and they will be flexible enough to encompass a range of services. I cannot pre-announce something that is coming up shortly, so he should listen out for that announcement. There might be opportunities in those pilots to explore this area into the future.

I agree with my right hon. Friend and the hon. Lady about the importance of choice. Personal health budgets might work as one approach to choice, but the whole

[Phil Hope]

system should respond to the need for choice. Care plans are a key feature of the strategy and a key part of good practice. Individuals produce, discuss and write care plans, which are then available as they enter their end-of-life period. The figures that the hon. Lady has given on what the public want and what is happening in practice are absolutely right. That is because we have not yet engaged many people in writing care plans. If that process were universal, those figures would change dramatically.

Having a care plan is a critical part of recording a person's preferences, so that those who support and care for them during their end of life can refer to it. The plan can be revised, depending on the circumstances, and having one means that that person's wishes are much more likely to be met. To do that, we need to co-ordinate care across a range of sectors, including health and social care and out-of-hours and emergency care services. We also need a local register and a helpline.

For a care plan to become reality, we need the architecture for co-ordination of those services to be in place. If both of those parts of the service are created and delivered consistently across the country—the hon. Lady made a good point about patchiness—many more people will get the choices that we want them to have.

We need services to be 24/7 if people want to die at home, and we need rapid response community nursing, which the strategy describes as being part of the answer. Also, multi-agency care must be seamless, with people working together around the needs and choices of the patient. That requires staff to have proper training, not least in communication skills, for end-of-life care.

On implementation, I want to make a couple of points about how these great strategies and this policy will become reality in every part of the country. As my right hon. Friend and other hon. Members will know, we are committed to spending an additional £286 million to promote end-of-life services, through the strategy, in the next two years. He will also know that most cash is sent to PCTs, which commission the services, so money is not ring-fenced in that way because that is the overall policy. However, we have told PCTs that we expect that extra investment to be properly detailed through the resources and applications planning form. That means that we can work with strategic health authorities to understand exactly how that extra money is being translated into investment in end-of-life care services at PCT level.

Many issues have been raised, and I have not been able to address them all. I certainly hope that the gold standards framework, which the hon. Lady mentioned, is something that we want delivered throughout the country. We are putting extra resources in place for that, with capital funding available as well. Some £12 million was in the NHS end-of-life care programme, rolling out key tools such as the gold standards framework and initiatives such as the Liverpool care pathway, with which she will be familiar. We are taking prompt action now to ensure that we deliver the kind of outcomes that we need.

Arbroath Abbey

1 pm

Mr. Mike Weir (Angus) (SNP): It is a pleasure to speak under your chairmanship, Mr. Gale.

It is appropriate that the debate is taking place in a building that is part of a world heritage site. There are now some 27 world heritage sites in the UK and dependent territories, ranging from historic buildings to fantastic landscapes. Sites in Scotland are as diverse as neolithic Orkney, the city of Edinburgh, Robert Owen's village at New Lanark, the Antonine wall and St. Kilda. The last is the only one that I have not yet managed to visit. In fairness, I have also visited several sites in England and Wales.

Each site is chosen for outstanding universal value to the world's cultural and natural heritage. The idea first began in 1959 with a campaign to save Abu Simbel in Egypt from flooding. A convention was passed in 1972, and there are now 851 sites worldwide. This debate concerns the campaign to have the historic abbey of Arbroath designated a world heritage site, but it also raises a more general point regarding the Government's policy on world heritage sites, particularly on applications for further sites.

There has been an ongoing campaign in Arbroath for the abbey to become a world heritage site, not only because of its grandeur in its own right—it is a magnificent example of a mediaeval abbey—but because of its association with the world-famous declaration of Arbroath. The campaign is completely non-political and encompasses people of all parties on the political spectrum and of none; indeed, one of its leading figures is a Conservative councillor, Jim Millar. The campaign has been supporting the case for the abbey and raising money for several years, appreciating that it would be some years before the abbey could be granted world heritage status.

A problem arose in early December last year when the Culture Secretary launched a review of the future designation of sites in the UK. The review was undertaken partly because UNESCO is seeking changes to the system, but a report prepared for the Department for Culture, Media and Sport by PricewaterhouseCoopers states that UNESCO believes the world heritage site list to be unbalanced in terms of the location and nature of sites included. It has therefore asked that well-represented countries consider slowing or temporarily ceasing nominations and that nominations, to the extent that they continue, constitute under-represented sites, such as scientific, natural or cultural sites, rather than urban or ecclesiastical sites, which are considered over-represented.

The campaign's feet were cut from under it somewhat when the Department for Culture, Media and Sport was reported to have changed its policy, refusing to propose any more UK sites for UNESCO approval, although the PricewaterhouseCoopers report stated that the Department had several options. The campaign sought my help, and I wrote to the Culture Secretary to seek clarification. To date, I have received no response.

I therefore took the opportunity to raise the matter at Culture, Media and Sport questions last week. The Minister answered my question, but I was slightly concerned by the phrasing of her response. She said that after consultation, the Government would decide whether to put forward another list, which gave the impression that

perhaps no more sites would be proposed. I can guess what she will tell me today: consultation is still ongoing, and we should await the outcome. That is not sufficient. There is great concern about the outcome of the consultation, given the various options before the Department. Furthermore, if we await the outcome of the consultation, we will in effect be challenging a decision that has already been taken, and it will be much more difficult to obtain any change.

We need to put the case for Arbroath abbey now, before we are faced with a fait accompli. It is of the utmost importance due to the nature of Arbroath abbey and the comments about UNESCO. On the face of it, it could be argued that Arbroath abbey is an ecclesiastical site, but it is much more than that. Its significance goes to the very heart of our culture and the democratic culture of the world.

UNESCO's list of properties includes two categories that could have been written with Arbroath abbey in mind. Criteria III says that it must

"bear a unique or at least exceptional testimony to a cultural tradition".

Criteria VI says that it must

"be directly or tangibly associated with events or living traditions, with ideas, or with beliefs, with artistic and literary works of outstanding universal significance."

I shall relate the history of Arbroath abbey and explain why I feel that it falls in those categories.

The abbey of Arbroath was founded by William the Lion, King of Scots, in 1178. It is dedicated to Thomas Becket, the turbulent priest who was killed at the instigation of Henry II in Canterbury cathedral, which is also a world heritage site. In its day, the abbey must have been a very impressive and powerful institution. Even its ruins—particularly the impressive "Round O"—are an impressive sight in the centre of our town. William the Lion is believed to be buried before the high altar.

Nowadays, however, the abbey's best known association is with the first declaration of Scottish independence, or the declaration of Arbroath as it is often referred to. As many hon. Members will be aware, that magnificent document was written by the then abbot of Arbroath, Bernard de Linton, and signed by King Robert I—the Bruce, as he is often known—at Arbroath on 6 April 1320. It is a letter to the Pope in Avignon and sets out the case for the continuing independence of Scotland, which had been regained following the battle of Bannockburn in 1314. However, the declaration is much more than that—great though it is; it echoes down through the centuries as one of the great documents of not only Scottish history but world history.

In his book "For Freedom Alone" Professor Edward Cowan puts the point very well:

"Scottish activists and thinkers of the period not only attempted to resolve their own political philosophies in response to the unprecedented contingencies which potentially threatened the very existence of their nation and kingdom, but they contributed towards ideas of constitutionalism which would ultimately feed into the mainstream of British, European and eventually American political thought."

It should not be forgotten that in mediaeval times, the kingdom was very much considered to be a fiefdom of the king, who ruled by divine will. In the declaration of Arbroath, however, the first stirrings of democracy can be seen. The people of Scotland declared that the king was subject to the people and not just God. In this magnificent section, the declaration said:

"Divine providence, the succession to his right according to our laws and customs which we shall maintain to the death, and the due consent and assent of us all, have made him our prince and king. We are bound to him for the maintaining of our freedom both by his right and merits, as to him by whom salvation has been wrought unto our people, and by him, come what may, we mean to stand. Yet if he should give up what he has begun, seeking to make us or our kingdom, subject to the King of England or the English, we would strive at once to drive him out as our enemy and a subverter of his own right and ours, and we would make some other man who was able to defend us our king. For so long as a hundred of us remain alive, we will never on any conditions be subjected to the lordship of the English. For we fight not for glory nor riches nor honour, but for freedom alone, which no good man gives up except with his life."

That is a powerful passage for any Scottish nationalist such as me, but it goes far beyond that. It sets out the beginning of democracy and outlines the right of people to depose a leader who is not acting in their interests. No longer would they tolerate a king who made deals and alliances without the consent of the people.

We should be thankful that the idea has taken root in many parts of the world. If anything goes to the heart of our culture, it is the idea of democracy. It is believed that the ideas of the declaration had a direct influence on the framers of the American declaration of independence four centuries later.

On 20 March 1998, the US senate passed resolution 155, which stated:

"April 6 has a special significance for all Americans, and especially those Americans of Scottish descent, because the Declaration of Arbroath, the Scottish Declaration of Independence, was signed on April 6 1320, and the American Declaration of Independence was modelled on that inspirational document."

In other words, the Senate of the United States recognised the influence of the declaration of Arbroath, which led directly to perhaps the most famous of all modern political declarations and the subsequent constitution of the United States. The declaration of independence states:

"We hold these truths to be self evident, that all men are created equal, that they are endowed by their creator with certain unalienable rights, that among these are Life, Liberty and the pursuit of Happiness."

Of course, many nations have adopted the American constitution, or parts of it, in their constitution. The ideas of democracy that were born in the declaration of Arbroath in 1320 flow through to the modern world—to the United States and to the modern democracies that have established their constitution following that country. A resolution of the American Senate established 6 April as Tartan day in the United States, which is a day on which Scotland and all things Scottish are celebrated throughout the country. Heritage is not just about buildings and sites; it is also about ideas and the places where such ideas originated. That is, at least, to some extent recognised by UNESCO, as I mentioned in relation to the conditions it laid down.

Arbroath abbey can justifiably claim to have been one of the places where democracy put down its first roots, and it is worthy of recognition by UNESCO for that alone. That brings us on to another important reason why the Government are wrong to consider changing the scheme of UNESCO listings—at least in relation to the more draconian options proposed in the PricewaterhouseCoopers report. Since 1947, the Arbroath Abbey Pageant Society has regularly performed a re-enactment of the signing of the declaration, and an

[Mr. Mike Weir]

impressive visitor centre has been created at the abbey to explain the history of the building and the declaration. In short, Arbroath abbey has been extensively promoted as an important tourist destination. The advent of Tartan day has increased interest throughout the United States and, indeed, in Canada, which also has a Tartan day.

This year—the 250th anniversary of the birth of our national bard Robert Burns— has been designated as the year of homecoming by the Scottish Government. The year of homecoming was officially launched at the weekend, and is designed to encourage Scots expatriates and those of Scots descent from around the world to visit Scotland and, we hope, boost our tourism industry. It is vital that we do so at a time of recession. Tourism is still a huge industry in Scotland, as it is in other parts of the UK. The international interest in the declaration of Arbroath and its effect on democratic thought throughout the centuries will play a pivotal role in encouraging expatriates to visit Scotland, and Arbroath abbey in particular.

Following the Cabinet meeting in the midlands, even the Prime Minister acknowledged in a recent speech that tourism would play a vital part in bringing us out of recession. In its report, PWC also recognised that one of the benefits of being listed is that it can increase tourism. In the year of homecoming and at a time when even the Prime Minister is seeking to boost tourism, what message is sent if the Department of Culture, Media and Sport, which is responsible for the promotion of tourism, says that we no longer wish to promote our great monuments and buildings as sites of international significance? Is it not the craziest time to embark upon such a policy—if, indeed, there is ever a time to embark upon such a policy?

I fully appreciate that the Minister will say that consultation on the matter is ongoing. She will not throw up her hands today, and say, "Okay, you're right. We'll dump the idea here and now"—although, frankly, she should. However, I hope that she will at least go back to her Department and consider the matter further. I also hope that she will consider the huge damage that the proposed changes to UK UNESCO listings would do to our heritage and tourism industries at the very time when they seek a boost to help in the battle against recession.

The preferred option suggested by PWC may work against the claims of sites such as Arbroath abbey, because of the seeming bias against more ecclesiastical sites. As I have tried to explain, Arbroath abbey is much more than that. We need to make that point now before the consultation is complete. We need to continue making that point and push forward the campaign to show Arbroath abbey's status in the history of Scotland and in the history of democracy throughout the world.

As I said at the outset, the campaign is broad based and has huge support in my constituency of Angus, and especially in my home town of Arbroath. However, it also has huge support around the world, from expatriate Scots and Caledonian societies and those with an interest in Scotland's history and future. Many of us are waiting to hear what the Minister will say. I ask her not to close her mind to my important points. Such sites are vitally important; they have played a number of roles in history and could do so again in boosting our tourism industry. I hope that none of the changes that she and her Secretary of State will consider making to the system will work against the inclusion of such sites. Whatever option she chooses, I hope that important UK sites will continue to be proposed for UNESCO certification.

1.16 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): I congratulate the hon. Member for Angus (Mr. Weir) on securing the debate and on the passion and focus that he has brought to the subject. Arbroath abbey is very beautiful and incredibly important to the history of these islands. He did not mention that it is where the coronation stone—the Stone of Scone—was eventually found, just before the Queen's coronation. I remember that it had been missing for at least two years, and as a little girl I followed the story with great interest. It eventually turned up at Arbroath abbey—for many of the reasons, I suspect, that he mentioned.

Mr. Weir: If the Minister is interested in the subject, I thoroughly recommend that she read "The Stone of Destiny", written by Ian Hamilton, one of those who removed the stone from Westminster abbey. It is a fascinating insight into the story behind it.

Barbara Follett: I am fascinated by the subject, and the hon. Gentleman will know that my husband is particularly fascinated by all ecclesiastical buildings, including Arbroath abbey, so I shall take up his recommendation.

The hon. Gentleman is right: I am going to say that the Government are reviewing their world heritage policy. We are in the middle of a public consultation that began on 2 December and will end on 25 February. I understand his urgency, but given that the consultation is ongoing, I must confine my remarks to why we have chosen to hold it and the possible impact on future nominations. Given that he has read the PricewaterhouseCoopers report, some of my comments will be known to him. First, however, I would like to apologise to him. I have here a copy of my reply to his letter of 22 December, which must be winging its way to him as we speak. I am extremely sorry for the delay and shall let him have a copy. However, due to the Christmas break, I am afraid that our monthly targets sometimes slip a little.

This debate is timely and I welcome the opportunity to hear the hon. Gentleman's views on the subject, which is a matter of national and international importance. As he said, where better to hold the debate than in this building, which became a world heritage site 22 years ago—not just for its architectural importance, but, like Arbroath, because it has a very important place in the history of our democracy. The Department for Culture, Media and Sport leads for the Government on world heritage issues, and is responsible for ensuring that the United Kingdom meets its obligations under the world heritage convention passed in 1972. We take that responsibility very seriously. As he mentioned, it is one of UNESCO's most successful heritage conventions, and it has been signed and ratified by 186 countries. It has also proved to be a positive force in safeguarding the heritage of the countries that signed up to it.

The United Kingdom signed up to the convention in 1984, and has fully supported UNESCO and the world heritage committee in its implementation. From 2001 to 2005, the UK was a full member of the world heritage committee, stepping down only because our term of office came to an end. Over the past decade, our commitment to the convention has been reflected in our support for work on the revision of the operational guidelines, which govern how the convention is implemented, our encouragement of the world heritage committee in developing a strategy for managing the impact of climate change on world heritage sites—Abu Simbel being a clear example of that—and our supporting developing nations in putting together their own nominations for world heritage inscription.

Last year, the UK hosted an international expert working group on behalf of the world heritage committee to develop a framework for the recognition of sites of interest for the heritage of science and technology. The recommendations of the meeting were welcomed by the world heritage committee at its annual meeting in Quebec last July. We have also contributed funds for bilateral programmes to support world heritage in other parts of the world, including Anguilla and St. Lucia, and to help to start up the world heritage fund in Africa. At national level, the Government have been working to enhance our protection for the world heritage sites in the UK, which we are privileged to have. We are, as I said earlier, and as the hon. Gentleman knows, in the throes of a review considering how best the policy on the nomination of sites can reflect the world heritage committee's priorities.

Inscription on the world heritage list is the highest possible heritage accolade and I fully understand the aspirations of those wishing to achieve it. As the hon. Gentleman said, there are 178 sites in more than 145 countries. We are lucky enough to have 27 sites spread over an enormous geographical and historical range. The UK is in the top 10—to be accurate, it is equal seventh—in terms of the number of sites represented on the world heritage list. This is a great privilege, but it also brings a great deal of responsibility with it.

The route to world heritage status is not easy and the process is, of necessity, selective. World heritage sites are recognised by the committee as places of outstanding universal value to humanity and many, even though they are of national and international importance, will not meet UNESCO's stringent criteria for inclusion on the list. To be included on the list, sites that are likely to be put forward in future years must first go on their country's tentative list. The current UK tentative list was published in 1999 and contains 25 sites, nine of which have since been inscribed and one more, Pontcysyllte—I have not pronounced that well—a canal and aqueduct in Wales, has been nominated for consideration by the world heritage committee this summer. This week, we will submit Darwin's landscape laboratory for consideration next year and work is under way for the nomination of the twin monastery of Wearmouth and Jarrow in 2010.

UNESCO requires states that are party to the world heritage convention to review their tentative lists every 10 years. In addition, as the hon. Gentleman rightly said, UNESCO is pursuing a global strategy to redress imbalances, both geographic and thematic, on the world heritage list. For example, Europe and north America have 50 per cent. of the sites on the list, while Africa has only 9 per cent and the Arab states have even fewer, at 7 per cent. That unbalanced representation has led UNESCO to ask the well-represented countries to consider slowing or even stopping their rate of nomination.

UNESCO is limiting the number of nominations to a maximum of two per country per year, which puts a great deal of pressure on countries with tentative lists containing many aspirant sites. The UK is one such country. The interest in nomination grows each year, as does the number of aspiring sites. World heritage status is seen as being highly desirable in terms of prestige and economic benefit. As the Minister with responsibility for tourism, and the Minister who called the summit at which the Prime Minister spoke, I am keen that such events and site-led tourism should be developed, because people do not come here for our weather; they come for our heritage and other things that they can see.

The cost of bids can be high—up to £400,000 according to estimates—and has to be borne by the local bid partnership. The cost cannot be retrieved if the bid fails, and there is no guarantee of inscription at the end of the process. Given those considerations, the Government felt that it would be irresponsible not to take a close look, when formulating future policy, at the costs and benefits of world heritage status. There are many questions to consider. For example, is designation sustainable? Where are the development pressures? What is the balance between the benefits and costs of such status?

Another important question is whether the benefits have been overstated. Those, however, are questions not for the Chamber, but for the ongoing public consultation on this matter. We hope that the public, including the people of Arbroath, will respond to the consultation in a way that gives us a wide range of opinions. I look forward to hearing the outcome of the consultation and to reading the responses of those who are responsible for Arbroath abbey.

Mr. Weir: I thank the Minister for giving such a clear exposition of the situation regarding sites. On costs, those who are campaigning for Arbroath abbey understand that, given the amount that they will have to raise, and given what has to be done, it might be many years before an application for site status can be made, but a great concern is the idea that the Department is going to cease to put sites forward. I appreciate that the consultation is ongoing, but can I at least go back to those campaigners and say that there are various options, and that complete cessation is unlikely to be the one that goes forward?

Barbara Follett: In a consultation, I, as a Minister, cannot rule anything in or out, but it is a consultation, there are many options and we are looking at all of them. Believe me, we have heard what the hon. Gentleman has said. I wish him the very best of luck with Arbroath abbey. He is passionate about heritage in his constituency and his constituents are lucky to have him. However, I counsel him against what I call "waiting to get thin" syndrome, whereby people wait for something to happen before doing anything to advance the situation. There are many things that Arbroath and other sites could do to reap some of the benefits that are inherent to inscription on the world heritage status list. Again, I wish him luck.

Payment Protection Insurance

1.29 pm

Harry Cohen (Leyton and Wanstead) (Lab): I thank Mr. Speaker for selecting this subject for debate. Payment protection insurance is very important, and is much wanted just as people are losing their jobs. However, what has been sold, in a widespread manner, can only be described as not fit for purpose. It is failing people, and it has been a disaster.

Payment protection insurance is typically sold with personal loans, credit cards and finance agreements to help individuals to repay what they owe if they are unable to work due to sickness or redundancy. It is big business. It is estimated that in 2006, 20 million PPI policies were in force in the UK, but as I said, they are deeply flawed and clearly problematic.

I came to the matter when I saw an article about a Competition Commission investigation into PPI that estimated that companies offering such policies were overcharging consumers by a massive £1.4 billion each year due to lack of competition in the market. I tabled a parliamentary question in July 2008 and received an answer from a Treasury Minister. I asked the Chancellor

"what steps his Department proposes to take on overcharging in relation to payment protection insurance policies as reported by the Competition Commission."

The Economic Secretary to the Treasury replied:

"The Competition Commission's report...is a provisional findings report. Her Majesty's Treasury will maintain a close dialogue with industry and the independent Financial Ombudsman Service, Financial Services Authority, Competition Commission, and the Office of Fair Trading."—[*Official Report*, 21 July 2008; Vol. 132, c. 725W.]

That is a helpful reply, but the Treasury clearly needs to act on its work with those organisations.

Which? staff followed up my question and met me. Which? believes that PPI is a fundamentally bad product that can cost an individual thousands of pounds yet lets them down when they most need it. Research by Which? and an investigation by the Financial Services Authority also found widespread mis-selling in the market, as salespeople use high-pressure tactics to sell unsuitable PPI to vulnerable customers. Which? said in a letter to me that

"as many as 2 million loan PPI policies"

may have been mis-sold. Even when PPI policies are sold according to the rules, they can often add between £2,000 and £3,000 to the cost of a £7,500 loan, which then attracts interest. That can be a massive financial burden for individuals on low incomes, who are more likely to take out PPI, as the Competition Commission reports.

The problem has been going on for a long time, and the FSA simply has not got to grips with it until now. It has started to, but it is not doing enough. Like the whole banking system, the FSA has been asleep at the wheel. It needs to get its act together, and the Government need to chase it up.

What is wrong with PPI? Which? has been campaigning about it for 10 years, and published a report last October pointing out the main problems. It is expensive, as I have mentioned. When it is sold alongside a loan, it is often added to the amount, attracting interest throughout the term of the loan, even when the insurance has expired. It is not fit for purpose. It has numerous deficiencies; it often pays out only for a limited time, such as 12 months, or pays only the minimum repayment amount each month on credit cards rather than paying out the amount borrowed.

PPI is mis-sold. Research by Which? and the FSA shows that advisers often fail to make it clear that the policy is optional, do not mention exclusions that would prevent an individual from being able to claim and do not properly explain the payment methods for the insurance. Many individuals do not need PPI, as they are covered through their employer. Others would be better off with an income protection policy instead.

A lot of shady practices go on. An article in *The Independent on Sunday* on 18 January referred to the sale of policies by Churchill and Ant Insurance that were really just accident, sickness and unemployment policies dressed up as income protection. There is a difference between the two. The article said:

"It might seem technical, but real income protection policies offer much more valuable benefits—ones that those who buy ASU miss out on."

The article quoted Kelly Ostler-Coyle, spokeswoman for the Association of British Insurers, which represents the insurance companies, who said:

"There are differences between income protection and ASU policies, and it is important that consumers are able to understand these through product literature.

We expect our member companies to ensure all their products are properly labelled and that policy terms and conditions are written in clear language that consumers can easily understand".

Well, Ant and Churchill did not do that in the case I have mentioned and many other companies have not done so.

Egg, for example, has just been fined by the FSA for aggressively and unfairly selling policies and even for selling unsuitable policies to customers. It sold 106,000 credit card PPI policies at an average cost of £156. The FSA finally got its act together in December last year and fined Egg for those failings. The fine amounted to £721,000, after Egg obtained a 30 per cent. discount for settling early with the FSA.

What Egg was doing was out of order. It made calls on spec to all sorts of people, including its customers. It did what is called objection-handling, so when the customer said, "I don't want it", pressure was put on them through all sorts of sales techniques. It overemphasised the positive features of the PPI, offered inducements, such as a free period, and said that people could cancel the insurance later if they did not want it—but the company did not proceed with the cancellations. In some cases, even where the customer did not consent, the PPI was applied to their credit card anyway. That was malpractice. Egg is expected to pay £1.67 million for every 10 per cent. of customers who receive a refund.

The FSA has finally got its act together, although it is questionable whether that is sufficient, in such circumstances, to change what has been going on. However, it is not just Ant, Churchill and Egg. Alliance & Leicester, Barclays, the Co-operative Bank, the Lloyds Banking Group, RBS and NatWest, for example, are all pulling out of the PPI market for unsecured loans, which implies that they were mis-selling or, at least, that PPI was not being applied as a proper protection policy.

The FSA has taken enforcement action against 20 firms found guilty of failings with PPI, including HSBC, Land of Leather and Liverpool Victoria. In its research, Which? shows that as many as 2 million loan payment protection insurance policies have been sold to people who may never be able to make a claim because of the exclusions and other aspects of the policies.

According to the Competition Commission, 4,343,466 active single-premium PPI policies had been distributed by the 12 largest distributors by the end of 2006, so there are a lot of problems, because those stand-alone single-premium policies were sold alongside loans or finance agreements. The PPI was sold as a single-premium policy, which means that a lump sum covering the cost of the insurance was added to the amount that the customer borrowed. The customer ended up paying interest on both the insurance premium and the loan, which was an extra burden on them.

The PPI policies are unreasonable when applied to credit and store cards, because they often last for only five years, so if the loan or finance agreement is for longer than five years, the individual will still be paying interest on the policy long after it has expired.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I congratulate my hon. Friend on raising this issue. I, like him, met Which? to discuss the matter, and it has come to my attention that if someone is in the habit of using a credit card and pays off the balance of the monthly account within the normal time limit, they could be double charged. If the bill arrives mid-month, they are given three weeks to pay, but if they purchase in-between times and leave it until the last two or three days to clear the account, payment protection insurance is charged not once but twice.

Harry Cohen: That is a well-made point, detailing another serious flaw that is unfair to consumers. There are some really unfair practices going on. Which? is not alone in pointing them out; Citizens Advice, in its parliamentary newsletter to Members last year, called PPIs a "Protection Racket" and said that they are

"over expensive and often unsuitable and that lenders are ripping off, rather than looking after their customers."

We are talking about borrowers who are trying to be responsible by taking out such insurance, but they are being ripped off and far too many of them are not protected. Citizens Advice also cites the example of

"a full-time employed homeowner who had taken out a secured consolidation loan for £60,000 with an additional loan for £15,000 for Payment Protection Insurance in case he lost his job, or suffered ill health. The client didn't realise that the PPI was only for 6 years, despite the term of the secured loan being 20 years. As such, the client has had his indebtedness increased by £15,000 for little discernible benefit, being unable to cancel the PPI or arrange other cover."

The Minister used to be a Minister in the Department for Work and Pensions so he will be aware of the point that I am about to make, because there is a benefits deduction aspect. Which? told me:

"However, we are concerned that an individual receiving money as the result of claiming on a stand alone protection insurance policy is likely to see their entitlement to means-tested state benefits affected. The key trigger is that the payout is paid to the policyholder and is therefore viewed as income by the DWP. This leads to a reduction by 50 pence in benefit payments for every £1 of insurance payout received.

We feel that under these circumstances, it is unfair that benefits should be affected, and should not be classed as income when assessing entitlement to benefits. We believe this issue needs to be addressed to ensure that people taking responsibility for their finances through protection products are not penalised."

That is unfair. At the very least, customers should have their position explained to them.

In the time remaining, I shall discuss what the Government should do. The FSA has not been tough enough; it needs to step up its enforcement activity and there must be higher fines for mis-selling. Where mis-selling has taken place, customers must have a remedy that informs them and gives them the right to seek and receive redress. They should be able to claim back PPI premiums where they were mis-sold, and robust, value-for-money protection products—proper income protection—must replace PPI.

The Competition Commission's final report is due before the statutory deadline of 6 February. It has announced some provisional remedies; in particular, banning single-premium PPIs and proposing a 14-day break between the sale of the credit product and the sale of the PPI. Those provisional remedies must be made permanent, despite the industry's pressure and clamour for them not to be. Indeed, I have letters from the Association of British Insurers and the Finance and Leasing Association, which represent the industry, saying that PPIs are worthwhile products. In theory they are, but in practice they have not been. The FLA says that the product allows for protection when there is a change in personal circumstances. That is true if the policies are proper products, but far too many are not. The ABI says that claims are

"up 113 per cent. in October 2008 compared to a year before",

but are they being paid out, or do all the exclusions come into play?

The FSA needs properly to monitor the situation to ensure that claims are paid out and that any loophole is properly investigated to see if there was a case of mis-selling. There needs to be a change in the whole market in relation to the products. There should be proper income protection, not get-out clauses. It is a tragedy that the FSA has been asleep at the wheel, because this is the very time when such protection is needed—when unemployment is increasing. The Government need to step in and sort out the market, so that it is proper and fair for consumers.

1.45 pm

Mary Creagh (Wakefield) (Lab): I congratulate my hon. Friend the Member for Leyton and Wanstead (Harry Cohen) on initiating such a timely debate and on shining a bright light into some slightly dark areas of our financial system. I shall not detain hon. Members long, but I want to raise with my right hon. Friend the Minister the case of my constituent, Mr. Mohammed Aitkaddour. He voluntarily entered into payment protection insurance for his mortgage and was explicit, when he took out the policy, about the fact that he was suffering from back pain, so that was a specific exemption in his policy. However, his wife, Alison, came to my surgery at the beginning of December to say that Mr. Aitkaddour's diagnosis was actually lung cancer that had metastasised into a tumour that was affecting his spinal cord, so the back pain had been caused by the lung cancer tumour.

[Mary Creagh]

Alison had been in contact with Halifax Insurance Ireland Ltd and it had refused the claim. The only reason why my constituent had not been in trouble with her mortgage company when her husband was signed off as unable to work was that she had taken time off from her job at a local school and was having the first three months of sick pay, so she was on full pay and was just about able to nurse her husband through his illness.

Given the gravity of the situation, I wrote immediately to Halifax Insurance Ireland, but was quite astonished by the letter that I received from the company on 18 December:

"I can confirm this matter has been...investigated. However, we are unable to discuss specific claim details with third parties. Please be assured that Mr. Aitkaddour has been contacted detailing the outcome of the claim and the reasoning behind the outcomes of our investigations."

That is the first time, as a Member of Parliament raising a constituent's issue, that I have been fobbed off in quite so egregious a manner. It was left to me and my staff to contact Mrs. Aitkaddour in the new year to find out what had happened with her claim. On contacting her, we discovered that Mr. Aitkaddour had died on 30 December, but that the claim had been honoured by Halifax Insurance Ireland, although it had not written to us to let us know.

I raise that case with the Minister as an example of a responsible citizen being absolutely honest and open about his medical condition. Had his wife not been in work, they would have been in mortgage arrears. She would now perhaps be in the first stages of house repossession. The way that these companies handle people's claims, even when there is parliamentary intervention, leaves a lot to be desired. We need to ensure that people who are mis-sold these policies have a remedy. I am perhaps more cynical than my hon. Friend the Member for Leyton and Wanstead, but I think that one of the reasons why so many companies are getting out of the insurance market in these difficult economic times may be that they are not making quite as much money out of people as they were in the good old days.

1.48 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I, too, congratulate my hon. Friend the Member for Leyton and Wanstead (Harry Cohen) on securing the debate. I am grateful to him for drawing our attention to this important issue, and for drawing his concerns to my attention previously as well.

Payment protection insurance is potentially an important product. When sold properly, it protects someone's ability to maintain loan repayments and helps people to avoid getting into debt should they be unable to keep up repayments from their own means because of accident, sickness or unemployment. However, while endorsing the potential value to consumers of this type of product when it is sold in a proper manner, I entirely accept the argument made by my hon. Friend, and indeed all those who have contributed to the debate, that such products are often sold incorrectly, they have often been mis-sold. That is the heart of the problem.

Typically, PPI cover is purchased through the lender at the same time as the credit agreement. High street retail banks and building societies account for about 80 per cent. of the PPI policies that are sold. It is not usually compulsory to buy PPI. Some lenders, however, may suggest that mortgage PPI is appropriate for some customers. It can be sold as a single-premium policy or as a regular-premium policy. The concerns of my hon. Friend centre on the single premium variety in which the premium is due at the start of the cover period—it is often added to the loan with interest costs attached—and has complicated redemption fees.

PPI compensation is generally payable in the event of a reduction, or complete loss, of income, and is usually paid at monthly intervals for up to 12 months. However, about 25 per cent. of PPI claims are rejected, as has been mentioned. I am glad that the claim in case of the constituent of my hon. Friend the Member for Wakefield (Mary Creagh) was ultimately honoured. The main reasons for rejection are the identification of a pre-existing but unacknowledged condition, voluntary unemployment, the claimant not being actively at work when the claim event took place, the qualification period not being met or the claimant not being in 12 months' continuous employment before the insurance contract was entered into.

Insurers compete to provide PPI policies to lenders, which then distribute the PPI policies alongside their credit agreements to consumers. There is often profit sharing between the lender and insurer—usually through commissions or bonus agreements—with the final price being set by the lender. Although consumers can buy PPI independently of the primary product provider, it is not common practice for them to do so. Sometimes that is because they do not know that they can.

My hon. Friend the Member for Leyton and Wanstead set out the criticisms that are levelled at PPI. He says that there is a lack of competition in its sale, which leads to high prices, and that it is poorly understood as a product. Efforts have been under way since 2005 to investigate and address those criticisms, involving organisations that are independent of the Government. The Financial Services Authority, which is the lead regulator, the Office of Fair Trading, the Financial Ombudsman Service and the Competition Commission have all been involved.

The FSA has been regulating the sale of general insurance, including PPI, since January 2005. It recognised that PPI was a complex retail product, and its sale was identified as an area of higher regulatory risk. The FSA set up a regulatory programme to improve sales standards, limit consumer detriment and raise consumer awareness. As a result of that programme, the FSA has taken enforcement action against 20 firms, as my hon. Friend acknowledged, and issued almost £12 million in fines.

The most recent action involved the FSA telling firms last week that, if they are not capable of selling PPI properly, they should stop selling it. A number of lenders had already ceased to sell single-premium PPI for unsecured loans, and several more have announced that they will withdraw from the market. My hon. Friend listed a number of organisations that have done so.

The FSA has also taken action to improve the selling of PPI for mortgages and credit cards. My hon. Friend the Member for Dumfries and Galloway (Mr. Brown) touched on the credit card issue, and my hon. Friend the Member for Leyton and Wanstead mentioned the recent fine imposed on Egg, which was accompanied by an order that it conduct a review of all past sales.

The financial ombudsman offers those consumers who have been mis-sold a PPI policy an opportunity to seek redress if they are dissatisfied with the results of their complaint to their provider. The ombudsman plays an important role. He ensures that consumers do not lose out financially by making awards to them. Those awards act as incentives on firms to ensure that mis-selling is minimised, because if they continue to mis-sell, they will be penalised financially.

There has been a marked increase in the volume of PPI complaints received by firms and the financial ombudsman, who is receiving more than 500 complaints a week. Following an application by the ombudsman to the FSA, the FSA is considering ways to speed up the processing of claims. In April 2006, the OFT launched a market study, separate from the FSA investigation, to look in depth at PPI. It found evidence suggesting that how consumers purchase their PPI, their understanding of the product and the quality of information available to them hinder competition in the way that my hon. Friend indicated.

As a result, following consultation, the OFT referred the UK PPI market to the Competition Commission for a market investigation, as my hon. Friend also mentioned. The Competition Commission reported its provisional findings in June 2008. It found that, although PPI can offer useful cover and peace of mind in the event of customers having trouble meeting repayments, products can be overpriced and of poor value. The combination of the point-of-sale advantage and insufficient customer awareness and information means that PPI products might not face proper competition. The commission proposed several draft remedies, including a prohibition on selling single-premium PPI policies, an obligation to provide an annual statement of PPI costs and a reminder of consumers' right to cancel. A number of those remedies have been consulted on and the final report will be published by the end of next week when we shall see the conclusions drawn on the changes needed in this area.

My hon. Friend mentioned the impact on means-tested benefits of receiving payments through PPI. Generally, PPI payments made direct to lenders so that they can make their mortgage repayments, for example, are not treated as income for the purposes of calculating means-tested benefits. I understand that it is open to anyone who buys a PPI product to arrange for any payments from that product to be made direct to the lender. If that is done, the customer is protected from the concern that my hon. Friend rightly raised.

Some payments direct to consumers might be disregarded for that purpose as well, but that is a slightly more complicated matter. However, it is possible to ensure that PPI payments are not made direct to the lender, in which case there will be no impact on the means-tested benefit. However, my hon. Friend is right to draw attention to that matter, because clearly it could make a huge difference to the value of the product to the consumer.

It is clear from the sheer volume of work—not least the number of complaints received by the ombudsman—that there have been significant problems in the market. I am grateful to my hon. Friend for drawing attention to them and for the work that he has done. It is also clear that the independent regulatory authorities are aware of the scale of the problem and are taking action where it is needed. Poor sales practices are being addressed, and consumers who suffered from them can apply for redress, either to the firm that sold them the policy or, should that fail, to the financial ombudsman. I hope that, as a result of this debate, more people will be aware of the steps that they can take to secure their own position.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 28 January 2009

[MR. PETER ATKINSON *in the Chair*]

Thames Valley Police

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Blizzard.)*

9.30 am

Tony Baldry (Banbury) (Con): I am conscious of several things, including the fact that a good number of Members from all three counties that make up the Thames valley—Berkshire, Buckinghamshire and Oxfordshire—are in the Chamber, so I will keep my comments as brief as possible to enable every colleague who wishes to speak to make a full contribution to the debate.

I thank the Minister for being here, as well as for having spent half a day late last year in Bicester, in my constituency, looking at the excellent work being done on neighbourhood policing by Thames Valley police in north Oxfordshire. His visit was genuinely welcome.

This debate is co-ordinated. I would not want it to go unsung in dispatches that my hon. Friend the Member for Wantage (Mr. Vaizey) co-ordinated our general submission of a request for a debate on the subject, nor would I want him to think that I was seeking to claim all the glory for an initiative that he helped to co-ordinate. This debate is the result, as I am sure the Minister will appreciate as it goes on, of a general frustration felt by Members from all political parties from all parts of the Thames valley about what is happening in policing there.

Last year, the Select Committee on Home Affairs undertook an inquiry on policing in the 21st century. The Chair of the Committee, the right hon. Member for Leicester, East (Keith Vaz), said that the focus of that inquiry was on "recruitment and retention"—issues of concern to all of us who represent constituencies in the Thames valley area. Thames Valley police is the largest non-metropolitan police force in England, but it has one of the lowest ratios of police officers to population, which is a matter that relates to our grant. I have a strong suspicion that my hon. Friend the Member for Henley (John Howell) will say something about that, Mr. Atkinson, if he is fortunate enough to catch your eye.

The crux of the debate and of my concerns is the fact that the Thames Valley police force is experiencing significant loss of police officers through transfers to the Metropolitan Police Service. In the past five years, the Thames Valley police force has lost 360 officers to the Met police. Of those, 52 were specialist officers such as firearms officers, detectives and road policing officers, who are more expensive to train and replace. Indeed, Thames Valley police lost 12 detectives to the Met in one year.

We are not the only area concerned by loss of police officers to the Met. The same concern is shared by police forces in Hertfordshire, Surrey, Kent, Essex, Northamptonshire and Bedfordshire. However, a substantial proportion of those transferring to the Met come from the Thames Valley police area. Sara Thornton, chief constable of Thames Valley police, was clear in her evidence to the Select Committee about the reasons why:

> "We believe that the different levels of pay in the Metropolitan Police Service contribute to that significantly and the free travel, from areas such as Thames Valley, up to 70 miles away from the centre of London also contributes to that."

A Thames Valley police officer who transfers to the Met is instantly £5,000 better off, as well as receiving free travel, which probably equates to about £8,000 a year in all. Housing is still expensive in the Thames valley, notwithstanding recent economic difficulties, and is a particular challenge for younger police officers. One can jump on a fast train pretty well anywhere in the Thames valley area—whether in Banbury or Bicester in my patch or in Reading, Slough, High Wycombe, Milton Keynes or indeed any of the constituencies represented by hon. Members who are present—and be in London within an hour. The temptation is strong for officers to transfer to the Met for higher pay and better benefits.

The loss of so many police officers has disproportionate impact on the make-up of Thames Valley police. The force has the highest percentage of officers with fewer than five years' service of all the police forces in England and Wales. I have been fortunate in the past year to take part in the police parliamentary scheme, which has involved spending several days on shift at Cowley police station, in the constituency of the right hon. Member for Oxford, East (Mr. Smith). I was struck not just by the professionalism of the police officers, but by the fact that most of the officers going out into Oxford on shifts during the day, early in the day or late at night were largely recent recruits with little experience and service. That is not their fault; it is the reality of the turnover of officers in Thames Valley police.

Terri Teasdale, head of personnel at Thames Valley police, told the Select Committee:

> "In relation to the transfers out, it is not the number; it is when you add them onto other people leaving—the normal turnover, if you like—and add capacity within the organisation to deal with the number of recruits that have to come in to replace them and the loss of experience. That is our concern to do with retention."

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I may not be able to stay until the end of the debate, so I am grateful to my hon. Friend for permitting me to intervene. Does he agree that that also has a by-product? In Chesham and Amersham, when officers leave from other parts of the police authority, police officers with a great deal of experience of a particular area often have to move away from that area, where their experience could help with crime reduction and creating a strong policing presence. There is an internal churn within Thames Valley police, which is often damaging to policing in our constituencies.

Tony Baldry: My hon. Friend makes a good point. I suspect that both her constituency and mine are, in the totality of life, quiet compared with places such as Reading, Oxford or Slough. What tends to happen, therefore, is that if Thames Valley police are under pressure, officers are moved from constituencies such as hers and mine to areas where there are greater challenges, such as Oxford, Aylesbury or Slough. That is greatly unfair on her constituents and mine.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): On internal churn, although all areas within Thames Valley police are suffering from the problem that my hon. Friend is so clearly explaining, it is especially bad in the north, including in Milton Keynes. Thames Valley police has in the past been forced to put an internal ban on officer movement from north to south to compensate for the outflow into the Met police. That means that the situation is even worse in the north in places such as Milton Keynes.

Tony Baldry: It is also particularly bad in the north for other reasons that I shall explain later. Thames Valley police has sought to address the movement of police officers to the Met by slightly increasing pay—from its own resources—to officers in the south. However, officers in the north of the area, such as in Milton Keynes or in north Oxfordshire in my constituency, feel that that is somewhat unfair. It reflects the general pressure that so many officers transfer out.

As the interventions from my hon. Friends show, lower police numbers becomes a self-reinforcing problem. Having proportionately fewer police officers can make officers feel rather alone when on patrol, which can increase the attraction of the Met area, where there are a lot more officers to give support. Moreover, as Maurice Collins, chair of the Thames Valley Police Federation, noted:

"The other reality which concerns me is that the core shifts, which are the bread and butter of policing, used to be driven by officers with four to seven years' service. That is not the case any more. Those core shift officers have now, typically, two-and-a-half to three years' service, and some of them are in probation. Often their sergeant in Thames Valley has only three to four years' service in total. That is not good for Thames Valley; it is not good for our community. We need to do something about it."

He went on to observe:

"There simply are not enough police officers to go around."

That is a fundamental concern for all of us who represent constituencies in the Thames valley. It is not our judgment; it is the judgment of the Police Federation, which represents police officers out there on the beat.

For all of us living in the Thames valley, and for those of us who represent Thames valley constituencies, this is a serious issue. Moreover, if there are not enough police officers to go round, those we have tend to be allocated to larger towns such as Oxford, Reading and Slough, and constituencies such as mine, and those of my hon. Friends who are present, sometimes feel very stretched for police resources.

The loss of officers is further exacerbated by what is known as the Edmund-Davies bubble. In the Thames valley, we have a significant number of officers who will retire in the next few years—139 in 2009-10, and 172 in 2010-11. That means that the Thames Valley police force is getting close to capacity in terms of taking in recruits. The problem is not capacity at the training school, but coping with the large number of newly recruited officers on patrol, having sufficient tutor constables and needing to take people away from front-line policing to support probationers.

The Thames valley has become a training ground for the Metropolitan police. This year, the Met plans to recruit 550 transfers; it actually has a plan to do that. That means that its budget—I hope that the new commissioner will think seriously about the morality of this—works on the basis that it will be able to recruit more than 500 trained police officers from other forces. The Met is therefore relying on other police forces to train and provide it with 550 officers this year alone, many of whom are specialist officers. That is unfair and unsustainable, and it is likely to get worse as we approach the 2012 Olympics and the expansion of Heathrow. We are talking about a police force that is not as experienced as it could be if it had not lost experienced officers.

Not only are we losing experience, but the Thames Valley force is incurring training costs, which will be reflected in the grant funding formula. The force has calculated that the cost of training is £55,000 for a normal constable, rising to £77,000 for a firearms officer. Therefore, if only 20 officers transfer, even at a cost of £55,000 each to train, that is £1 million. Our concern is that local people in the areas around London—our council tax payers—are paying to train their local police while the benefit is being felt in London.

A south-east allowance was introduced a few years ago, but it has remained frozen, whereas the Metropolitan police's London weighting allowance has continued to rise, so the pay gap has become wider. The Thames Valley police force has done what it can within its resources. It is now using 3 per cent. of its pay budget, which is a considerable amount of money for the force, to try to give officers in the south of its area, who are more likely to find it easier to work in London, a bit more money, but that is a stretch on its budget. As my hon. Friend the Member for North-East Milton Keynes (Mr. Lancaster) has shown, it also creates tension within Thames Valley police. The force has helped more than 700 of its officers on to housing schemes, so 15 per cent. of its officers are being helped in that way.

The force is doing what it can, within its resources, to assist retention, but that still leaves the main issue: the difference between pay and conditions in Thames Valley police and in the Metropolitan police, and the free travel afforded to officers in the Met. As the local Police Federation representation has made clear:

"For that reason, for the health and wealth of the Thames Valley and its community, the Thames Valley Federation think it is the right thing to do to support the Chief Constable, to break away from the national agreement".

The Home Affairs Committee, of which the hon. Member for Reading, West (Martin Salter) is a member, reached a unanimous conclusion in last year's report on 21st-century policing. It made two relevant recommendations: differential pay between the Metropolitan police and surrounding forces should be reduced, and the Metropolitan Police Service should negotiate a protocol with surrounding forces on the recruitment of staff. I note that although the Met has made noises about such a protocol, nothing has really happened.

My submission to the Minister is that the south-east allowance should be increased substantially to recognise the cost of living in areas such as Oxfordshire, Berkshire and Buckinghamshire, including in towns such as Banbury and Bicester in my constituency, because the current situation is simply unfair. He will doubtless jump up and ask how that should be funded, but the question that he should address is how to tell a police officer in Slough that they are worth £6,000 a year less than a police officer 2 or 3 miles down the road in Uxbridge. That is unsustainable.

The Home Secretary has yet to respond to the Select Committee's unanimous report, but the Committee has made two very straightforward recommendations and we hope that that response will be positive.

Mr. Peter Atkinson (in the Chair): Before calling Mr. Salter, may I have an indication as to how many Members wish to speak? The winding-up speeches will have to start at about 10.30 am. If my maths is right, that gives hon. Members about six minutes each. If they stick to that, they can all get in.

9.46 am

Martin Salter (Reading, West) (Lab): I shall do my best to stick to six minutes, Mr. Atkinson. I congratulate the hon. Member for Banbury (Tony Baldry) on securing the debate. He has set out arguments on which we all agree. I have been ploughing this furrow, which is not such a lonely furrow any more—I welcome the number of Members who are throwing their weight behind the campaign—since 2002, when my hon. Friend the Member for Slough (Fiona Mactaggart) and I launched the initial campaign for a south-east allowance. The hon. Member for Banbury joined me and the hon. Member for Buckingham (John Bercow) in meeting the Minister's predecessor, my right hon. Friend the Member for Harrow, East (Mr. McNulty)—now the Minister for Employment and Welfare Reform—to put forward the case for substantial increases in the south-east allowance. We also floated the interesting notion of transfer fees. How is it that the Met police can use not only the Thames Valley force but the five other forces surrounding London as a recruitment pool and training ground, while the council tax payers in our constituencies are in effect subsidising the training of Met police? That has to be wrong.

We are not talking about raw numbers; there have been 417 more police officers since 1996—the Thames Valley force has never had so many officers. The issue for all of us, in all our constituencies, is not the number of officers, but the number of experienced and fully trained officers. Let us be clear: experienced coppers catch more crooks.

In Reading, in 2003, we held a conference on regional pay. The then chief constable of the Thames Valley police, Peter Neyroud, provided us with some pretty shocking figures. If we had carried on losing experienced officers to the Metropolitan police and elsewhere at the rates that we were losing them in 2001, 2002 and 2003—about 90 officers a year—there was a realistic prospect that within four or five years the streets of my constituency, and of the Thames valley as a whole, would have had only a minority of experienced officers. By that, I mean that there would have been a minority of non-probationer officers patrolling our streets, which would have been simply unacceptable.

Ironically, what was said at the regional pay conference—at which the guest speaker was the then Chief Secretary to the Treasury, my right hon. Friend the Member for Oxford, East (Mr. Smith)—prefigured what appeared in the Home Affairs Committee report, which I was proud to help produce. The report's recommendations could not have been starker, and we need to press the Minister for an early response from the Home Secretary on the issue. The south-east allowance should be increased substantially, and the Metropolitan police should be forced to adopt a protocol and a neighbourly way of working.

It cannot be right for the Metropolitan police to offer bounties to attract a member of Thames Valley police or one of the surrounding London forces to apply for a job in the Metropolitan police. I understand that the bounty is reported to be between £250 and £400. We have heard stories of the Metropolitan police putting on coaches for recruitment fairs in our constituencies. That cannot be right. It is particularly galling for my hon. Friend the Member for Slough to hear stories from police officers in her community who walk past bus shelters advertising to attract police officers away from her streets and communities. That is an aggressive and entirely deliberate recruitment strategy—it is not an accident of history or geography—and it has to stop.

In February 2008, I put together a cross-party delegation of Members of Parliament to see the Home Secretary. She is fully aware of the issue and has tried to raise it with the byzantine machinery of the Police Negotiating Board. The issue stalled because of the problems with police pay. Those have now been resolved and I understand that the machinery is once again grinding, but exceedingly slowly. It is time that we, as politicians, gave that machinery a kick and made the wheels move a little faster.

Because this is a general debate on Thames Valley police, as well as touching on the recruitment issue, I pay tribute to three exceptional police officers with whom I have had the privilege of working during my 25 years in public life, particularly during the 11 years I have spent in Parliament. The first person is Dave Murray, who is the finest area commander I have ever worked with. He was a Reading area commander for many years—a copper's copper—and did a huge amount to re-establish the reputation of police in my community. He is still sorely missed both by officers and the community.

I have worked with two exceptional chief constables. Our current one—Sara Thornton—is quite exceptional and inspirational. As an aside, I congratulate her on overturning one of the more stupid decisions of her underlings, which was to try to refuse to police the Reading versus Celtic testimonial match scheduled for May this year. Apparently, we were going to be engulfed in a tidal wave of sectarian violence for some reason—perhaps we should have a debate on the rôle of special branch and the quality of the intelligence it puts forward; but seriously, Sara Thornton has been a magnificent and inspirational leader of Thames Valley police.

Lastly, I pay tribute to Peter Neyroud, who heads up the National Police Improvement Agency. He was an inspirational leader and recognised the need to concentrate resources—although my colleagues from more rural constituencies might take issue with that—on where the crime was rather than just where the people live. It is a simple fact that although one can make a case for spreading police officers around the Thames valley like jam, if young people from Newbury or Wantage are spending a Friday or Saturday night out in Reading or Oxford, police officers need to go where the crimes and problems might arise.

I hope that the Minister will respond positively to what I think will be a common rallying call in this debate. I do not want to organise any more delegations to see Ministers about the issue. I do not want to sign any more early-day motions. I do not want to organise

[Martin Salter]

any more conferences; in fact, I do not want to make any more speeches on the issue, which is why I shall now sit down, but nor do I want a nasty glimpse of the future that shows my community and the communities of my colleagues in the Chamber policed by raw recruits. That is not policing for the 21st century.

9.53 am

Mr. Edward Vaizey (Wantage) (Con): I am grateful for the opportunity to speak under your chairmanship, Mr. Atkinson. I congratulate my hon. Friend the Member for Banbury (Tony Baldry) on securing the debate and on his kind words.

To follow what the hon. Member for Reading, West (Martin Salter) said, and in case any hon. Members think that all the young people in my constituency travel to Oxford to kick off on a Saturday night, I assure him that the young people of Wantage, Didcot, Wallingford and Farringdon are extremely well behaved. In fact, I was going to begin by saying that I am lucky enough to represent one of the safest areas in the country. Indeed, some police officers have described it to me as a boring area to police—long may it remain so. However, like any Member of Parliament, I occasionally criticise Thames Valley police. There are one or two issues, and there has been the occasional wrongful arrest. There is the legendary case of an 85-year-old pensioner who was arrested for chopping down a tree in his garden, which is now known as the willow tree case and has a 2 ft thick file. I am also trying to deal with a small amount of antisocial behaviour at Smith's Wharf, Wantage.

I think that all hon. Members and most policemen would agree that there is a growing management culture in the police. In fact, at the Home Affairs Committee hearing, to which my hon. Friend the Member for Banbury referred, that was mentioned by the chairman of the Police Federation. He said:

"Years ago, when I was making arrests, it was an instant decision, but these days it is a long process to get there."

That is a general issue that affects police forces across the country.

The telephone service should be more local—all my constituents hate the 0845 number—and we should have more special constables. I join the hon. Member for Reading, West in paying tribute to our chief constable, Sara Thornton, and to our new local area commander in the Vale of White Horse, Andy Boyd. On first meeting, he certainly comes across as being a copper's copper. Both of them have put more police on patrol at the right time on Friday and Saturday nights and they are going around visiting victims of crime.

Most of what I would describe in the vernacular as the slam-dunk arguments in favour of Thames Valley police's case have been made by the two hon. Members who spoke before me. However, some other points may add weight to the case. First, all hon. Members in the Chamber represent areas that will experience huge housing growth once the credit crunch is over. Hundreds of thousands of houses are planned for our area and that will lead to a need for more police officers for Thames Valley. If all the housing that is planned goes ahead, Thames Valley police estimates that it will need at least 1,200 more officers and staff. That is something that must be included in the mix.

The arguments about the different wages for Metropolitan police officers and Thames Valley officers have been made clearly. One could travel a few hundred yards and earn £4,500 more for doing the same job. The Select Committee made a clear recommendation to increase the south-east allowance from £2,000 to £3,000, and noted that the allowance has not increased since its introduction—even with the rate of inflation. That is why there is such a disparity. At present, Thames Valley police would need another 436 police officers, 349 special constables, and 22 police community support officers to reach the shire average, not just the national average. If it were to reach the shire average in terms of its budget, it would need to receive additional revenue of almost £4.5 million. Those are significant sums.

The core point that was so ably made by my hon. Friend the Member for Banbury is that the Thames valley is becoming a training area for the Metropolitan Police Service. We are very low down the list in terms of the number of experienced officers patrolling our streets, whether in Reading, Milton Keynes or Wantage. That is not an aspersion; it is simply an objective statement of fact, which means, for example, that there will tend to be officers with only two to three years' experience on the core and most important shifts of the police week in Thames valley when, ideally, a police force wants at least one officer of four to seven years' experience patrolling the streets. A clear protocol is needed between the Metropolitan Police Service and the neighbouring constabularies.

I understand that Her Majesty's inspectorate of constabulary got involved earlier this year or at the end of last year and reduced the demand of the Metropolitan Police Service, which has had an overt demand for something like 500 to 600 experienced trained police officers whom it wants to recruit from other police forces. I understand that the total has been reduced to 400.

There are two clear solutions, to which I hope the Minister will respond. One is to increase the south-east allowance to reduce the differentials between the Metropolitan Police Service and neighbouring constabularies. The second solution is to bring the MPS to the table and force it to sign up to a meaningful protocol that will ensure that Thames Valley police and other constabularies can keep experienced officers and maintain an important balanced ecology in their force.

9.59 am

Mr. Andrew Smith (Oxford, East) (Lab): I, too, congratulate the hon. Member for Banbury (Tony Baldry) on securing the debate, and I welcome his having been out on the streets in Cowley. Whether that was responsible for the fall in crime locally, I do not know, but he is very welcome, and I know that he learned many useful lessons from the experience.

The debate is a welcome opportunity, on a cross-party basis, as we have seen, to raise the important issues of retention and the need for a fair deal for police in the Thames valley, especially in relation to the Metropolitan police. It is, as others have noted, a good opportunity to place on record our appreciation, and that of our constituents, of the job that the police are doing in our area. I go out on the doorstep a lot in my constituency, calling round with local councillors, and we pick up a fair few issues that need taking up with the police. I also

regularly survey constituents on whether they feel that community policing is making their neighbourhood safer, and satisfaction with policing and police responsiveness when cases are raised have been going up for a while—they were doing so even before the hon. Gentleman went out with our officers. I think that is because there are more police officers and the police are more visible—with neighbourhood policing and community support officers.

At the end of the day, policing, like justice, has to be not only done but seen to be done, and progress is being made. That is not to say that crime is not still too high, because of course it is—even one crime is one too many—but people can see the progress that is being made. I certainly get fewer complaints about lack of police response than I did a few years ago. One conclusion I draw is that community policing, including the valuable contribution of community support officers, is a success. It is valued by the public and puts the police more closely in touch with them at a time when the nature of specialist operations and the fight against highly organised crime and terrorism inevitably distances some police functions from the citizens they serve.

On the question of retention and recruitment by the Met, I wholly agree with the points made by the hon. Members for Banbury and for Wantage (Mr. Vaizey) and my hon. Friend the Member for Reading, West (Martin Salter). As my hon. Friend said, several of us put those points to the Home Secretary last year in a meeting that he organised with her. I note from the police briefing for this debate that following those meetings and our representations, and the intervention of Her Majesty's inspectorate of constabulary, to which the hon. Member for Wantage referred, the Met has been forced to reduce its target for recruiting experienced officers from other forces from between 500 and 600 to 400. One must ask what the justification is for drawing as many as 400 experienced officers from neighbouring forces. What evidence does my hon. Friend the Minister have as to whether the commitment is being kept? Does he have statistics on what is happening month by month or quarter by quarter? Incidentally, I was very grateful to my hon. Friend for coming to my constituency to see the local neighbourhood policing strategy for himself. He went on to visit Banbury on that occasion too, so it is good to know that he is out and about, keeping in touch with what is happening on the ground.

We are all familiar with the factors that cause officers from the Thames Valley force, and others within striking distance of London, to go to the Met: the aggressive recruitment policy, the pay differential of £4,500 and free travel within a range of 70 miles. I am sure that we want to send a united message to the Minister and, through him, to the Home Secretary that the unfairness in the differential must be tackled without further delay.

I single out in particular the nonsense whereby the London allowance increases with inflation while the south-east allowance does not, meaning that the gap gets wider all the time. The Select Committee on Home Affairs recommended a substantial increase in the south-east allowance and a protocol with the Met to limit transfers, so it would be very helpful if the Minister could tell us when the Home Secretary will respond to that report, and even better if he could at least hint that the response will be positive. The police do a very good job of serving our area, and they must be helped to keep to a minimum the wasteful and wholly avoidable drift of officers to the Met, and to tackle the problem sooner rather than later.

10.5 am

John Howell (Henley) (Con): I thank my hon. Friends the Members for Banbury (Tony Baldry) and for Wantage (Mr. Vaizey) for their respective roles in this debate. My hon. Friend the Member for Banbury comprehensively set out the background to the issue, so I shall spend a few moments on two problems: first, rural policing; and secondly, the impact of the funding formula grant.

The Thames valley policing area is varied, but we should not forget that large parts of it include rural constituencies, such as mine. From the point of view of officers, rural policing is not the sexiest part of the job. The fleshpots of Newbury, Wantage, Oxford and Reading are more attractive in terms of the variety of crime that the police handle, but rural policing is a vital and visible part of policing the whole area. It has often been seen, from a force perspective, as the poor relation of other policing—certainly when compared with policing in the Met. However, that, too, must be addressed, because one characteristic of rural policing is the need for a police officer's local knowledge, owing to the distances involved and the isolation of villages and individual houses, and the need, therefore, to build strong working relationships with local individuals, many of whom have had to establish their own intelligence networks—to report crimes and potential crimes to each other—that go far beyond the neighbourhood watch scheme.

Thames Valley police has made progress on targeting rural crime, and I pay tribute to its work. It would be a great shame, however, if that were to be undermined as a result of the retention problem. Let me hint at the scale of rural crime. There are major issues with theft, often of highly valuable machinery, but there is also a problem with the theft of animals, particularly of working dogs, for which there is quite a black market. Perhaps the most disturbing aspect of all, however, is the increase in mindless destruction by people who are often armed. They drive into fields in vans or cars with bull bumpers, run down deer or sheep and, without any consideration whatever, leave them maimed, to die in agony. The activity is not restricted to, or at the heart of, my constituency, but the intelligence network on such activities is based there. It requires co-ordination throughout the Thames valley, however, because the gangs that carry out those activities come from many parts of the area.

The point has already been made that Thames Valley police has the highest percentage of new officers, and the implication for rural policing is that the knowledge base, and the relationships to which I referred, are weakest there. Thames Valley police has the eighth lowest proportion of police officers per 100,000 of the population, and that, coupled with the long distances in, and rural nature of, the area leads to isolation and a loss of teamwork there. That also has an influence on retention.

I join my hon. Friends in calling for a review of the south-east allowance and the London allowance, because there can be no justification for such a disparity, particularly given the additional costs that Thames Valley police has to put up with. That is only part of the solution,

[John Howell]

however, because pressures also come from the funding formula, which does not pick up on location or other costs. My hon. Friend mentioned the costs of training, and Thames Valley police authority is not a floor authority, so, despite the additional costs, its subsidy of floor authorities is predicted to be £3.8 million in 2010-11. It may escalate, but it has been in the range of £3 million to £4 million. I understand the nature of floor regimes, which try to provide some stability across the piece, but in reviewing the funding formula, which I believe the Minister is committed to, we need to consider whether removing £3.8 million annually from a police force such as Thames Valley police is sustainable. We must also consider whether it is wise for the floor authorities to be increasingly dependent on that redistributed formula grant, in terms of targeting the formula at where the problem is.

In reviewing the formula, I should like to put down a marker and say that there are three points that we would like to keep a close eye on. I will put it no stronger than that in case it is taken as a spending commitment. We would have serious considerations about three things: first, the idea, which has been advanced frequently, of rolling the rural policing grant into the general grant and allocating that according to the formula; secondly, rolling the London and south-east allowances into the general grant; and thirdly, the abolition of the area cost adjustment. If those three things are on the Minister's agenda, he can expect particular scrutiny from the Opposition.

I concur with the remarks made by hon. Members from all parties. This is a major policing area and it is under a lot of stress, but it has a huge variety of situations to offer policemen and policewomen coming into the service in terms of the balance between rural, urban and suburban. This debate has highlighted the major problems that it faces.

10.11 am

Mr. Richard Benyon (Newbury) (Con): I, too, welcome the chance to debate this matter and I congratulate my hon. Friend the Member for Banbury (Tony Baldry) on securing it. I also thank my hon. Friend the Member for Wantage (Mr. Vaizey) for his contribution.

I should like to comment on a point made by the hon. Member for Reading, West (Martin Salter) and develop a theme that has been mentioned. Many of his constituents come to Newbury to drink in the evening because it is safer. This creates a policing issue, because in a relatively low crime area, suddenly there can be a requirement for more police officers. We should try to have an even mix.

I was concerned when the basic command unit area went from being just my local authority area to include Reading and Wokingham, because I naturally thought that there would be a migration of police officers from my area to a higher crime area, such as Reading. I keep a close tab on that. However, at times I detect that there is, as my hon. Friend the Member for Henley (John Howell) says, great difficulty maintaining the police numbers required for when crimes do happen in rural areas with a low crime rate.

We should all congratulate the new Metropolitan Police Commissioner on two things: first, on being successful in getting appointed to the important job of running the Metropolitan Police Service and, secondly, on achieving a degree of unanimity of view between the Home Secretary and the Mayor of London, which is an achievement in itself. I hope that we, as Thames Valley Members of Parliament, will take this opportunity to write to him, congratulating him on his appointment. However, my hon. Friend the Member for Banbury talked about the morality of the issue—we can use words like morality or responsibility—and the Metropolitan police must be responsible in its approach to recruitment. The hon. Gentleman mentioned posters in Slough station, for example. That is not a responsible act and it should not be continued.

I hope that the Minister will encourage a revisit of the meeting that took place last June with Martin Tiplady, the director of resources for the Metropolitan Police Service, which achieved something—although it seems more like warm words than actual achievement. The Met agreed that it would monitor transfers and run recruitment campaigns in conjunction with south-east forces and would seek to stage transfers where the negative impact of transferees is proving critical to service delivery. That all sounds nice, but the Metropolitan Police Service still intends to recruit some 400—possibly more—experienced police officers whose training will have been paid for by the council tax payers of areas such as the Thames valley.

We should not run away from the fact that it is not just the Met that is sucking police officers away and that it is a situation that we cannot entirely control. I went on patrol in Newbury some years ago with a young police officer whose girlfriend was a police officer in Reading. They lived in a two-bedroomed flat in Reading. He was moving to Lancashire with her and they were going to sell their two-bedroomed flat in Reading and buy a four-bedroomed detached house in Lancashire. Their quality of life was going to be massively improved. The Thames Valley council tax payers had paid for his and her training, but the people of Lancashire were going to have the benefit of it.

It is undoubtedly true that the weighting and the travel allowance covering places 70 miles from the centre of London are causing the problem. Many hon. Members have Metropolitan police officers in their constituency. I seem to meet them every time I go canvassing, although I do not know whether that is just luck or whether an enormous number of them live in west Berkshire. The truth is that the Thames Valley police force has been nicknamed the Met's training force for too long.

In conclusion, I hope that the Minister will accept the two key recommendations in the Home Affairs Committee report. First, the differential in pay should be reduced. That could be achieved in many ways without it sounding like a spending commitment. Secondly, there should be a clear protocol agreed between the two authorities that will ensure that this problem will cease to exist in years to come.

10.16 am

Mr. Rob Wilson (Reading, East) (Con): I congratulate my hon. Friend the Member for Banbury (Tony Baldry) on securing this important debate. I am conscious that, coming last in the pecking order of speaking, I may

repeat things that other colleagues have already said. But this is such an important debate that a little repetition will not hurt on this occasion.

I am keenly interested in the work of Thames Valley police and I support the great and good work that it does across my constituency. Since becoming an MP, like other hon. Members, I have spent several nights with my local force patrolling my constituency. I have patrolled around east Reading on my mountain bike and in a van around Reading town centre, which attracts a large number of people, particularly at weekends. I have seen first hand the problems that the police experience. Recently, in December, I was out with a vehicle safety check unit, pulling over and stopping cars that are unfit to be on the roads. So I have seen at first hand the important work that police officers do and I have been amazed by the professionalism that they show and by their dedication to their work.

We have a good team of police officers in Reading. I should like to single out one in particular, Steve Kirk, who has been doing an excellent job for my constituents across Reading, East. I also join hon. Members in paying tribute to Dave Murray, who retired last year from the Thames Valley force. He was an excellent, dedicated police officer and he did an enormous amount for Reading.

I should like briefly to cover three issues to do with Thames Valley police: detection, officer retention and red tape and bureaucracy. On detection rates, during the Safer Reading campaign last year the chief inspector announced that offences in Reading had been rising since the previous March and that his force needed to improve. The detection rate of only 10 per cent. of crimes, such as burglary, robbery and theft from vehicles, is disappointing to say the least. These are the crimes that our communities come into contact with the most—almost daily—so it seems that people have cause for concern. Being concerned, I asked several questions about the force's detection rates and I am interested in the responses that I have received.

According to a parliamentary written answer from the Home Office, in 2007-08 the Thames Valley detection rate for theft was 16 per cent. and just 9 per cent. for burglary. Even with the much discussed changes in measurement made by the Home Office over recent years, a detection rate of below 10 per cent. is surely a cause for great concern. Similarly, the results to a question asked by my hon. Friend the Member for Wellingborough (Mr. Bone) have exposed the below-par performance by Thames Valley when comparing its detection rates against other forces. Out of 43 forces in England and Wales, Thames Valley is ranked 36—only three forces have a worse detection rate. That is cause for concern and a very disappointing result for our local police force. It is clear that the force needs to take steps to improve its detection rates if it is to reassure people that it is improving its service to the community.

That leads me to my next point. Officer retention, as hon. Members have said, continues to be a problem in the Thames Valley area, despite the authority investing considerable resources in housing and related schemes. One can sympathise about the low detection rates when one realises how many excellent experienced officers the force is losing to the Met because of its wages and free travel.

Giving evidence to the Home Affairs Committee last year, Sara Thornton, the chief constable of Thames Valley police, admitted that it is a very young force. That has been commented on today. According to the chairman of a local branch of the Police Federation, the average length of service in Thames Valley police is just two and a half years. Considering the resources involved and the fact that it costs nearly £50,000 to train just one police constable, Thames Valley police are continuing to invest valuable money in training officers in the knowledge that that will be wasted because they will go to the Met. Clearly, losing officers at that rate will not benefit local communities in the Thames valley and it is a financial drain on resources. With just three years until the Olympic games, the demand for specialist officers will undoubtedly increase, exacerbating the problem.

I understand that Thames Valley police are continuing their dialogue with the Met, but there has yet to be a satisfactory conclusion to those discussions. One major concern is that, as many hon. Members have said, the Met is able to pay much more to equivalent ranks as a result of the London allowance and the free travel zone around the capital. One way to alleviate the problem—a way that is advocated by Thames Valley police and the Select Committee—would be to increase the south-east allowance to make it feasible for officers to live in the south-east, in places such as Reading. However, I do not know whether that solution is practical or even possible in the current economic climate. I doubt that the issue is worth pursuing in the short term.

Following the evidence session in Reading, in my constituency, the Home Affairs Committee recommended that the Met should agree with surrounding forces to limit transfers, and I believe that that is the right course of action. I understand that the need for specialist officers is somewhat greater in London, but it does not follow that that should be to the detriment of surrounding forces, such as our own. We are all vulnerable to the forces of extremist behaviour and terrorism, and Thames Valley police should be able to build and maintain a mature force that is fit to cope with the challenges that it faces. I believe that, by pursuing that course, Thames Valley MPs could make a real difference and persuade the Home Office to do what has been recommended.

There has been an increase in the number of police officers since 1997, but the impact of that increase has been curtailed by the Government's self-imposed bureaucracy, meaning that those officers spend a mere 14 per cent. of their time on patrol. That negates the increase in numbers. Along with my constituents, I believe that police officers should spend more time on the beat, conducting high-visibility patrolling and providing reassurance. Police forces should be free to operate without the high levels of top-down interference to which they are subject from the Home Office.

I welcome the willingness of the Thames Valley force to embrace community policing by publishing local crime statistics and making crime maps available online. I am also pleased by the improvements that neighbourhood policing has brought about in my constituency of Reading, East, although there is still much work to be done. That was proved by the recent review of policing conducted by Her Majesty's inspectorate of constabulary, in which only 51 per cent. of respondents thought that the police were dealing with locally important issues. There is clearly a need to improve the public's sense of connection

[Mr. Rob Wilson]

with and confidence in the police. A great deal remains to be done in that respect. Community policing should be local; it should be what it says on the tin. Forces should be able to operate without Government restriction and they should be fully accountable to the communities in which they operate.

10.24 am

Tom Brake (Carshalton and Wallington) (LD): I congratulate the hon. Member for Banbury (Tony Baldry) on introducing the debate and on his commendable honesty. He confessed that he could not claim the credit for securing the debate, as there was a co-ordinated attempt to secure it. He is obviously not the sort of man who would say that he had saved the world unless he had.

I can confirm what other hon. Members have said, although I start by congratulating their local chief constable, Sara Thornton, on the work that she has done. It is clear that the results from Thames Valley's area are good in terms of crime in the region falling, fewer victims of crime, response rates to emergency and non-emergency calls, and the number of offenders being brought to justice. I understand that the target in that respect was exceeded by 1,000, although with that particular target one has to add a word of caution about targets perhaps distorting priorities in terms of quick wins. However, the picture is very positive on fighting crime.

It is clear from the debate that officer retention is an issue. All hon. Members have spoken about that and I commend them for highlighting the concerns about the lack of experienced officers, or at least a smaller percentage of experienced officers relative to other forces. It is not as though there are not crime issues in the Thames valley. All hon. Members will have received the briefing pack on the issue and seen the article that refers to a problem in Milton Keynes. The reporter was taken around by officers and shown a bundle of guns that had been confiscated from a member of the public in Milton Keynes just a couple of days earlier, including five handguns and three rifles, so clearly there are significant policing issues in the region that require officers with significant experience to tackle them effectively.

Mr. Vaizey: I do not know whether the hon. Gentleman saw the excellent documentary that was on last night, but it featured a Thames Valley police detective who co-ordinated the work of four constabularies to put the notorious Johnson gang in prison after they had smashed and grabbed numerous cash machines as well as raided many country houses. That is an example of the fine and experienced policing that we want to hold on to in the Thames valley.

Tom Brake: I agree entirely with the point made by the hon. Gentleman. Experienced officers are needed to crack organised crime in the way that he describes. Many hon. Members referred to what can be characterised as a brain drain of experienced officers from Thames Valley and other forces surrounding the Met area. In the Thames valley, the exodus in the last year has been the largest for six years, with a significant number of specialist officers leaving the force as well.

Many hon. Members referred to the pay differential of £5,000 and to the free travel on offer with the Met. I do not want to quibble too much about the free travel. Clearly, there will be officers who have to travel a short distance to their place of work. The argument about people having free travel when they were perhaps paying much less for travel previously is perhaps not so strong in cases such as that, but I do not quibble with the basic principle, which is that if officers work in the Metropolitan police, they are substantially better paid, and for some there will be the attraction of free travel to their place of work.

Hon. Members referred to the forces around London being a recruitment pool for the Metropolitan police with regard to the expansion of Heathrow due to the new terminal and the London Olympics. The Oxfordshire branch of the Police Federation has expressed concern that officers will be poached over the next four years. I have some specific questions for the Minister. Does he believe that that is a realistic concern in the short term? When the Olympics take place, there will clearly be strong demand for additional officers to supplement the police presence, probably from all over the country. What will be the police profile? How many additional officers will be required to police the Olympics from now on? There will be a slow build up to the Olympics and a need for specialist officers. At what point will that growth in numbers occur?

A number of Members referred to training costs, which are significant. Indeed, additional training costs for the Thames Valley force since 2002-03 are £10 million, partly because specialist officers are being poached or are moving to work for the Met. Additional training costs will clearly be incurred to train officers in the use of the Taser. I seek clarification. I believe that the Government will pay for the Tasers, but that forces will be required to pay to train officers in their use. I have another specific question for the Minister: what does he expect the average cost of training an officer to be? That cost will clearly have an impact not only for the Thames Valley force, but for many others.

I hope that the Minister can answer some specific questions on what has happened since the meeting between the south-east police forces and the Home Secretary in January 2008. Other Members have already referred to what was promised.

The Metropolitan Police Service was to monitor transfers in from other forces and provide advanced warning to them every month. Will the Minister confirm that that has happened each month since that meeting? The Metropolitan Police Service was to run recruitment campaigns in conjunction with south-east forces. Will he confirm how many such joint recruitment campaigns have taken place? Finally, the Metropolitan Police Service was to work with forces by staging transfers' when, for instance, the negative impact in relation to transferees was proving critical to service delivery. Will he confirm how many cases there have been in which a transfer has been delayed due to critical risk to service delivery?

I am sure that the House will want to know that that meeting resulted in some concrete outcomes. If the Minister cannot answer my questions today, I hope that he will write to Members to specify exactly what has happened.

An idea that has not been put forward in relation to training is one that other industries have sought to implement. That was certainly the case when I was working in the IT industry 20 or more years ago. The big firms were keen to set up an agreement so that if one firm had a consistent record of poaching staff from other firms it would be fined an amount equivalent to the cost of training the employee. As a result, there was no incentive for firms not to train and poach staff from others.

Have the Government put that idea to the Metropolitan Police Service or discussed it with police forces? It might be a way forward. The fact that the Met does not have to pay the training costs is clearly one reason why it can offer more money to its officers—it is saving the training costs. If some sort of fine system was in place, there would be no such incentive. As a result, one might be able to reduce the brain drain, if not completely cut it.

Martin Salter: We have a healthy cross-party consensus today. As a member of the Select Committee on Home Affairs, the hon. Gentleman will be aware that his local Lib Dems trashed the Select Committee's proposals—the entire notion of the south-east allowance and possibly of some recompense. Will he put on record Liberal Democrat Front-Bench support for taking that approach, rather than for the political pygmies who inhabit life in Reading?

Tom Brake: The hon. Gentleman is much more familiar with political pygmies in Reading than I am. Indeed, I am sure he has some in his party.

I am happy to put forward the idea of reducing the brain drain by putting financial incentives in place for forces not to poach officers from other forces. As for the south-east allowance, I would be happy to take the subject up with my party's shadow Chancellor, my hon. Friend the Member for Twickenham (Dr. Cable), and seek his authority to push the idea forward.

I am sorry to say that all hon. Members who have spoken so far have entered a caveat for everything they have said, saying, "It is not a spending commitment." In practice, however, unless they can identify the funding, there may still be a need for a spending commitment.

Mr. Andrew Smith *rose—*

Martin Salter *rose—*

Tom Brake: I give way to the right hon. Member for Oxford, East (Mr. Smith), who has not referred to political pygmies.

Mr. Smith: It should be made clear that neither my hon. Friend the Member for Reading, West (Martin Salter) nor I have prefaced our demands with that statement. The hon. Gentleman should be correct in what he says.

Martin Salter *rose—*

Tom Brake: I am happy to give way again on that point.

Martin Salter: It is always tough for someone who does not represent the area under discussion to be across all the issues, but the fact remains that Thames Valley policy authority has provision in its budget to pay for the south-east allowance uplift that we are all calling for. That is why the hon. Gentleman is fundamentally wrong, as is the hon. Member for Reading, East (Mr. Wilson), to say that that is not an option worth pursuing at this time. The money is already in the budget. Is the hon. Member for Carshalton and Wallington (Tom Brake) aware of that?

Tom Brake: I thank the hon. Gentleman for highlighting that fact. It sounds familiar, given the arguments that have taken place over police pay. Nevertheless, I am happy to investigate and if necessary talk to the outstanding and fine Liberal Democrat activists in his area to see what approach they have adopted.

I mention one name that we have not yet heard in the debate—that of Boris Johnson. It cannot have escaped the attention of those Conservative Members who have spoken that the Mayor has a significant role in relation to the Metropolitan Police Service. I wonder whether a co-ordinated effort should be made to talk to the Mayor about his influence over how the Met operates. They may want to consider that. On that topic, I have a specific question for the Minister. Will he outline precisely where the Mayor's responsibilities lie in relation to the Met and who could best address the issues that have been identified?

I do not want to take up too much time, but I wish to question the use of 0845 non-emergency numbers. They are used by Thames Valley police. I hope that the House will agree that if people want to contact the police or other organisations, they should not have to pay a premium, but that clearly happens if they have to call an 0845 number from a non-BT phone.

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): It might help all hon. Members to know that the estimated cost of the south-east allowance is £20 million. On that basis, the estimated cost of the proposal by the Association of Chief Police Officers to give forces the flexibility to increase the allowance by up to an additional £1,000 per officer could be some £6 million a year, spread across the eight forces. As my hon. Friends have said, ACPO is clear that no additional central funding will be required to implement that change. I hope that that factual statement is helpful to the House.

Tom Brake: I thank the Minister for putting that on the record. It is indeed a useful clarification.

I hope that the House will agree that people should not have to pay a premium when using an 0845 number to contact the police for information. I have taken up the matter with the Home Office, but it has no plans to limit the use of those numbers. Perhaps the Minister will accept responsibility for pursuing the matter, as it has a significant cost impact on those seeking to report problems to the police, as well as to other organisations such as the NHS.

Clearly, hon. Members have made a strong case for tackling the problem of retention through both addressing how the Met handles this matter and the south-east allowance. I hope that the Minister will answer my questions and provide some clarification to Members.

10.40 am

Mr. David Ruffley (Bury St. Edmunds) (Con): I congratulate my hon. Friend the Member for Banbury (Tony Baldry) on securing this debate, which has largely been conducted on a cross-party basis; Her Majesty's Opposition are particularly well represented today. I wish to make two points by way of introduction. First, I hope that the Minister will resist the temptation to talk about national spending cuts and allegations about what the Opposition might be doing on police spending. In reality, as this debate has shown, he needs to conduct a review and consider some sensible rebalancing, so that Thames Valley police authority's problems can be addressed. Secondly—I am sure that we can all agree on this—this is not exclusively a matter of money. If we want more police officers on the streets, we must look again and ruthlessly at one question: why is it that only one hour in five of patrol officers' time is spent on patrol? Many interventions can be made to reduce bureaucracy and process to get more police officers on the beat and to improve visibility. This is not exclusively a numbers game, although numbers are terribly important.

This debate is important in the Thames valley and elsewhere. My hon. Friend the Member for Reading, East (Mr. Wilson) pointed out that detection rates are not as good as they should be. That comes against a backdrop, in the past year, of a 4 per cent. national increase in burglary, 16 per cent. in fraud and forgery and nearly 20 per cent. in street robberies committed at knife point. As a Cabinet Office study last August made clear, with the recession biting, we would expect acquisitive crime to rise. That would certainly be true in the Thames valley. We need more police to deal with that.

Early in the debate, we heard from my hon. Friends the Members for North-East Milton Keynes (Mr. Lancaster) and for Banbury about the ban on movements within Thames Valley police authority. We also heard about the clear incentive for some officers to transfer to the Metropolitan Police Authority—because of the pensionable London weighting allowance, the London housing allowance, free travel passes and so on. In evidence to the Home Affairs Committee, Chief Constable Sara Thornton pointed out that more than 240 officers had transferred to the Met in the past five years. I wish to raise an important technical point with the Minister that I hope that he will bear in mind when he considers this matter again: that conflicts with numbers that I have received from the Met's personnel department, which puts the figure at more than 330 transfers.

We need some clarity. In April of last year, I asked the Minister's predecessor, the right hon. Member for Harrow, East (Mr. McNulty), about those numbers. He replied:

> "The numbers of officers who transfer between specific police forces cannot be derived from the centrally collected data."—[*Official Report, Westminster Hall*, 25 April 2008; Vol. 474, c. 234WH.]

We need a better understanding of the scale of the problem. Obviously, we do not know the quantum, but Thames Valley has a huge problem.

My hon. Friend the Member for Wantage (Mr. Vaizey), in a typically insightful point, drew our attention to the work force mix, and the levels of experience in certain ranks being depleted as a result of these transfers. Figures published by the Home Office in July 2008 break down, by rank, the number of officers entering and leaving the Thames Valley police authority. They show that in the last year for which figures are available, among the leavers were four chief superintendents, six superintendents, four chief inspectors and 11 inspectors. None of the new joiners to the force were above the rank of sergeant. In 2007, in Thames Valley police authority, 41 per cent. of officers had less than five years' experience—the highest percentage in the country.

Thames Valley and their leadership are not just holding out a begging bowl. I know that—I have been briefed by Sara Thornton, who is an excellent chief constable—some housing schemes have been set up to assist more than 500 officers in Thames Valley on to the housing ladder. Also, in the south of Thames Valley, special priority payments are in operation. However, that is not enough. The self-help that Thames Valley's leadership is practising, and the other innovative ideas that we have heard about, in retaining officers, are not sufficient.

As the right hon. Member for Oxford, East (Mr. Smith) said—I was going to make this point anyway—the problem is getting worse. There has been a freeze in the allowance over the past five years, whereas the Met gets inflation. The inequality is not static, but will grow over time. Like other hon. Members, I urge the Minister to respond clearly to the recommendation, in the Home Affairs Committee report on policing in the 21st century, that the

> "South-East Allowance be substantially increased to make it more feasible for officers living in the South-East to work outside London."

When will he publish a response to that recommendation? Will he undertake a review? I am not saying that he should make a spending commitment; I just want to hear his answer to the Committee's recommendation.

My next question touches on a point raised by my hon. Friend the Member for Newbury (Mr. Benyon). The Met has agreed—we have heard some warm words—to recruit in different ways. For example, it has placed advertisements in Scotland and Northern Ireland to reduce the need to poach from forces in the south of England. As my hon. Friend pointed out, however, advertisements are still up in Newbury station. Such activity is clearly undesirable from Thames Valley's point of view.

We need an answer to the suggestion in that excellent report by the Home Affairs Committee that the Metropolitan police agree to a protocol with surrounding areas to seek to limit transfers. Will the Minister tell us what representations he has made to the Metropolitan police to make that protocol a reality? Many Opposition Members have raised that point during this excellent debate.

My final question touches on an excellent point made by my hon. Friend the Member for Henley (John Howell) about the wider police grant settlement and how it will affect Thames Valley police. We do not have the time to go into the arcane and interesting details of ceilings and floors, but it would be extremely useful if the Minister—he is a helpful Minister—could give us some indication of the general police grant settlement. I know that it will be announced quite soon, but could he give us an early indication of how his latest thinking on the operation of ceilings and floors will help Thames Valley—that point is separate from the south-east allowance. On that note of honest inquiry, I hope that he will avoid party politics and give us some interesting answers to our interesting questions.

10.48 am

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): It is a pleasure to serve under your chairmanship, Mr. Atkinson. On behalf of all of us, I congratulate Sir Paul Stephenson on his appointment as Metropolitan Police Commissioner. I am sure that all of us wish him well in his new role, and I am sure that he will do an excellent job. I wish him well, personally and professionally.

I congratulate the hon. Members for Banbury (Tony Baldry) and for Wantage (Mr. Vaizey) on securing this excellent and interesting debate. I might not have time to make my remarks in full, but I shall attempt to address some of the comments and questions raised by hon. Members. First, however, it would be remiss of me not to mention that the hon. Member for Chesham and Amersham (Mrs. Gillan) apologised to me for having to leave the debate before the end, but said that she would read our remarks afterward. It is worth putting that on the record as well.

I say to the hon. Member for Banbury and other hon. Members that I know that this is a very real issue. I know that the matter has been discussed for a considerable period of time, and that there have been a large number of meetings about it. Although such discussions and negotiations are ongoing on the Police Negotiating Board, I recognise the concerns of the Thames Valley force and other south-east forces about the loss of officers to the Metropolitan Police Service. I understand that this is about not just the number of officers—I will try to refer to that issue later if I have time—but the type and experience of officers and the work force mix. I know that my hon. Friend the Member for Reading, West (Martin Salter) is particularly concerned about probationers. Others have raised concerns about firearms officers and so on. Therefore, the issue is real. All I can say to reassure hon. Members is that I intend to do all that I can to ensure that we get an early resolution of the matter.

Hon. Members have been kind enough to say that I try to be helpful. There does not seem to be much point in having a debate such as this unless one tries to be helpful. As the hon. Member for Bury St. Edmunds (Mr. Ruffley) said, there is a time for party politics and a time for making things happen. I will try to push this matter forward. My hon. Friend made a very pertinent point when he said that we can have Adjournment debates and meetings and we can send letters, but sometimes we have to find a way to resolve the problem. That is not easy because we need to negotiate different positions. Different people take a different point of view. We must find a way to move forward.

I say to the hon. Member for Banbury and other hon. Members that I will use my office—I am not being pompous here—to bring about a resolution to this particular issue.

Martin Salter: I thank the Minister for being so incredibly helpful. Will he confirm that he will continue to pursue the issue of the uplift in the south-east allowance, which is the nub of this debate?

Mr. Coaker: I categorically reassure my hon. Friend that I will do that.

Mr. Rob Wilson: In an earlier intervention, the Minister seemed to suggest that the money is already in Thames Valley's budget to uplift the south-east allowance. That is news both to me and to some of my colleagues, and it has not been in any of our briefings from the chief constable. Will the Minister explain how Thames Valley police is spending that money, which is apparently already in its budget?

Mr. Coaker: I was responding to what the hon. Member for Carshalton and Wallington (Tom Brake) was saying to his hon. Friends. I said that this was a spending commitment. The Association of Chief Police Officers advised me that there could be an uplift to the south-east allowances without any additional central funding, and that the overall figure for the eight forces amounts to some £6 million.

Mr. Vaizey: Given the confusion, perhaps the Minister could clarify what flexibility individual forces have to increase their allowances. Is the allowance set by the Government or are the individual constabularies able to increase their allowance?

Mr. Coaker: That is subject to the PNB coming to an agreement on how such allowances should be paid. That is the point that I am making. Such matters are negotiated conditions between the PNB's various bodies. The board generally works like an established piece of machinery, but it comprises different points of view. The key point is that it is a negotiating board. Between us all, we need to ensure that we negotiate a settlement that is fair to the Metropolitan Police Service and to the south-east forces. I have tried to put some facts on the table that will help to inform the debate about how we can take the matter forward.

I thank the hon. Member for Bury St. Edmunds for his remarks about how we conduct debates such as this. I know that the Home Secretary will be meeting the new commissioner very soon to discuss the protocol between the Metropolitan Police Service and the south-east forces. Hon. Members have raised a number of issues—I do not have time to go through all of them—which are a matter for the commissioner and the south-east forces.

The hon. Gentleman and the hon. Member for Newbury (Mr. Benyon) referred to the police funding formula. Obviously, such an issue is subject to review. Let me say that there are winners and losers with respect to the way in which the police grant is allocated, and we will discuss the matter next week. Although a number of forces will benefit if we take away the floor—including my own force in Nottinghamshire—a reasonable number will lose significant sums of money. If we are to change the formula, we must find a way of ensuring that we keep stability within the police forces, and that we do not undermine that stability. Fairness with stability has to be a key principle. It may mean that we have to bring about change, but we must consider what we are doing. The matter is subject to review and to large numbers of people making all sorts of points, and we will consider all of them.

I have mentioned the protocol. My right hon. Friend the Member for Oxford, East (Mr. Smith) and my hon. Friend the Member for Reading, West have talked about the importance of neighbourhood policing. May I say to the hon. Member for Henley (John Howell) that

[Mr. Coaker]

all crime is important? He raised the point about rural crime. It would be easy to make sarcastic remarks about some of his points about animal theft and so on, but such matters are very serious in rural area. He was right to say that there is not a distinction between rural and urban crime. Crime is the enemy for all of us, and we need to address that. He also raised the issue of the funding formula, and he has now heard my remarks.

The hon. Member for Newbury said that we needed not just warm words but real action. As I have said, I will try to ensure that that happens. The hon. Member for Reading, East (Mr. Wilson) strayed from the debate slightly, and I will resist the temptation to return to the political banter that we had at the start. We are trying to reduce bureaucracy, and the hon. Gentleman will know that we have taken away all of the individual targets and replaced them with the single force-wide confidence target.

May I say to the hon. Member for Carshalton and Wallington that a plan is being put together for the Olympics? Additional money will be made available. There have been discussions between the Home Office and Thames Valley police. Earlier this week, the Home Office's director of Olympic safety and security visited the Eton Dorney site to talk to the police about some of the issues.

As for the Mayor, he has no role in relation to the PNB, but the Metropolitan Police Authority is part of the Association of Police Authorities' representation on the PNB.

With regard to Taser training, the roll out of Tasers has been widely welcomed as a good thing. The training costs will be a matter for individual forces. Clearly, the number of Tasers that a force has is not dictated centrally. It is a matter for individual chief constables, with their authorities, to determine what they should have.

In conclusion, this is a very important issue and the debate will help me in trying to take forward all of the matters. I am grateful to Opposition Members, my hon. Friend the Member for Reading, West and my right hon. Friend the Member for Oxford, East for contributing to the debate. As we have all said, Thames Valley police has been given an additional 417 police officers and increased money. It has seen crime falling and has an excellent chief constable. Although there is the issue of retention, I am sure that we should all want to finish by saying that Thames Valley is an excellent police force, doing an excellent job, and we commend it for the work that it is doing.

Marston Vale Eco-town

11 am

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): I am delighted to have secured this debate and to be under your chairmanship, Mr. Atkinson.

The debate concerns the eco-town proposed for my constituency and I am sure that the Minister will concede that we have discussed it on a number of occasions. He may want to comment on yesterday's High Court ruling in his reply. I would be interested in his opinion about how that ruling will affect the proposed development in Marston Vale.

Because we have only 30 minutes for this debate, I will ask the Minister a number of direct questions so that he can spend most of the time giving us information. My constituents know my opinion, and he will be aware of all the well-rehearsed arguments against the eco-town, but I would like to raise some direct points with him.

As I am sure the Minister is aware, there are infrastructure plans to have trains running between Bedford and London every three minutes by 2015 or 2020. Is that part of a national Government strategy to develop infrastructure so that Mid-Bedfordshire can be developed accordingly? If there is such a strategy, he will know that there are now plans to extend the eco-town even further. The East of England Development Agency has produced a proposal for 120,000 homes that will encompass Ampthill, Flitwick and Westoning and extend to Harlington, to the border of the M1. Will the eco-town be a key piece in that jigsaw? Did the Government propose it in the location that they did so that expansion can take place and urban sprawl can develop from Milton Keynes down to the borders of the M1?

If that is the intention, surely it would be preferable to bring on board the opinions of local people. The Minister might say that there has been a consultation process. He knows—as I know, because I was present at the consultation process—that outside the caravans, the consultation produced an overwhelming no from the people of Mid-Bedfordshire. I was present at a protest outside the consultation caravan. I was at a torchlit procession outside one of the consultations. The people of Mid-Bedfordshire said a resounding no to the eco-town. Does the Minister see the eco-town as a key piece in the developmental jigsaw puzzle of Mid-Bedfordshire? After that is in place, will the sprawl continue from Milton Keynes down to the M1?

How eco will the eco-town be? Again, the argument is well rehearsed. The Minister knows that by 2016, all new homes will have to exceed the code 6 criteria, yet the proposed eco-town must meet only codes 3 to 4. By the time the eco-town is built, it will already have been exceeded in eco criteria and credibility by new homes. How does he feel that sits with local people, who know that future homes will not even carry the eco banner but will have greater environmental credibility?

The case for the eco-town is that it will meet housing needs in Bedford and the surrounding urban areas. If that is the case, there are brownfield sites in Bedford that are screaming out for redevelopment. No employers are moving in, building on those brownfields and bringing employment into the area, although in fact we have little unemployment. Bedford desperately needs inward investment from developers and section 106 agreements.

The people of Bedford need additional housing, but they want it to be near hospitals, doctors, schools and what employment there is. They do not want to live in Marston Vale. I know that the Minister is not from Bedfordshire, but I assure him that Bedford has a unique cultural identity. People from Bedford belong in Bedford, and they do not see the vale that is being developed as the answer to their housing needs. It is not what they want: they want homes to be built in Bedford.

I agree that there is some development in Bedford, but it is all too easy for developers to take over thousands of acres of what green fields there are, and to ignore urban areas such as Bedford and Luton that desperately need inward investment. The Campaign to Protect Rural England estimates that 1 million homes could be built on brownfield sites across the UK. Why do the Government not look at the housing needs of people in Luton and Bedford, and do something about investing in those towns so that they can be developed to meet the needs of local people more accurately? The solution of building an eco-town and building houses across the countryside in Bedfordshire, from Milton Keynes, is not the answer that anyone in Bedfordshire wants.

I have spoken to the Minister about Aspley Guise, a chocolate-box village in my constituency that will be swamped. The way of life and the environment of almost 2,000 people will be decimated by the eco-town. Most people in Bedfordshire have moved there from other areas. I am from Liverpool, and I meet people in Bedfordshire every day from Liverpool, Manchester, Newcastle and London—many people have moved there from urban areas.

Bedfordshire has been a growing county for some considerable time. People move there for a reason: they have chosen not to live the urban life, but to take their families to a more sustainable and environmentally friendly location. They want a different way of life for their families, and they have moved from areas such as Milton Keynes, and from towns and cities. They have used their life savings, moved their families and bought their homes; they have changed their entire lifestyle to move to Bedfordshire. People who have made that choice see it being taken away from them, and destroyed by the huge amount of development coming into Bedfordshire.

The proposal is for 120,000 homes across Bedfordshire, with 15,000 in the core eco-town development, and there are now proposals to extend the eco-town. That is a massive increase by anyone's analysis. My entire constituency contains 77,000 constituents, so it will be a massive increase, but where are those people going to work? Are they to work in London? Are there 200,000 jobs in London screaming out for people to do them? Many people say that we are not in a recession at the moment, but are re-evaluating how the country operates economically, how we live our lives, and the viability of our nation's economy. Given that it probably is a re-evaluation, I should like to know where those jobs will be. We are making people redundant on a daily basis, with 3 million people forecast to be unemployed by the end of next year.

If 120,000 homes are built in the middle of my constituency, where are those people going to work, because there is no employment? Once Center Parcs is built in Mid-Bedfordshire, we will have no unemployment there. We have minimal unemployment at the moment, at 1.1 per cent., the majority of which is in Flitwick, and that will be mopped up and taken care of by the development of Center Parcs. I have backed, approved of and fought for that development all the way, against a number of people in my constituency. It was not a vote winner for me, but I knew it was right, and I backed it for several reasons that I shall not go into now, one of which was that by supporting Center Parcs, we would be doing our bit to reach our economic growth target and to mop up what unemployment we had in the constituency.

I should like the Minister to respond to the issue of housing needs in Bedford. Why can they not be taken care of in Bedford, as people want, and in Luton? Why do they have to be accommodated in the middle of Mid-Bedfordshire?

I have already outlined the fact that the development will destroy the way of life for 2,000 people, but I must point out that the eco-town development alone will be bigger than my constituency's two main towns, Ampthill and Flitwick. It will be larger than both the main conurbations in my constituency. I am not sure whether the Minister can appreciate the eco-town's impact on local people, or how angry they are. They feel very angry indeed that the equivalent of almost a new town will land on them—out of the sky—from Westminster. The Minister may reply, "Well, it'll have to go through the normal planning process." He nods; I anticipated that would be his comment. However, it is difficult for the local planning process to deny an application for an eco-town if it meets the planning guidance and criteria set down by the Government. If the town were being granted on the basis of whether it was wanted by local people, it would not happen.

The Minister is aware that many other factors will come into play. He is excellent in his role. I constantly praise him and he knows that I think that he is an excellent Minister, so perhaps he could give my constituents some advice: how can they use the planning process to guarantee that the development will not happen? Perhaps he can give us some tips and advice; we would take them most gratefully.

There is another issue that I should like the Minister to address, because I have a particular interest in food security. We are entering difficult times—we have been for some time, as the Minister will also be aware—and the security and independence of energy and food are important issues that we, as a nation, should address. Some 90 per cent. of the land on which the eco-town will be built currently produces food. Bedfordshire has a history of being England's market garden. At 4 am and 5 am in my constituency, lorries and vans trundle on to the M1, taking their wares to various markets in London. We are good agricultural producers, too: in my constituency, there are busy farmers who work very hard. By taking away all that acreage, which currently produces food, we will reduce our capability to be independent—as producers of our own food. Once that agricultural land is wiped out, we will not get it back, and if we enter stormy waters in the future and need our land to produce food, it will be too late, because it will be full of empty houses that people do not want to live in.

The Minister is aware that many housing associations currently inherit homes from developers who cannot sell them. They are taking over—granted, by purchasing

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them—homes that developers have built for the market but cannot sell, so where is the sense in the eco-town proposal? I hope that the Minister will extend the boundaries of his reply beyond the eco-town to take in the bigger picture of its expansion—the bigger picture from Milton Keynes down to the M1 and those 120,000 homes, because they will not arrive without the eco-town development. It is the key piece of the jigsaw puzzle, and I believe that is why the Government have proposed it.

The Minister must take on board the fact that the Government have not been completely transparent and open about the issue. He is aware that when his predecessor arrived in my constituency, my office was telephoned at 4.55 pm on a Friday evening to be told that she would arrive on the Monday morning to take a meeting. Fortunately, I work my staff hard, they were still in the office and they took the telephone call, unlike most staff, as the Minister knows, who are gone by then on a Friday afternoon. We therefore knew that the then Minister would be arriving, and we were able to ensure that when she did, she had a welcoming committee, so that she knew local people's feelings. That took some doing over a weekend.

That is not consultation; that is not transparency; that is not being open and engaging with people, or even engaging with Parliament, about what the Minister does. Let us have a little bit more openness. Will the Minister please provide us with some advice and tips on what my residents can do to make sure that the eco-town does not go through the planning process, and will he please answer the question about Bedford and Luton's housing needs and the impact of the infrastructure proposal for trains between Bedford and London every three minutes? I will sit down now because I would like the Minister to answer all my questions comprehensively.

11.15 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): It is a genuine pleasure to serve under your chairmanship, Mr. Atkinson. I am sure you will keep me in order during the debate and I congratulate the hon. Member for Mid-Bedfordshire (Mrs. Dorries) on securing it.

The hon. Lady mentioned in her excellent contribution the fact that it is only a matter of weeks since we were discussing Aspley Guise and, following her strong promotion of the area, I have since had a look at the village's website. I have to agree that it seems an extraordinarily beautiful village. However, it is slightly longer since I have had the opportunity to speak on the matter of eco-towns, so I am grateful to her for securing such a timely and relevant debate.

There has been a great deal of activity in relation to the Government's programme for eco-towns, not least in the past 24 hours. In responding to the hon. Lady, I would like to do two things: first, provide some context to the programme and, secondly, focus on her specific concerns about the proposed eco-town development at Marston Vale, as well as the wider concept of housing in her area and Bedfordshire as a whole.

The hon. Lady will be aware that, as in the immediate post-war era, housing needs are increasing. That has made it necessary to explore options such as new communities and new ways of living in relation to a green and low-carbon economy. Eco-towns give us an interesting, even unique, opportunity to tackle two of the greatest challenges that this country faces: the pressing need to provide housing—particularly affordable housing—and the need to try to tackle and mitigate the effects of climate change.

In the current economic climate, that is, of course, more challenging, but I am sure that the hon. Lady agrees that everybody deserves a decent home at an affordable price. That is our aim.

Throughout consideration of the eco-towns proposal, I have been blunt and said that it is not a magic wand or the sole answer to our questions about housing delivery. However, again, I am sure that the hon. Lady will agree that eco-towns could be exemplars of new ways of living, working and playing in a low-carbon economy and society. They can make an important contribution to the development of new technologies and practices, and we want to encourage that as much as possible.

The nature of the programme means that it is a long-term policy, with a phased approach. The aim is for the first phase of a number of exemplar projects to start in the next couple of years, building on the successes that have occurred in relation to it as a means of moving forward to achieve the 2016 zero-carbon homes target that the hon. Lady mentioned.

The hon. Lady mentioned the judicial review. Before I move on to her specific concerns, I am sure that the House would like an update on that, particularly in relation to the judge's summary judgment. I am pleased to report that the judge recognised that the Government have acted properly throughout and has dismissed the review on all grounds. That supports the ongoing nature of our consultation. I shall quote from yesterday's summing up by the judge. In paragraph 13, he states that Better Accessible Responsible Development, the group opposed to the Middle Quinton eco-town proposal,

"submitted that in truth the Eco-towns process was an attempt to outflank the planning system. In my view what is envisaged is a proposed Eco-towns Planning Policy Statement ('the EPPS'), which will include a list of locations that the Government considers meets its criteria. This seeks to deploy planning law so as to require decision-makers to have regard to the EPPS."

He goes on to state the following key point:

"In so doing the government is using, rather than outflanking, the planning system. This process would not necessarily compel the grant of planning permission for a location on the list."

The hon. Lady will want to reflect on that final sentence, which will naturally be of interest to her.

The underlying theme of the hon. Lady's contribution, having spoken to her about this matter before, seems to be a supposed lack of consultation. Her concern is that the public have not been consulted. I disagree fundamentally with that assessment of the process. She will be aware that, on 4 November, my right hon. Friend the Minister for Housing announced in the House a second round of consultation on eco-towns based on the draft planning policy statement on eco-towns. That was accompanied by a sustainability appraisal being carried out on both the policy and the 12 shortlisted eco-town locations, including Marston Vale. If I have time, I shall quote from the appraisal for Marston Vale, because it is very important to put a balanced view.

As part of the second-stage consultation, we have been running a number of activities to encourage the giving of the public's views. The hon. Lady will be aware of the road shows and stakeholder events in venues close to the sites of potential eco-towns, including Marston Vale, as well as online questionnaires and feedback forums. The road shows were designed to help to provide information to people locally and went beyond required consultation practices. They enabled us to hear from hundreds of local people, both for and against eco-towns. They were never intended to be about the detail of individual schemes for proposed locations, but directed people to information and encouraged them to have their say.

I shall move on to the proposals for Marston Vale and the hon. Lady's concerns. As she is aware, Marston Vale is identified as a priority area for regeneration in the sub-regional strategy, and work on the longer-term growth points towards Marston Vale as the preferred direction for long-term growth. That is acknowledged by local authorities. The proposal for an eco-town at Marston Vale plans to provide about 15,000 homes, with jobs, community infrastructure and open space, which will offer the opportunity for the regeneration being sought. That could have many benefits beyond the building of more homes.

An eco-town proposal for Marston Vale would draw on existing delivery expertise and make good use of former industrial sites. As well as adding to existing settlements and enhancing their eco-credentials, it would help people to live more sustainably by providing access to a variety of infrastructure. The green infrastructure proposed for this eco-town will build on the excellent work by the Marston Vale Trust in this area. There is also potential to deliver sections of the Bedford and Milton Keynes waterway park, which is identified in the east of England plan as a strategically significant green infrastructure project.

There are also proposals for green rapid public transport routes through Marston Vale helping to connect local communities with Bedford and Milton Keynes. Marston Vale, and all the shortlisted locations, has the potential to deliver vital affordable housing for tens of thousands of young people and families. The hon. Lady will agree that their needs cannot be ignored. Those proposals will also help us to respond to the challenges of climate change.

I have mentioned the sustainability appraisal for Marston Vale. Like the majority of the other locations, it has been classed in group B—locations that might be suitable subject to meeting specific planning and design objectives. We are at one of the earliest stages in the process and issues remain to be worked through, at Marston Vale and elsewhere, and the sustainability appraisal identifies those. I shall be blunt with the hon. Lady: the appraisal identifies a number of weaknesses that we would want to see addressed before moving to the next stages.

According to the appraisal, the weaknesses of the Marston Vale location are that

"the proportion of previously developed land is not known as some of the land may have been restored and is not therefore strictly previously developed land",

and that

"there are features of historic interest within the site that potentially require investment and conservation".

The third point, about which the hon. Lady spoke strongly, concerns food security. Another key weakness of the location is that

"there may be a loss of productive arable land".

The appraisal discusses other weaknesses of the proposal, including the presence of priority habitats and species, and water supply status.

Mrs. Dorries: Ninety per cent. of the proposed land is arable. The Minister said that the development would make use of previous industrial sites. There are industrial sites there, and that land needs to be taken care of, but 90 per cent. of the proposal deals with greenfield or arable land.

Mr. Wright: I understand that a sizeable proportion of the proposal is about regenerating former brick pits, but I agree with the hon. Lady's analysis that food security and the provision of good arable land are important. The sustainability appraisal says strongly that that is a key weakness of the proposal. I am not saying that it is not an issue that needs consideration—of course it is—but I am trying to be as balanced and forthright as possible.

To be balanced, the proposal has a number of strengths, including the potential to generate ecological gain, proximity to Marston Vale community forest for leisure and recreational pursuits, and proximity to railway stations, as the hon. Lady mentioned, for important transport infrastructure.

To work through the proposals, a more detailed assessment is under way covering the scheme's financial viability, the transport infrastructure requirements and its deliverability. Alongside the sustainability appraisal and feedback from the road shows, the work will help us to make decisions on the final list of locations with the potential to become eco-towns.

I cannot stress enough that we are still at a relatively early stage in the process. A lot of work is being done and a lot of strengths and weaknesses are being identified in Marston Vale and other proposed eco-towns. Further work to ensure that all the proposed locations meet the criteria must be undertaken. The final version of the planning policy statement will be delivered later this year. We have also been working with local authorities and promoters to develop and understand the proposals further, including the proposal for Marston Vale. I hope that that will continue as the eco-towns programme goes forward.

The hon. Lady described the eco-towns vividly as having landed out of the sky from Westminster. I fundamentally disagree. There are concerns in her local community, and others, that the Government have somehow imposed the eco-towns on communities, that there has been some sort of done deal in a smoke-filled room and that eco-towns will go ahead regardless of local people's feeling. That is categorically not the case. After the announcement of the list of potential locations for eco-towns, individual schemes will need to submit planning applications. They will be for local authorities to determine through the local planning process, which will provide a vital opportunity for further consultation.

The PPS reinforces the Government's commitment to the plan-led system, as was mentioned by the judge in his summary judgment yesterday. We have undertaken

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what we believe to be a full and comprehensive consultation at this relatively early stage on the potential eco-towns and the standards that they must meet, which involve very high criteria for environmental sustainability. We also acknowledge that we need to undertake further work.

There is still time for people to feed in their views. That is my tip to the hon. Lady, who asked for advice. Our second consultation on the shortlist of locations and the proposed standards remains open, and I urge people in her constituency and others to contribute. After we have identified a final shortlist of potential locations, developers will need to go through the local planning process. As I have said, that will give people a third opportunity to have their say, but whatever the outcome with Marston Vale, I think she will agree that we cannot lose sight of the bigger picture that she mentioned.

Eco-towns provide an opportunity for hard-working families to have much-needed affordable housing—great, innovative, sustainable places to live—in her area and in others.

11.29 am

Sitting suspended.

Retrospective Business Rates

2.30 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): I am grateful for this opportunity to debate a monstrous injustice that is being perpetrated on businesses in ports: the levying of a retrospective rate demand that goes back to 2005. The rating assessments were made and the bills charged in 2008, yet businesses are being asked for retrospective payments going back all that way.

I am concerned primarily with the ports of Humberside, but the issue affects 678 businesses in ports nationally. It will lead to bankruptcies, labour lay-offs and a failure of investment in our ports at a time when they are already going through difficulties because of the state of the general economy. It will be a particular blow to the ports of Humberside, which are my preoccupation and that of the hon. Friends by whose beauty and intelligence I am surrounded. It is not just a mess; it is a disaster.

Mr. Frank Field (Birkenhead) (Lab): Adding to the other side of the equation, will my hon. Friend press the Minister on cancelling the retrospective taxes? When we debated them on the Floor of the House of Commons, the Minister said that primary legislation would be necessary and went on to tell us that primary legislation would be used to phase in the retrospective taxation. If there is time for that bit of primary legislation, there is surely time for primary legislation to eliminate this injustice.

Mr. Mitchell: My right hon. Friend, who fights the valiant fight for Liverpool, makes an excellent point, and I shall raise it later. That is the way we must go.

Until April 2005, the rateable values of hereditaments in the docks and harbours were prescribed by the Secretary of State, who in fact still has that power. Businesses on the docks paid rates via the port owners: the rental that they paid to the port owners went in part to pay the rates on the dock businesses. That system, the cumulo system, still prevails and rates are still paid to port owners in that way, through the rental. However, it was under threat. The Government proposed to end the prescription rating and charge individual rates on port businesses in all 55 statutory ports.

In 2000, my right hon. Friend the Member for Stretford and Urmston (Beverley Hughes), who was then Under-Secretary of State at the former Department of the Environment, Transport and the Regions, postponed the change to the new system, saying that good progress was being made with new valuations, but that they could not come into effect until 2005. She therefore issued an order prolonging the prescription system until 2005.

At that stage, the Valuation Office Agency was required to do new valuations for the individual ratings of port businesses that were to apply from 2005, but it did not. That was the first of a number of failures by the valuation agency, which have got us into this mess. In fact, it did the opposite. In 2002, when Grimsby Fish Dock Enterprises was set up to provide a landing company for fish coming into Grimsby, the valuation agency first asked it for rates, then accepted on the basis of barristers'

advice that it should pay the rates indirectly through the cumulo system to Associated British Ports, as was happening with all the other businesses.

The valuation agency has a statutory duty to compile and maintain accurate rating lists and to have accurate rating lists to come into force on 1 April 2005, so it was obliged to carry out a revaluation of the ports by 1 April 2005. It did not do so, and the owners of the port businesses were not notified of any change in the system, increase in rates or new rating arrangements from 2005.

The valuation agency woke up to the need to do so only in 2006, when it began to do new assessments. I do not know about Liverpool, but in Humberside those new assessments started in 2007, two years after they should have come into force, and they are still not complete. Four ports have still to be assessed by the valuation agency. That does not bespeak great efficiency or concern on its part.

As a result, at this late stage—since the end of 2008—port businesses in Liverpool, Humberside and other areas have been notified not only of increased rate bills, but of even bigger bills for retrospective rates going back to 2005. For instance, rates for Freshney Cargo Services, which has been persistent in putting its case, increased from £48,000, the normal business rate, to £800,000. Its backdated bill is £2,900,000. In a business that must struggle to increase fees and where importers haggle over every penny increase per tonne, it will have to impose massive increases on business coming through the ports.

The ferry trade is competitive, with very tight margins. P&O in Liverpool and Humberside faces a backdated bill of £6 million. The backdated bill for Rowlinson Timber is £1 million. DFDS Seaways, a Danish shipping organisation, faces a bill of £9.9 million. DFDS says that if it must pay that bill, there will not be any more investment in this country or in the ports of Humberside where it maintains its activities. Grimsby Fish Dock Enterprises now has a rateable assessment of £120,000 and a total back payment of £560,000.

Mark Simmonds (Boston and Skegness) (Con): I congratulate the hon. Gentleman on securing this important debate. He is making an articulate and powerful case. Is he aware that the retrospective rates increases will affect not just the larger ports that he mentioned, but smaller ports such as Boston in my constituency? The port occupiers' rates bill will roughly double and, as he said, be backdated three and a half years, which will have a detrimental impact on the economic sustainability not only of the port operating businesses, but of all the tangential businesses that rely on ports, such as haulage.

Mr. Mitchell: That is absolutely correct. I shall deal primarily with the Humberside ports, which are of vital interest to me, but the case extends far wider. The effects are similar in smaller ports; actually, they are likely to be more devastating. The problem is what to do about it. As I understand it—perhaps the Minister will correct me—if the port businesses cannot pay their rate bills and go bust as a consequence of the retrospective rate demands, the business premises will pass to ABP, which will pay lower rates on them than those assessed for the current operators. ABP will be in a powerful competitive situation if it carries on itself the business that used to be carried on in those premises by others.

What do we do about it? I want to make it clear that businesses are not saying that they do not want to pay rates. Ministers accuse them of that from time to time, but they are not saying it. They accept that they will be individually rated and that there will be some increase in rates as a result. They accept their liability to pay rates even though they already pay rates through the cumulo system via ABP. The grievously unfair thing is to be asked to pay retrospectively back to 2005. That is an impossible burden. It is unjust, unfair and unreasonable. I cannot see why the Government insist on it.

These rates are not like domestic rates, where a property can be rated and back rates have to be paid. Property does not move; it cannot get up and move on. Businesses cannot charge extra for services that they have delivered in the past, or increase their charges retrospectively, so they cannot pay retrospective rates that they were not billed for at the time.

The Government clearly feel guilty about this—I can see smiling admissions of guilt written on Ministers' faces when they speak in debates. If they did not feel guilty, why would they be offering to allow the rates to be paid over eight years without interest? That is an admission of guilt. They will probably go further and will eventually allow businesses to pay in Zimbabwean dollars. They are clearly able to make amends.

Albert Owen (Ynys Môn) (Lab): My hon. Friend might know that the port of Holyhead, in my constituency, and other Welsh ports have had subsequent increases of some 220 per cent. in the rateable value that they will be paying. There is to be no transitional relief for them, so they will be expected to pay immediately. Does he agree that that will cause anxiety and make them less competitive compared with their European competitors? Moreover, at a time when energy prices have also gone up by 200 per cent., this adds to the burden on Welsh ports and British ports.

Mr. Mitchell: My hon. Friend is absolutely right, and I should have made that point myself about the effects that the measure will have.

The concession of paying over eight years is of little relevance if the debt has to be reported in the annual accounts, because if those accounts show that a company's liabilities are greater than its resources, it will technically be insolvent and will not be able to carry on trading. The eight-year concession is therefore a bit of a failure.

Ministers have told us that the Government cannot scrap the measure, even now, but the Treasury Committee is recommending that they should scrap it. After looking into the matter, the Committee has recommended:

> "Consideration should be given to the proposal to maintain the rateable values of premises in statutory docks and harbours at the levels published in the April 2005 rating lists until the new ratings list is published".

Ministers say that they cannot do that, but why not? They say that writing off the retrospective debt would be unfair state aid, but that is one of the feeblest excuses that I have heard. To remedy an injustice is an unfair state aid—that is what they are telling us—but if that is the case, what is the writing off of the retrospective

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payment between 2000 and 2005? Is that another form of state aid? That is the kind of chop logic being used to justify the measure.

Ministers also say that writing off that debt would be unfair to other ratepayers, but to whom? Who is competing with these dock businesses and is it fair to ask dock businesses to pay rates twice? They are already paying, through the cumulo system, and now they will have to pay retrospectively. Is that fair? Ministers' arguments are so much gobbledygook. We are at the crunch point, because letters have gone out to all the Humberside ports. I think—certainly to those in north-east Lincolnshire—giving 2 February as the date by which the first instalment of these bills must be paid. If it is not paid by then, the whole sum is due, so the situation is now all or nothing.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Is my hon. Friend aware that in the Swale borough council area, where Sheerness port is, businesses have been issued with final payments? As a result, profitable small businesses face going under in this financial year.

Mr. Mitchell: That shows that in my hon. Friend's constituency, as in mine and the constituencies of my hon. Friends, we are at crisis point. A decision has to be made, and that decision must be to write off the retrospective payments, which cannot be paid—I cannot emphasise that point enough. We cannot get blood from a stone. If we are to insist on these retrospective payments, we are going to bankrupt businesses on a large scale.

I pay tribute to my right hon. Friend the Minister, who is the nicest Minister I know. This is the unctuous bit before we come to the counter-punching. He has done an assiduous job in replying to the arguments and been meticulous in hearing constituents, listening to what the problem is and discussing it. I congratulate him on that, but the problem is that he is defending the indefensible. He is defending it very well, but this system is simply indefensible.

I accept that a decision to call the whole thing off is a political decision to take—perhaps one that is above the Minister's pay grade—but that decision has to be taken, because this system is not going to work. I do not expect him to break down and confess at the end of the debate, however long my speech is, Mr. Atkinson, as that is not the nature of these Adjournment debates. However, I hope that he will go back to the Secretary of State and to the Treasury to say, "We cannot win this, and we are not going to. We cannot do this to these businesses. We cannot get blood from a stone." It is not a matter of businesses saying that they will not pay; the point is that they cannot pay. This is about our businesses.

Gwyn Prosser (Dover) (Lab): Is it not the case that before those businesses go bust, the first casualties will be workers at the ports? In my port of Dover, one company is laying off 60 workers, one shipping company has gone bust and even the Dover harbour board is making people redundant. At a time when the whole industry is going through the squeeze of the credit crunch, here are our own Government, piling on the agony. Is not that wrong?

Mr. Mitchell: Absolutely. One hundred precautionary notices have been given by Cobelfret in Immingham, and I understand that three firms in Tilbury have already gone under—have become insolvent—because of this retrospective payment. That is the kind of damage, on an accelerating scale, that we are going to be causing.

The whole argument centres not on the rating assessment, whatever it is—I accept that it is going to be difficult to pay, but that is their due—but on the retrospective payments and the demand for payment of that increased non-domestic rate bill, back to 2005. That is the essence of the problem. I hope that the Minister will recognise that and report back that we are not going to be able to levy that retrospective payment.

I watched my right hon. Friend, who is a very capable Minister, on "Look North" on Monday, when I had the rare privilege of being in Grimsby. He said very eloquently that there was not much that the Government could do about redundancies, and that they were not the Government's fault, but the redundancies that we are talking about will be caused by the Government. They are not like the redundancies at Corus; they will be caused directly by the Government if they go ahead with retrospective payments.

The consequences of going ahead will be disastrous for the ports, which are already in difficulties because of the recession and are already disadvantaged. I draw hon. Members' attention to the Centre for Cities report, which tells us that the ports that are most threatened by the coming recession are Liverpool and Hull.

Mr. Frank Field: I am grateful to my hon. Friend for giving way, because in a moment I must leave for a meeting. Will he stress to the Government the fact that, appalling as it is to think about the number of people who will be made redundant, the ports are the arteries for our trade, which means that not only our port workers will be made redundant? Others will also be laid off because there will be no raw materials and no exports.

Mr. Mitchell: That is exactly right. We need to encourage exports at this time, with the pound at this low, competitive level, but we are destroying the structures in the ports. My port and the ports in the Humberside constituencies of my hon. Friends the Members for Brigg and Goole (Mr. Cawsey) and for Cleethorpes (Shona McIsaac) are the gateway to Europe and to the economic expansion and improvement of the area. They are going to be hit hard and directly by the measure, and they are already in difficulties. We are a disadvantaged area and, as the Centre for Cities report says, we are going to face real problems.

It is time for the Minister to go back to the Secretary of State and to the Treasury to say that there is another way. The Secretary of State has powers to prescribe ratings for the ports, which she retains, as they have never been repealed. She should therefore prescribe the assessment for 2005 as it was at that time—upgraded, of course, for inflation. There would be no loss of revenue to the Government because they are being paid through cumulo via ABP. They should forget the retrospective payments, which cannot be collected without ruinous damage being done to the ports and the companies concerned.

Why not then bring in the new assessments in 2010? That is an eminently sensible option that is open to the Minister. Put the blame where it belongs—on the valuation agency—and bring in the new assessments in 2010. My right hon. Friend said in an Adjournment debate last week that legislation would be needed to do that. Well, he needs legislation to do anything—levying the charges or wiping them.

I must point it out to my right hon. Friend that we are not exactly over-pressured by the legislative programme. We have the shortest Queen's Speech I have ever known in my long career since Mr. Gladstone wrote the Queen's Speech in 1893, when I first came into politics. There is not much business to get through; we are ticking over in this place. It is dead easy to pass legislation and we could do so to remove this damaging claim for retrospective payments that will be ruinous for our ports and the businesses in them.

Mr. Peter Atkinson (in the Chair): Before I call Mr. Stephen Crabb, may I have an indication of how many hon. Members want to speak? The winding-up speeches must start at about half-past 3, so it would be helpful if hon. Members bore in mind the fact that they should therefore speak for about five or six minutes.

2.51 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I congratulate the hon. Member for Great Grimsby (Mr. Mitchell) on securing this important debate, which follows on from the 19 January debate on the Floor of the House. He started by talking about a monstrous injustice, and that is exactly what this is. That kind of language is certainly being used in relation to how some of the businesses I have recently been talking to in Milford Haven will be affected by the business rates revaluation.

I will not speak for long, but I would like to make a couple of points about the port of Milford Haven in my constituency. I reiterate the point made by my hon. Friend the Member for Boston and Skegness (Mark Simmonds) about the way in which this is impacting on small and large ports and on large firms and small businesses that are tenants of ports. In response to the hon. Member for Liverpool, Riverside (Mrs. Ellman) last week, the Minister said:

"The impact of the review... has not... caused universal problems".—[*Official Report*, 19 January 2009; Vol. 486, c. 598.]

His response smacks of huge complacency. When we consider the range of ports and different parts of the country represented by Members here, I hope that the Minister will recognise the problems facing businesses that are tenants of ports.

The Minister for Local Government (John Healey): Is the hon. Gentleman aware that the number of ports that are part of the ports review is 55?

Mr. Crabb: I am aware of the number of ports and I have read the background material on this. I would have hoped that the Minister recognised that ports up and down the country and businesses small and large are affected. The impact on the viability of these firms and the jobs that these firms create and sustain is significant.

I should point out to hon. Members that I am a tenant of Milford Haven port authority because my constituency office is based on land owned by the port authority. I pay business rates directly, so the issue has not affected me directly—although a few weeks ago, I was interested to receive a form from the Valuation Office Agency asking me to fill out details of the activity that takes place at my premises. That smacks of the inefficiency of this whole process. Milford Haven is one of the last ports to receive the results of the revaluation, and a complaint that has come across loud and clear is the length of time it has taken.

I am a member of the Treasury Committee and we looked at this issue as part of our review of the work of the VOA. It will not surprise hon. Members to know that there were very strong feelings about this issue among members of the Committee. Those feelings were reflected in the recommendation that the Government should certainly consider maintaining the port ratings at the levels published in 2005 lists.

The size of the businesses in Milford Haven port means that some of the figures are not of the order of some of the sums mentioned by other hon. Members who have large firms that are tenants of their local ports. Nevertheless, the impact is real and significant. At Milford Haven docks, there are a range of micro and small businesses, some of which are very small—one or two person operations. In recent years, the port authorities have made huge efforts to diversify the kind of economic activity happening in and around the port. Alongside the traditional businesses associated with engineering and the remnants of the fishing industry, there are new media companies, bars, cafés, and an art gallery, which has just received a backdated bill for a liability of £19,000.

Albert Owen: Is the hon. Gentleman aware that Stena Line operates from Fishguard, and, as a port operator, it is passing this cost on to small businesses? In the port of Holyhead, some businesses that have been identified include engineers who do essential maintenance and leave their equipment in the dock in a small locker. They are being rated for the same time. Also, car hire firms are being charged rent for having a phone for emergency calls. Those are the types of small businesses caught up in this reassessment.

Mr. Crabb: The hon. Gentleman is exactly right. The impact is being felt far and wide among businesses that are close to ports.

As a commercial entity in its own right, Milford docks faces a 30 per cent. increase in business rates. That increase is coming from a separate assessment of four of its tenants who were not charged rates previously. The port authority paid the rates for the whole of the docks and the rental agreements with those four firms took account of that. The rent levels were therefore set accordingly. The new bill that the port authority has received is the same as it was previously, but it will not receive any rebate to offset the extra costs being levied by the new system. In addition, it is not in a position to reduce the rents to those tenants to help them meet the extra costs that they are facing. The burden of this problem affects both the port authority itself and its tenants.

[Mr. Crabb]

The issue concerns many hon. Members up and down the country. It was not clear from the Minister's response to the hon. Member for Liverpool, Riverside last week why he cannot take the action that many Members from all parties are calling for to bring a solution to this. At a time when one of his departments—Her Majesty's Revenue and Customs—is writing off tax liabilities for profligate football clubs, why can he not focus on the action that is being called for and bring an urgent solution to the matter?

2.57 pm

Shona McIsaac (Cleethorpes) (Lab): I congratulate my neighbour and hon. Friend the Member for Great Grimsby (Mr. Mitchell) on securing the debate. I do not think that any of us here today can underestimate the devastating effect that this issue will have on the businesses operating out of our ports. We have had several meetings with Ministers about the matter—indeed, we have had a meeting with the Prime Minister too—and credit where credit is due, I appreciate the fact that changes have been made. The bills were not imposed immediately and, as has been said, firms will be given eight years in which to pay the backdated rates.

However, I am sorry to say that such changes have not gone far enough to stop the redundancies and prevent firms from closing down. In my part of the country, on the south bank of the Humber, we have seen some dreadful job losses in recent weeks. One of the most recent—at DFDS Tor Line—is directly because of port business rates. DFDS Tor Line is making about 10 per cent. of its work force redundant. It is one of the biggest employers in the port of Immingham in my constituency and employs about 700 workers.

I have received a letter from Jens Skibsted Nielsen, the managing director of DFDS Tor Line. I shall read out some of the things that he has said in that letter because it demonstrates excellently the real problem that companies are facing. He states in the letter that the company faces a £3 million business rate demand for 2009. Associated British Ports, the port owner, with which DFDS Tor Line has a commercial agreement, and through which it believed it had paid its contribution towards the business rate, refuses to discuss matters with DFDS. Indeed, it has in fact received a £5 million rebate from Hull city council—the port owner, that is, not the people who have had the rates imposed upon them. My hon. Friend the Member for Kingston upon Hull, North (Ms Johnson) is in the Chamber, but her position as Whip does not allow her to speak in the debate. However, she has attended all the meetings with Ministers, as have the other Hull MPs.

The letter from DFDS Tor Line goes on to state:

"The lack of consultation with port businesses added to the fact that no notice was given about the effects of the re-valuation post 2005 has left DFDS facing a backdated rates demand of £9.9m. Clearly we are not able to recover this cost from our customers so it becomes a liability going forward to a business that is already loss making."

Recently, DFDS Tor Line received a letter from one of its customers, BMW, which stated:

"BMW are extremely concerned about the prospect of increased costs as a result of the change in the way business rates are to be assessed at statutory ports in England and Wales. In the event this should happen, BMW would be forced to re-examine its decision to handle their UK distribution from the ports of Immingham and Southampton and instead move the operations back to the port of exit on the Continent, as a number of our competitors already do. This would be regrettable but necessary as BMW cannot afford to lose competitiveness in what is a very challenging market."

Other DFDS Tor Line customers, such as Corus, Arcelor Mittal, Stora Enso, Volvo, General Motors and Honda, have raised similar concerns, and DFDS simply cannot meet an almost £10 million demand for backdated rates, which it believed it had already paid, because it had a commercial agreement with ABP, the port owner. I want the Minister to understand that those people had commercial agreements; they felt that they had paid when they paid their rent and rates to ABP.

Gwyn Prosser: Does my hon. Friend agree that if we had followed the example of Scotland and gone through a proper consultation period prior to these radical changes, they would not have taken place? If any consultation had listened to the evidence that my hon. Friend and others have given in the debate, there is no way that the changes would have gone ahead. The situation rings out as being unjust and unfair.

Shona McIsaac: I thank my hon. Friend for that intervention, and he is quite right. I have not come across one firm in my constituency operating out of the ports that knew that the measure was going to be introduced. I am sure that other Members would say the same. It was like a bombshell: at the end of 2008, someone said, "Hey! You're going to have pay this, going back to 2005." The Valuation Office Agency has tried to backdate the demands, but the firms cannot backdate what they have charged their customers in the past.

Liverpool chamber of commerce and industry, and Hull and Humber chamber of commerce, industry and shipping, have come up with three ideas as a solution to the problem, and others will probably articulate the same points. They say that the Government should

"withdraw the requirement for backdated rates from 1st April 2005 prepayment element of the rates bills; allow operators across the region and country to work with the VOA to assess businesses fairly and transparently, and implement the review on 1st April 2010—the next rating review date; and provide transitional support to affected businesses."

If we needed any more evidence of the unjustness and unfairness of what is happening, we have the Treasury Committee report, which came out last week. It says what we have been saying all along. For example, it states:

"We note that Port Occupiers are facing bills for backdated business rates which do not take account of payments they have already made to Port Operators towards rates. We recommend that the Government take steps to ensure that the financial liabilities faced by Port Occupiers take such payments into account."

On backdating, it recommends that we start again in 2010.

This is an unholy mess. I am sorry that people are losing their jobs. Whether they worked in a steelworks or in a shop, all such losses are a tragedy for the families, but when there is a solution, it hurts even more. We could have done something about the 70 job losses that DFDS Tor Line has announced by saying,

"We aren't going to impose these changes until 2010." I am sorry that we missed the opportunity to save those jobs at the port of Immingham.

3.6 pm

Mr. Julian Brazier (Canterbury) (Con): What a pleasure it is to serve under your chairmanship, Mr. Atkinson—I think, for the first time. I join others in congratulating the redoubtable hon. Member for Great Grimsby (Mr. Mitchell) both on the campaign that he has led and on securing today's debate. It is a pleasure, too, to speak after the hon. Member for Cleethorpes (Shona McIsaac) and, indeed, after my hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb), who added so much to the strong and overwhelming case that had already been made.

"Chaotic" is the word that springs to mind when we consider the issue in general and in detail. If it was not for the fact that people's jobs and working lives were on the line, it would be almost a comedy of errors. If a programme of "Yes Minister" had been prepared on this theme, people would have said that it was pretty unlikely. Government agencies are operating unchecked, a Minister has admitted that she knew nothing of what the VOA was doing about the matter while it was going on, and current Ministers are unable to agree on the facts.

In the 19 January Adjournment debate, which has been referred to several times, the Minister who is with us today said that

"the rateable value of some port operators has been reduced significantly, particularly in some places. In Liverpool, the rateable value for the port operator has been reduced to less than half of the previous rateable value; in Grimsby it has been reduced to almost a third, in Hull to around a third, and in Goole to less than a quarter of the previous rateable value. Across England and Wales, the port operators' rateable value has been reduced by a total of £44 million."

He argued that any financial liability for sorting out the problem must lie with port owners rather than with the Government, saying that

"in my view, port companies that legitimately believe that they have contributed towards rates by means of payments made through the cumulo or through fees to the port operator should take the matter up with the operator... I have not seen any hard evidence that the arrangement is that rates are part of the fees."

He went on to say that

"it is a private contractual matter that the port businesses must take up with operators."—[*Official Report*, 19 January 2009; Vol. 486, c. 600-601.]

That assumption rests on the notion that both parties had advance warning of the changes via the VOA and should have made appropriate arrangements. Yesterday, during Transport questions, however, the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), who has responsibility for shipping, said:

"I am advised that UK Major Ports and the British Ports Association refute the suggestion that money has gone to them and that they are in some way obliged to pay the money back to businesses in ports. They say categorically that that is not the case, and they have demonstrated that in discussions I have had with them."

We thus have a direct contradiction between the Minister before us, who tells us that most of the money that was stripped arbitrarily from the tenants—about four fifths, if I remember the figures rightly—is going back to port operators, and his hon. Friend in the Department for Transport, who not only denies it and says that the operators deny it, but says that they have demonstrated it to him in meetings.

John Healey: Will the hon. Gentleman not accept that the extract that he has read from a speech made by my hon. Friend the Under-Secretary in the main Chamber yesterday clearly underlines the fact that my hon. Friend was setting out the position put to him by the British Ports Association? He was setting out the BPA's position, not the Government's assessment of it. I can tell the hon. Gentleman that the rateable value of port operators across the country as a result of the ports review has been reduced by £44 million.

Mr. Brazier: There are two points to be made about that intervention. First, I shall correct the mistake that the Minister has just made when he told us—the record will confirm it—that the Under-Secretary was setting out the view of the British Ports Association, not the Government's. Let us be clear about what he said, because I shall read the text from *Hansard* again:

"UK Major Ports and the British Ports Association refute the suggestion that the money has gone to them and that they are in some way obliged to pay the money back to businesses in ports. They say categorically that that is not the case, and they have demonstrated that in discussions I have had with them."—[*Official Report*, 27 January 2009; Vol. 487, c. 150.]

The Under-Secretary was making it clear that he shares their view.

The second and more important point is that both Ministers cannot be right. I am not in a position to judge which of them is right, but it is extraordinary that two Ministers are still unable to agree on the matter after the many months that the crisis has been running. However, irrespective of who is right, the key question is, were the various port tenants all warned when this exercise began in 2004, when the first wheels started to turn? In fact, the exercise started late, as the Minister explained—it did not actually start until 2006. Whatever arguments one might have about the current arrangements, if the tenants were not warned, there can be no moral case whatever for collecting back-tax from them, as all three Members who have spoken made clear. If the Government cannot show evidence that the Valuation Office Agency approached the businesses and told them that the exercise was going on, the Government must understand that those businesses were paying rent on the basis that they believed that their landlords were responsible for rates.

The Minister must know that when a business decides whether to take on premises, one of the factors in the rent negotiations is who is paying the rates—it has to be. Unless the Minister can show the House evidence that the Valuation Office Agency explained the exercise to the businesses—he was unable to do so last week—he has no moral case whatever.

I conclude by making a few general points, because I am conscious that a lot more hon. Members want to speak. Regardless of what the real facts are—I am not sure, for the reasons that I have mentioned, that Ministers fully understand them—the situation is dire. We have had a string of examples already, so I will not repeat them.

[Mr. Brazier]

Ports businesses suggest that some 700 businesses are affected and the Minister himself admitted that an extra 564 properties in England are affected. The worst affected areas appear to be Mersey and Humber, although other examples have been raised today. I am interested to see the hon. Member for Dover (Gwyn Prosser) in the Chamber. So far I have had no complaints from Whitstable in my constituency, but I am waiting for the letter.

I remind hon. and right hon. Members that freight rates—the rates enjoyed by the customers of ports—are at their lowest in real terms in living memory. I am told that the situation is so bad that ships travelling at the moment are simply being reimbursed for fuel so that companies can keep their vessels on the move. In some areas the freight rates have dropped by more than 95 per cent.

Against the background of the Government's seeming to be happy to shell out vast sums to the banks, despite the fact that they are not lending, and to shovel out vast sums to the automotive industry, how can they possibly justify such a grossly unfair impost on businesses that are not asking for subsidies, although they are in a desperate trading position? All these businesses are asking for is fair treatment.

3.15 pm

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I thank my hon. Friend the Member for Great Grimsby (Mr. Mitchell) and hon. Members from all parties. We are representing our communities and our constituents who are faced with serious problems.

The port of Sheerness is probably the fourth—sometimes the fifth—largest in Britain. It is the main importer of cars and is the biggest importer of Cape fruits from South Africa. When running businesses, as some Members have done, people look forward and break the year up into four quarters and try to reach the figures that they have ascertained. In the next year, 2009-10, it will be hard for anybody to guess whether they will reach their figures, but they will try, because that is what being in business means.

The one thing that people do not do is look back to quarters one, two, three and four of 2008, 2007, 2006 or 2005. Why? Because the accounts for those years have been audited and tax paid on them to Customs so, as far as the business is concerned, they are done, sealed and finished—that is it. The Government should not then undo the law of the land and say, "I am awfully sorry, but although those accounts have been professionally audited and taxed officially and the tax has been paid, we have made a bit of a mistake. P.S. You owe us hundreds of thousands of pounds." That should not be done.

I understand that the Minister is in a difficult spot. He is a reasonable man, whom I have met on many occasions in his different portfolios, and he is well respected in the House. This is not his issue, but he has to carry the can today. How can anyone possibly say that the system is fair, decent, practical and honest? If it is for UK plc, what on earth is the sense of it? The system is an appalling mistake and we have to ask the Minister to redress it.

What sort of Government have made such a decision? In due course, I shall press the Minister with the Freedom of Information Act 2000, but he could save me the trouble by putting into the public domain the correspondence, e-mails and telephone calls between his Department and the Treasury, the Secretary of State for Transport and the Secretary of State for Business, Enterprise and Regulatory Reform. I cannot believe that either of those Secretaries of State could possibly have agreed and signed off such a system. I hope that in his summation the Minister will not tell me that they have. That would make the situation even scarier, because the Government do not understand what they have done.

Will the Minister tell me what I should tell some of the people from Sheerness dock, whom I saw last Friday? For instance, listen to Mr. Sampson's case. He imports vehicles and is very good at it. In 1998 and 1999, we said we wanted added value. Mr. Sampson adds value to the cars he imports, putting in different stereos, satnavs and different colours of leather, and so on. He is exactly where we want people to be. His rates are £4,438, but now he has to pay £57,715.97. Please tell me what I should say. If the Minister does not change the situation, those people will be in the receiver's yard within three months.

Kleerfreight is a small family business employing five people. Things are tight and it is hard running a small business, so what has Kleerfreight just been asked for? The sum of £11,270, which it cannot afford. The owner tells me, rather nicely:

"Someone somewhere is accountable for such gross negligence".

Please tell me that there is a principle and value behind the system. We do not understand it.

Mark Holmwood, the managing director of Seatrade, says that his business is now faced with a rates assessment of nearly £20,000. The business will not be able to pay that sum—there is no question about it.

Worse still is the case of the big companies. Peugeot Citroen and Volkswagen in my constituency will now have to pay back £3 million and £2.8 million each if the measure goes through. As a consequence, that will threaten the future of the dock, because as they say,

"in our case...our UK and Paris offices started to make significant changes on our receipt of this demand in our UK supply chain".

They have reduced

"storage capacity and staff in Sheerness, this continues and we have conversely increased storage and facilities in Europe"

that cost less, and

"50 jobs have gone so far more are anticipated, revenue to the port and investment by us will be down by a number of millions this year and active consideration is being given to whether we remain in Sheerness."

There is an unintentional consequence of the system, which is that we are now giving other ports in Europe a quick opportunity to take the market away from us in the worst trading conditions since 1929. I cannot believe that the Government really want to do that. It is simply beyond the wit of man to understand how that could have been the intention. I also received a letter from John Dowding, of Overland Freight Forwarders, saying exactly the same as the others I have mentioned.

The Minister understands our anger, but we do not make business; we do not get up in the morning and serve our communities in that way. However, the people

who do have tried to make their businesses work. The measure is not just an own goal; it is 10 own goals. I urge the Minister to consider the total impact of the system on UK plc.

3.20 pm

Mr. Ian Cawsey (Brigg and Goole) (Lab): I, too, congratulate my hon. Friend the Member for Great Grimsby (Mr. Mitchell) on securing the debate, although I will not thank him for his timing, because today is the 21st birthday of my eldest daughter, Hannah. I managed to get up to north Lincolnshire for the birthday and get back just in time to attend the debate, thanks to National Express, I think.

This is a timely debate, however. Many people outside the House may be surprised to learn that a lot of companies at ports around the country were not paying business rates, but the situation is much more complicated than that. Anyway, as has been said, the businesses are complaining not about that decision, but about the implementation and the retrospection. That has been caused by a long period of procrastination by the Valuation Office Agency; it has taken so long to get figures to the companies. I do not think that anybody in the Chamber expects those figures to be right when there has been a revaluation, but in the meantime those bills are held against those companies—hon. Members have described the implications of that.

The Government have acknowledged that there is a problem. That is why they have already offered a potential solution. The solution of extending the time to pay, fast-track revaluation and an opportunity to open a dialogue with port owners such as Associated British Ports, which covers Goole in my constituency, is all right as far as it goes, but it could work only if the moneys that were collected previously by ABP through the cumulo and then handed over to the Government in business rates were likely to flow back to the companies. We now know that that will not happen.

I know that this is not true for every other port, but certainly in Goole it is true to say that ABP has had a lot of money back. However, that money will not be passed on to the companies that operate off the port of Goole. I have met representatives of ABP and they are quite up front about that. First, they do not have to pass the money on and, secondly, to be fair to them, they make the point that their own liability over all their operations across the country has gone up as well. They may have gained in Goole, but they have lost in other places and they will not pass the money on.

The basis of the original offer from the Government is being undermined by the fact that the companies that operate in Goole and at other ports across the Humber region and in other parts of the country will not get any money back. I cannot add to what my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt) said about retrospection and how businesses operate, except to say that I agree with every word he said.

I come now to the issue of valuation. I genuinely think that the offer from the Government of a fast-track revaluation was to be welcomed. Whatever happens about retrospection, we have to get the valuation right for the future. The companies have to know what their future liabilities will be, but the offer of a fast-track process, which the Minister made to us previously, has fallen into disrepute already. This all goes back to the cumulo. Until perhaps three or four months ago, when Peter Aarosin of Danbrit Shipping in Goole mentioned it to me, few of us even knew what a cumulo was—I thought it was a new wave band from the 1980s, but there we are. It is a strange system. Nevertheless, that is what it is, the companies have been paying through it and it covers everything.

I received an e-mail from David Johnson, who runs a company called RMS in my constituency. He points out that the cumulo includes stevedoring licensing fees, tolls to use the River Ouse, electricity, security, cranage, berthing and mooring of vessels, third-party cargo [illegible] water, maintenance of quays, ships dues and wha[illegible] and maritime security through TRANSEC—the tra[illegible] security and contingencies directorate. However, nobody knows how much is allocated to any one element of the list—through it, there are business rates and rent, but the company just pays a fee.

RMS and many other companies have now taken up the offer of a fast-track appeal and their appeals have been thrown out, dismissed by the VOA. When I took the issue up on behalf of companies in Goole, I received a letter from the VOA:

> "The appeals have been deemed invalid by the VOA as the forms submitted... contain no information on the amount paid by the company under its occupancy agreement... without this information, the VOA cannot make a proper assessment of the circumstances of the case and legally the appeal must be declared invalid. If the ratepayer disagrees with this decision, recourse is available to an independent Valuation Tribunal who can decide on the validity of their proposal."

The valuation tribunal was always open to them, so where is the fast track, the help, the assistance?

Mr. Graham Stuart (Beverley and Holderness) (Con) *rose—*

Mr. Cawsey: I will give way to, on this occasion, my hon. Friend.

Mr. Stuart: I am extremely grateful to the hon. Gentleman for giving way and I am sorry that I was not here from the beginning of the debate. On the point about the fast-track process, I have had a letter from Tim Rix, managing director of JR Rix & Sons Ltd, who has a subsidiary company called Rix Shipping Co. Ltd, which carries on the business of terminal and ship operators at the port of Hull. He hoped that the fast track would offer real hope, but says that if it does not deal with the backdating of the tax and the huge imposition on his business, which threatens its very existence, it would be

> "merely ineffective window dressing used by the government and the Valuation Office Agency to appear to be doing something substantive to resolve the problems... when, in fact, they are doing nothing to assist."

Mr. Cawsey: We can all say amen to that. What we have heard shows that the VOA has no idea at all of how the cumulo and the ports system have worked. The idea that people can now unpick the rent from their cumulo, but that if they cannot do so they cannot have a fast-track appeal, is a bit like handing back an omelette to the chef and saying, "Give me the yolk." They cannot do it because there is just an overall figure. At no point have they been told what their rent is, because it is

[Mr. Cawsey]

part of an overall figure, and without the rent they cannot have a fast-track appeal, so even the little bit of help that the Government said they would give is now floundering in the water and it needs ministerial involvement to put it right.

We are hitting ports at a difficult time, as hon. Members have already said. Many of those who operate in Goole and at other ports are based not just in the UK; they are international. They do not have to be here, however. They are looking at future investment and the costs here compared to those in other ports around Europe. They are being hit at a very difficult time through the actions of the Government.

What is being done is contrary to everything else that the Government are trying to do. Everywhere I turn, I see the Government trying to give help to people who may be in danger of losing their jobs and to companies that are in difficulty, yet because of the actions of the VOA and the Government, companies are being affected in the way that hon. Members have described.

I like my right hon. Friend the Minister enormously. I have known him for more years than either of us would care to remember and I accept that he has in effect been dropped in it by the actions of his own agency, but that is how it falls—I think another hon. Member said, "That is why you get a car." Whether it requires conversation with the Treasury, my right hon. Friend the Prime Minister or whoever, it is time to make things happen. We need to put right an injustice, helping our ports as a result.

3.28 pm

Lorely Burt (Solihull) (LD): I add my congratulations to those offered to the hon. Member for Great Grimsby (Mr. Mitchell), who made a passionate and detailed case. The story that we have heard is almost unbelievable to the uninitiated. There are no ports in Solihull—one could not get farther from the sea in England if one tried. Notwithstanding that, I can completely understand the problems and challenges so clearly outlined by hon. Members.

As I said, this is an almost unbelievable story of backdated demands almost as large as £10 million and of debt having to be reported in annual accounts, which will push a number of companies into insolvency. Whether or not there are eight years of interest-free payments, the repercussions of the backdated amount being suddenly foisted on those companies will be much greater than the Valuation Office Agency could ever have thought possible.

If a number of companies are pushed into liquidation, the upshot will be the Government not receiving the money anyway. The hon. Member for Sittingbourne and Sheppey (Derek Wyatt) told us that many accounts will already be closed off, and that seemingly incompetent organisation seems to be flying in the face of every accounting procedure. I wonder what gives it the right to ride roughshod over such commercial practices.

We heard about the strategic importance of the ports; the hon. Member for Great Grimsby said that they are the gateway to Europe. Our ports are the gateway to the world and vital to our economic prosperity, for exports as well as imports. It seems that the Government are deliberately creating an unfair playing field for United Kingdom ports, particularly when competing with other European ports.

The charges being levied on some firms are higher than last year's turnover. There have been increases of as much as 1,700 per cent. at a time when the Government say that they are trying to protect jobs. The charges will destroy jobs. DFDS Seaways, based at Immingham, has already announced that 71 jobs will be lost, with half those losses being directly attributable to the rates problem. It is facing a demand for almost £10 million. It has been estimated that as many as 150,000 jobs are threatened.

Several hon. Members spoke of the lack of consultation when the charges were introduced, but it is worse than that as no impact assessment has been made. How can one suddenly levy such charges on organisations without working out what their impact will be?

During a previous debate, the hon. Member for Liverpool, Riverside (Mrs. Ellman) talked about the terrible shock to many companies of seeing bills that were retrospective for the previous three and a half years, especially as they thought that they had already paid. It is a treble whammy. Where is the money that has been paid? The port operator's fees have been reduced by £44 million, so where has the money gone? I hope that the Minister will produce a definitive answer, at some stage if not today.

We are asking for the new assessments to be brought in during 2010, but we have been told that that would require primary legislation. We have also been told that we have plenty of time, so there is no impediment to the Government enacting those provisions. That would not be a huge burden on the public purse. In fact, it may save money, as otherwise revenue would be lost from companies, and it may save costs, as benefits would need to be paid so that the families of redundant workers could keep going—and that before we start counting the human cost.

The traditional pattern of Westminster Hall debates is that an injustice is raised and the Minister replies but does not commit himself to making changes. Indeed, we heard this afternoon that it might be above the Minister's pay grade to make such a decision. Sometimes—surely not today—we do not do even get a straight answer. If the Minister cannot commit himself to changing this injustice today, will he commit himself to taking the matter to whichever Minister is at the appropriate pay grade for further reflection?

The Government have the opportunity to show reasonableness and humanity. Yesterday, it was announced that £2.3 billion will be given to automotive manufacturing industry. Let today be the day when the Government exercise the same but much less costly compassion to help to keep our port companies afloat.

3.35 pm

Robert Neill (Bromley and Chislehurst) (Con): I, too, congratulate the hon. Member for Great Grimsby (Mr. Mitchell) on raising this important subject. I also congratulate hon. Members in all parts of the Chamber who have spoken in the debate. I have not been a Member that long, but I cannot think of a Westminster Hall debate in which stronger feelings were more articulately

expressed. Frankly, neither can I think of a more damning and comprehensive indictment of the Government's position.

In some respects, I feel for the Minister; he is a decent man, and I respect him as an opponent. When I was a barrister, I defended some pretty hopeless cases. I am sorry to say that, forensically, defending the Minister is rather like defending someone whose fingerprints have been found at the scene of the crime, where a DNA sample has been recovered and there is a signed confession—and with the Archbishop of Canterbury as an eye-witness. *[Laughter.]* The case is overwhelming; there is no other word for it. The only advice that I could give clients under such circumstances was, "Own up, and throw yourself on the mercy of the court." I hope that the Minister finds a means of doing that.

The Minister is being asked to defend the indefensible. What has been set out in today's debate—it was well referenced with correspondence by all hon. Members and through the Treasury Committee report—is a lamentable litany of failure by the Valuation Office Agency. It has been politely described by some hon. Members. I note that the Treasury Committee report quotes the director of the VOA as saying:

"Perhaps with hindsight we should have done more investigative work".

In the league of mealy-mouthed statements, that makes Pontius Pilate's hand-washing an act of generosity and decency.

Far worse, the VOA's attitude is negligent in the extreme. Why is that? There was no consultation and no advance warning. Furthermore, as the hon. Member for Solihull (Lorely Burt) said, there was no impact assessment on the immediate effect nor on the wider impact on associated businesses and the supply chain, as hon. Members have indicated. Therefore, no assessment was made of the likely revenue that would be raised—another important point.

Because there was no assessment of revenue, the Government's normal guidelines on dealing with retrospective taxation—namely, that it should be introduced only in limited circumstances and to protect revenue—could not be met in this case. That breached every rule. Subsequently, the VOA has compounded that error. First, as was pointed out, it offered a fast-track solution, which is effectively useless. Secondly, and regrettably, but no doubt with good intentions, the Minister offered a payment period that is useless in practice, for the reasons set out by the hon. Member for Great Grimsby—the liabilities have to be brought into this year's accounts.

I do not wish to sound sarcastic, but an O-level accountancy student would understand that concept. I despair of the fact that no one at the Department for Communities and Local Government seems able to get that simple message. Because the liabilities would be brought into the current year's accounts, the firms would be trading insolvent. They cannot legally afford to do that.

Mr. Andrew Finfer, a partner in the solicitors advising the firms, makes the point well:

"It is clearly irrational for the government to make businesses insolvent by demanding huge backdated business rates without warning and as a result of the failures of the Valuation Office Agency. Making a company unable to pay tax in the process of trying to collect tax is not the most sensible method of revenue collection."

That is a pretty fair way to put it. The Government have got themselves into a perverse situation. As other hon. Members have said, it is the most bizarre contrast with what we are told the Government seek to do to assist business during a recession.

I shall add one more example in this nonsensical situation: a firm called Freshney Cargo used to make an annual payment of just over £48,000 per annum, but is now facing a backdated charge of £2.4 million. Like other hon. Members, I have spoken to other businesses about this matter and it is clear that the backdated demand often exceeds annual turnover, not to mention the profit margin. That is putting people under, and for no good reason, which cannot have been the intention.

Nobody would blame the Minister if he said, even at this late stage, "Well, that wasn't our intention. There's been a mess up. Let's try and put it right." Ultimately, that is what people look to Parliament and Ministers to do—put right injustices. That is what they are there for.

Ways have been postulated to the Government for setting things right. It has been suggested that we use prescription, which is still provided for on the statute book, as the hon. Member for Great Grimsby pointed out. Is it necessary, therefore, to use primary legislation? If so, the official Opposition will do everything they can to facilitate the passage of any legislation that the Minister introduces in this House or elsewhere. I mean that genuinely. We will do everything we can to help to set this right, and I am sure that that goes for other Opposition parties, too.

Lorely Burt: I am listening carefully to the hon. Gentleman, and I can confirm that the Liberal Democrats would be delighted to lend their support to any required legislation.

Robert Neill: I am grateful to the hon. Lady for making that point. This is a genuine offer to the Minister and the Government. In such times, we will do all we can to assist the Government in getting us out of the hole that they have dug.

We cannot underestimate the point about the damage to the competitiveness of port business. I was at a meeting where the UK director of DFDS Tor Line made the point that the hon. Member for Cleethorpes (Shona McIsaac) raised. I do not think that some people in the Department for Communities and Local Government appreciate how likely it is that shipping operations will be transferred to the continent and that goods will then be brought in either by air or by road. That would be economically, environmentally and socially undesirable, but that is the position into which the industry could be forced.

The revenue raised from this measure will be but a drop in the ocean. It is worth reminding ourselves, too, that the Government did not budget for it originally. In a sense, therefore, it is a windfall, precisely because there was no impact assessment or, as Ministers have confirmed in written answers, assessment of the revenue likely to be raised. Nothing was ever budgeted up; it is pure windfall. Forgoing it is not likely to cause any difficulties.

More to the point, however, if a firm goes bust, the money will not be collected anyway. It would be far better to keep firms in business and paying rates. Every

[Robert Neill]

business to which I have spoken in this sad affair has said, "Of course, we know that we have to pay rates. We are willing to do that. And we know that they are likely to increase, because there was a review." They accept all that. However, they are entitled to object to the lack of warning and the backdated, retrospective nature of the measure, which will cripple many of them.

I beseech the Minister to think again. This was not his responsibility to start with, but there comes a stage when the inaction of Ministers makes them as culpable as those who began the mess. I really hope that he will not get himself into that situation and will take the lifeline being offered to him from both sides of the Chamber.

3.44 pm

The Minister for Local Government (John Healey): Like everyone else who has spoken, I congratulate my hon. Friend the Member for Great Grimsby (Mr. Mitchell)—he is genuinely a friend, despite our differences—on securing this debate. We have more time for discussion than we did last week at the end of business in the Commons. Wide concerns have been forcibly expressed this afternoon in this very good debate about the serious situation being faced by many businesses. Despite some of the light touch and humour that has been expressed, it is important that we look as closely as we can at the concerns that have been raised.

I am grateful to my hon. Friend for some of his kind comments. I shall try to answer his points as meticulously as I can and not to cover ground covered before. Before that, however, I wish Hannah Cawsey a happy birthday; I hope that my hon. Friend the Member for Brigg and Goole (Mr. Cawsey) gets back in time for the birthday party, otherwise I shall obviously be blamed for something else.

What has been made clear by hon. Members was already clear to me and other Ministers: the outcome of the ports review undertaken by the Valuation Office Agency could create serious financial cash-flow pressures on companies newly listed on the valuation list, particularly at this time of general economic pressure. We will take all possible steps to prevent such businesses from being driven over the edge by the tax that they are now legally liable to pay. We are genuinely concerned about their situation, not least because we are trying, in many other ways, to support businesses and people in work during this difficult period, as has been acknowledged on both sides of the Chamber.

That concern was behind the announcement made by my right hon. Friend the Chancellor, in the pre-Budget report, to put in place arrangements allowing companies to pay their backdated, full-year liabilities over eight months.

Derek Wyatt: No, no.

John Healey: I have only just started. I ask my hon. Friend to bear with me and not to dismiss my comments in the way that his murmuring suggests.

The time for payment is unprecedented for rates liabilities and business taxes. If a viable business has difficulty paying a bill for other business taxes, Her Majesty's Revenue and Customs can spread payments over a number of months, but we have now offered eight years to businesses facing this business rates problem. That is far from normal in the business tax system, let alone the business rates system.

Derek Wyatt: Does the Minister understand that if the money must be paid back over eight years, many businesses will give up on the ports and move, sometimes offshore? I accept that is an unintended consequence. They will not pay the rates, because it will be cheaper to rent outside the area.

John Healey: Each company will make a different decision in light of the situation. Some might take the step mentioned by my hon. Friend.

I reject completely some of the comments made by the hon. Member for Preseli Pembrokeshire (Mr. Crabb). I accept that serious concerns have been expressed, and that some companies have been clear and vociferous in raising them, but the response to the Chancellor's announcement has not been uniform. I recognise that the impact on some companies will be severe, but equally some companies are already paying in full their business rates bills and backdated liabilities.

Shona McIsaac: Will the Minister give way?

John Healey: Let me finish my point first. After my hon. Friend's intervention, I must press on, however. If hon. Members wish to raise further points, I shall be happy to hear from them in another debate or in writing.

First, some businesses are already paying the bills. Secondly, some are talking to their local authority—their billing authority—about setting up a schedule of payments and, thirdly, some are taking advantage of the fast-track system that we have established to deal with any challenges or questions about the system the VOA has put in place. So far, some 70 companies are pursuing that route.

Shona McIsaac: The Minister says that the reaction has not been universal around the country. That is because in some ports the companies are not renting from Associated British Ports and thus have been paying the cumulo over the years. If he and his officials examine the variety of ports around the country, he will find that is why there are such differences.

John Healey: Let me be clear. I was not talking about different ports, but the businesses within ports—across the country in some places—all of which have been listed separately as liable for paying business rates with a big backdated liability, and some of them are settling them.

Many hon. Members and some commentators have criticised the VOA for backdating the effect of the ports review to the beginning of the list on 1 April 2005, but that is not its decision. The date of the change is governed by legislation. If the property existed before April 2005, by law, the rates must be backdated to the beginning of that list period. In that way, the system tries to ensure that all rateable property pays its fair amount of rates from the point when the property should be rated, and with all businesses being treated equally.

May I say to my hon. Friend the Member for Great Grimsby that although we have discussed port occupiers in this debate, they are not alone in having backdated liabilities as a result of the VOA keeping the ratings list accurate? Some 777 new assessments conducted in a similar way to the ports review were added to the list during the past year, creating liabilities at this point of at least 33 months. In the current financial year, up to the end of October, more than 1,600 new assessments, including most of the port occupiers, were added to the list in the same way. Backdating in such a way is a feature not just of the 2005 ratings list period, but of the 2000 ratings list period. In the last year of that period, more than 3,000 new assessments—new companies—were listed for the first time with backdated liabilities. In other words, it is an established feature of the ratings system and the ratings list period, for this period, the last period and the one before. It is also a situation faced by companies other than the ones we have discussed this afternoon—other than those in ports affected by the ports review. When the Chancellor announced the provision in the pre-Budget report, it was not just for the ports companies, but for all the companies facing pressures from the current economic climate.

Mr. Austin Mitchell *rose—*

John Healey: My hon. Friend introduced the debate, he led the debate and he secured the debate, so I give way.

Mr. Mitchell: My right hon. Friend obviously thinks that the companies will crumble, but they will not. How many of the 777 companies, or the 1,600 companies, which have paid the retrospective bill were paying rates through the cumulo system via the port owner?

John Healey: If my hon. Friend will let me, I will reach that point. In fact, let me deal with it now. I am anxious to deal with the various arguments about the use of prescription and formula, and waiving the tax liability.

I have confirmed that the rateable value for some port operators has reduced by a total of £44 million as a result of the ports review. That comes at the same time as 577 businesses in ports in England and 80 in Wales are listed as liable for the first time. Many port occupiers say that their contractual arrangements with the port operator contain a fee, either explicit or implicit, to cover the business rates. My hon. Friend the Member for Cleethorpes described that as a commercial agreement in which they pay their business rates through the port operator. If that is the case, clearly they need to take it up as a contractual matter with the port operators.

I have not seen clear evidence of how the contracts work. If hon. Members feel that it would be helpful, the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), and I will sit down and discuss the matter with the port operators—particularly those who have seen a significant drop in their rateable value as a result of the ports review. It is clearly in the interests of commercial port operators to ensure that their facilities in the port are used. They must have some interest in the health of the businesses that operate within their ports. If they fold, the port operator will be left with empty premises, no fee income and, as owners, a liability to empty property rates.

I turn to the question of waiving the liability. We are urged to set aside the liability to tax. None the less, the companies have now been assessed as liable for business rates, including for the period of back payments. We cannot now act as if we do not have the full facts or as if they do not have a liability that is now clearly established in law. Therefore, it is not straightforward or possible simply to undo what has been done, or to hold off until 2010 when the next ratings list comes into effect.

I am trying to avoid groundhog day, but let me return to prescription. Its only effect would be to alter the rating period for the port operator. Prescription and use of the formula allows that to be done. It is true that the Secretary of State still has the power to prescribe rules for establishing rateable values. In theory, she could use such powers to do so for individual businesses at ports, but it would not help them that much for three reasons: they would still be rated separately from the port—as they should be—and, in some instances, were before 1 April; the power is not retrospective; and, finally, they would still be faced with three years backdated liability immediately on top of the liability for this year.

On the question of backdated liabilities, the approach to business rates is no different from other business taxes. Ministers simply do not have the discretion or the power to waive or set aside tax liabilities when they have been legally established. Therefore, when a company is assessed as liable for corporation tax or national insurance payroll taxes, it is legally liable to pay by the set statutory date. That date can be nine months after the company's end-of-accounting year. When there is difficulty, HMRC has the scope to negotiate a payment schedule, but it is a matter of months, and not years as we propose for the port companies payments scheme.

I will be quite blunt. In effect, my hon. Friend the Member for Great Grimsby is asking me to turn a blind eye to tax that port companies are legally liable to pay. Companies in other sectors are in a similar position—brought on to the rating list separately some time after the start. Although they may have to compete head to head with businesses based inside and outside ports, they have been paying business rates and carrying overheads over the period—in some cases, before. We do not do that with other taxes when companies are liable to pay them.

We do not have the power to waive tax liabilities, so these companies are asking us to change primary legislation to do so. In effect, they are asking Parliament to turn a blind eye to the tax that the companies are legally liable to pay. Even if the Government accepted that such a case should be put to Parliament, persuading Parliament to give such powers to Ministers sets a serious tax precedent. I say to the hon. Members for Bromley and Chislehurst (Robert Neill) and for Solihull (Lorely Burt) that I hope they have cleared their lines on the scheme because we do not do it for other business taxes. I regret to have to say to my hon. Friend the Member for Great Grimsby that it is therefore not something that we can do with business rates. None the less, we will do what we can to help both with the schedule of payments and the fast-track system that the VOA has put in place.

[John Healey]

If there are other steps that hon. Members think we can take, particularly in relation to the port companies and the port operators, my hon. Friend the Under-Secretary of State for Transport and I are prepared to consider them, but the problem is not faced uniquely by the port operators even though the ports review has created that serious problem.

Economic Downturn

4 pm

Gordon Banks (Ochil and South Perthshire) (Lab): Much has been written and spoken about the UK economy in the past nine months or so. With every word uttered or written, we are told about the darkening depths to which our economy is plummeting. In my contribution, I will consider the economy as a whole and mention some examples of sectors that I feel represent my argument best. At this point, I should highlight my external activities as recorded in the Register of Members' Interests.

The financial sector has been a great wealth provider for the UK over many years, and that wealth has trickled down to many parts of the economy, including the high street, but we now see the banking sector as the villain, not the hero. For many years, when businesses asked banks for finance, they were expected to meet the banks' demands in order to secure capital investment. It is now clear that the rules that the banking industry expected UK businesses to follow were not rules to which the banks themselves were playing.

Now, because of financial mismanagement of astronomical proportions, it is not only the banking industry that is in crisis but every sector, potentially, of the UK economy. Millions of people throughout the UK were employed in the private housing sector and its supply sectors, building homes for a market that struggled to meet demands. House building companies were busy, suppliers were busy and the manufacturing industry was busy. Although I appreciate that house prices in some areas showed unsustainable growth, it was a strong market with strong skills and high employment levels. Now it is decimated and haemorrhaging jobs and money as though there were no tomorrow.

Barratt Homes is a company close to my heart, as I was once a chief buyer in Scotland. It has fallen from being a FTSE 100-listed company with a share price of about £11 to having a share price of about 70p, after dallying with values as low as 34p. Barratt and its competitors have virtually stopped production. It is important to understand that the industry has always built speculatively, not to order. Only by speculation can businesses provide continuous employment—it is little different from the car market, where mass production is not to order—but that speculation has stopped. The sector has lost jobs at an alarming rate, affecting the supply side, design and manufacture and road haulage, to name just a few industries.

How do we stimulate a sector such as house building? In the words of Mike Farley, chief executive of Persimmon Homes, it is all about mortgages. I would like to discuss two aspects of mortgages. The first is deposits, or, in sector-speak, loan to value. Not so long ago, the financial sector was offering mortgages of 100, 110 and 120 per cent. of the value of properties. Plainly, that was madness. Lest anyone think that I am absolving individuals from responsibility, I am not. Individuals who use such vehicles have a responsibility, but so does the financial sector. We did not ask the financial sector to create those products. It created them and offered them to individuals on the clear understanding that lenders were content

that individuals could afford them. Today, that madness has gone full circle. Most products now demand a high deposit of 20, 25 or 30 per cent. Why?

Lindsay Roy (Glenrothes) (Lab): Last week, in my constituency, I convened a meeting with construction industry representatives, representatives of all the major banks and representatives of the economic development department in the local council. Unfortunately, at that time, the bank representatives were not in a position to clarify the criteria by which new loans and guarantees through Government financial injection could be accessed.

Does my hon. Friend agree that at a time when Government are acting speedily to get the economy moving, the banks have been unduly slow to clarify their position? Does he also agree that the banks have gone from one extreme to another on mortgages, and that the restrictions are equally irresponsible at a time when we need movement in the housing market? In addition, does he agree that unnecessarily bureaucratic planning systems in some local authorities have acted as a further brake on development? These unprecedented economic times demand unprecedented changes. Speeding up the planning process would be a necessary catalyst for change.

Gordon Banks: I agree with everything that my hon. Friend said, not only on the mortgage industry, which we are discussing, but on planning issues, too, which are important to the sector.

Why has there been the change to such high demands on mortgage deposits? Could it be that the lenders really have the individuals' best interests at heart and want to ensure that they can cope with repayments? I do not think so, because if those were the banks' true concerns, they would help by passing on the full falls in interest rates which have been generated recently. I believe that they are protecting their own backs against projected falls in house values. However, the solution is simple: we must return to widely available 90 per cent. mortgages if we are to have any hope of saving the industry.

The Treasury's recent support for lending will not deliver if it fails to move lenders towards that goal. The Royal Institution of Chartered Surveyors shows that new homebuyer inquiries are at their highest level since October 2006, yet mortgage approvals, despite a rise in December, are less than 50 per cent. of the figure for approvals in December 2007.

Shared equity schemes are valuable and have a role to play, but they depend on how the lender views the share. If a 20 per cent. state-funded or industry-funded shared equity scheme is available, it is no good the lender demanding a 25 per cent. deposit on the remaining 80 per cent.; it defeats the purpose. The industry itself has many shared equity schemes, and I am advised of one developer whose company held £1 million of shared equity. Obviously, there was a need to turn it into capital, but when the markets were approached, the best offer that he got was £400,000. Why? Because the markets said that it would be worth £1 million in 10 years' time, but not today. The really sad thing is that he was thinking about taking it.

Moving to 90 per cent. mortgages will help the housing sector, but it cannot stop there. If someone buys a new car, what do they do? Nothing, other than put fuel in it and drive it; but they did that with their old car. If they buy a new house, they spend additional money. Ask any high street retailer and they will tell you that a buoyant housing market—new and second-hand—fuels spending on the high street. New homeowners buy carpets, fixtures and fittings, curtains, white goods, furniture and so on. It is the one industry—of which I am aware—that directly feeds spending in other sectors.

Let me provide an interesting figure. In 2007, there were 357,800 first-time buyers, and Halifax has produced data suggesting that the cost of furnishing and equipping a new property is about £6,000, which equates to about £2.14 billion of high-street spend by first-time buyers alone. That, in my mind, is quite a fiscal stimulus, but I am not convinced that the Government have yet grasped it.

It is also relevant to discuss interest rates, because they affect mortgages and businesses. It is unacceptable that rate cuts have not been passed on; it is plainly and simply wrong. However, it is not holding back the markets as much as the issue of deposits.

What is the future for the wider economy? If the house building sector and its supply side cannot be returned to stable growth, I fear that we can kiss goodbye to zero-carbon homes in 2016. If that happens, we will be letting down our environmental ambitions and missing the opportunity to expand the sector into a greener future. The technology required to deliver the objective could be used worldwide, and we really could become market leaders, but not with lending as it is now.

More generally in the economy, businesses are being put under unacceptable pressure by the financial sector. In my constituency, businesses that have an overdraft facility at base rate plus 2 per cent. or plus 2.5 per cent. find that what is on offer for renewal is base rate plus 7.5 per cent., and that is when interest rates have plummeted. The Forum of Private Business has stated that 47 per cent. of its members who applied for funding in the last quarter of 2008 were either rejected outright or partially, and the Federation of Small Businesses, of which I am a member, says that about one third of its members are struggling to get affordable credit. That is all due to new criteria being introduced by the banks, many of which are in business today only because of taxpayers' money. Such new criteria result in businesses being unable to afford the higher rates and going out of business, costing people jobs, the state money and—wait for it—the banks money, too.

Mr. Jim McGovern (Dundee, West) (Lab): I thank my hon. Friend for giving way, and I congratulate him on securing this important debate. He has touched on jobs; does he agree that there are serious implications not only for tradesmen and women who are currently employed in the construction industry, but for the future of apprenticeships? If the Government aspire to increase the number of apprenticeships, we will have to address those issues.

Gordon Banks: I agree wholeheartedly. Many people have learned their trade in the construction industry, and it is a sign of the times that the issue that is high on the agenda today is not that, but survival.

I applaud the Government for what they have done. Intervention was and is the only sensible option in an economic downturn or recession. In some ways, however, I want them to do more, because they are the only ones

[Gordon Banks]

who can do anything positive. The Opposition in Westminster and the Scottish Executive in Holyrood seem intent on doing nothing. In fact, many from the Tory party are talking Britain down and taking rewards from the banking sector at the same time. The UK economy needs the effect of Government announcements to kick in quickly, and I urge the Minister to ensure that the support that the economy and UK businesses need is delivered now. The effects of any support will be diminished by delays of weeks or months while the detail of packages is thrashed out. Business can and does react quickly, as it must to remain competitive, and we need the Government to force the banks to react quickly so that business can survive.

In the weeks after the banks were provided with the £37 billion recapitalisation package, with a design to raise mortgage availability back to 2007 levels, lenders dramatically reduced their lending, which has plummeted ever since. I hope that the Minister is aware of the anger that much of the public feel about our investment in the financial sector. Many people recognise the absolute need for it, but that does not stop the feeling of anger about banks being bailed out with taxpayers' money while other areas are losing jobs as a result of the actions of the banking institutions that we are saving.

Lord Myners recently said that there has been mismanagement in our banks, but businesses in my constituency were saying that months ago. The RBS losses—£28 billion this year—are the biggest in UK history. That is virtually the whole of the Scottish Executive's budget. Under its previous management, RBS has been an embarrassment. It searched for growth in order to hide its defects. If Scotland had been independent during this period, RBS would be bust and the Bank of Scotland would be bust. Given that oil—that one cornerstone of the Scottish economy—has tumbled in value, I shudder to think what would have happened to an independent Scotland.

While I am talking about Scotland, let me highlight the failure of the Scottish Futures Trust, which has failed to have any impact on the Scottish economy. I urge my hon. Friend the Minister to engage with Scottish Executive Ministers so that the Scottish economy can play its full part in the UK economy without unnecessary, idealistic barriers.

We are subject to a daily barrage of media comment, and comments in the media—there is a difference—on the recession. Recent positive comments by Ministers who see green shoots and light at the end of the tunnel are at one end of the scale, and hedge fund managers who tell us that Britain is bust are at the other end. I read an interesting article last week in that well-known bastion of socialism, the *Evening Standard*—perhaps it will be now that the Russians own it—by Anthony Hilton, who said that the people who deliver doom-and-gloom messages have, to put it bluntly, an agenda. I could not agree more. They have an agenda that delivers them financial gain from the further weakening of our economy. Hon. Members will know a saying that I have heard many times: "Someone will be making a lot of money out of this." It was refreshing to see a commentator argue that there was no fundamental reason for the recent falls in sterling and stocks—just panic, fanned by those who can benefit from its effects.

What does the future have in store for the UK economy? Short-term predictions are gloomy, but there is only one action that can face up to the challenge: a return to lending. That would rekindle the confidence that is so lacking in our economic thoughts today. What is confidence? I do not have time to expand on what I think it is, but perhaps the Minister will in her response. The Government have a massive role to play in delivering that confidence. We need them to move the banks to provide funding streams that deliver confidence to businesses so that they will invest and employ more people. I worry seriously that things take too long to filter through. The Government at all levels need to streamline their process so that they can respond in difficult circumstances with the swiftness that business expects, needs and deserves.

Getting public money to support business investment projects is a tortuous process. We cannot use it as an acceptable yardstick for delivering new economic packages into the marketplace. It must be done swiftly. I also believe that in such situations, Governments cannot stop a recession or downturn but can lessen the impact and quicken the return to growth. I support the Government's plans to get the unemployed back into work with golden hellos, but I would welcome an even greater direct intervention to prevent job losses in the first place.

Overall, we must take a long, hard look at the structure of the UK economy. We have been shown how dangerous over-reliance on one sector, in this case the financial sector, can be to the economy as a whole. We need a structured approach to spread our interests and risks, as business does every day. I urge the Minister to ensure that the announced financial support reaches its targets quickly. Failure to do so will cost a lot more economically and socially, and that is a price that I do not want the country to pay.

4.16 pm

The Exchequer Secretary to the Treasury (Angela Eagle): I congratulate my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) on securing this debate and on the points that he made. He is right to observe that we are facing some of the harshest economic conditions for decades. As I would expect of an assiduous constituency Member, he spoke about what he sees happening in his constituency.

In the late 1980s, inflation rose into double digits and interest rates rose in an effort to control it. As a result of domestic policy mistakes, the economy entered recession in 1990 and unemployment rose above 3 million for the second time in 10 years. We must recognise that the nature of the downturn that we face at the moment is fundamentally different from those that we have suffered in past decades. It is not a domestic problem; it is a global one. Due to increasingly integrated global financial markets, ever higher amounts of capital flowed across borders every day. Low inflation and low interest rates across the developed world meant that returns on conventional investments were low and borrowing was cheap.

In their search for higher yields, the financial institutions discussed by my hon. Friend borrowed heavily and devised new products that packaged securities into investment opportunities. Advances in information technology parallel to those developments allowed those new products to be repackaged, as it turned out, again

and again and sold around the world in ever more complex forms. That meant that banks, credit rating agencies and national regulators struggled to understand where the risks lay. The scene was set for the irresponsible lending that we saw in the American mortgage markets, which subsequently infected institutions around the world. Bad decisions at the heart of the financial system have led banks to lose confidence in each other and global credit markets to freeze up.

The effects of the credit crunch are being felt everywhere, and increasingly in the real economy. In the past few months, trade and manufacturing have contracted sharply in America, Europe and Asia as companies have been unable to access the credit that they need. Economic forecasts for growth in 2009 have been revised down sharply, with gross domestic product expected to fall significantly in the US, Germany, Japan, Italy and here in the UK. In the US, 2 million jobs have been lost in the past two months. Many forecasters now expect the world economy as a whole to contract for the first time since the second world war.

The problems are global, and they require global solutions. Working with our international partners, the Government are taking a role in agreeing and delivering those solutions. That is why my right hon. Friends the Prime Minister and the Chancellor took a leading role in the G7 autumn discussions in Washington. The five-point action plan that was produced as a result of that meeting was largely based on the UK's own recently implemented financial stability measures.

Both my right hon. Friends attended the Washington summit in mid-November, and the next meeting of leaders will be in London in April. The UK holds the presidency of the G20 Finance Ministers and central bank governors forum in 2009, through which we will drive an ambitious work plan to help tackle the problems that my hon. Friend has brought before us today.

Mr. McGovern: My hon. Friend mentioned the package of financial stability measures. It was my understanding that the recapitalisation of the banks was, at least in part, to help banks continue lending, particularly to small businesses. Will the Minister tell us what the Government are doing to monitor just how much the banks are continuing to lend, and to whom, if anyone, they are giving the money?

Angela Eagle: Certainly. We have set up the lending panel, which meets regularly. As part of the latest measures announced by my right hon. Friend the Chancellor on 19 January, we will also be coming to legally binding agreements with the banks that we are supporting. In fact, there has been an increase in lending to our economy from the banks that have been recapitalised. The problem for my hon. Friend's constituents and those of my hon. Friend the Member for Ochil and South Perthshire is that the globalised banks and non-bank institutions that are not based here that used to lend into the economy have now retrenched and taken away their lending, which has led to an overall decline in the availability of lending in the economy. Although our banks that were recapitalised have increased their lending, the overall effect is still a decrease because of the retrenchment of other non-bank institutions and foreign banks. Clearly, some banks, such as the Icelandic banks, have disappeared completely.

Gordon Banks: I fully understand and agree with what the Minister has said about the hole that has been left by the international banking sector pulling back. However, it is an untenable situation for basically state-funded banks to move their overdraft rates from 2.5 to 7.5 per cent.; it is untenable for the businesses concerned and it should be untenable for us as a Government because it is taxpayers' money. When interest rates have fallen to the level that they have, there is no explanation that I can swallow for why the interest rate being offered to business will grow by 5 per cent. It is shameful.

Angela Eagle: I do not disagree with my hon. Friend's sentiments, but I want to emphasise that we have taken steps to support the banking system not because we support bankers, but because we wish to guarantee the savings of the many millions of people who have their money in retail banking. It is important to remember that retail depositors have not lost a penny, because of Government action. We also want to make certain that companies can access credit. That is vital to the functioning of our economy, if we are not only going to recover from the current circumstances, but aspire to have a resumption of growth and prosperity in the future. That is what we have been doing.

Over time, my hon. Friend will have seen announcements not only about the recapitalisation of banks, which happened last October, but about the small business package, which was recently announced by my noble Friend the Secretary of State for Business, Enterprise and Regulatory Reform. That will make hugely increased amounts of money available to small and medium-sized enterprises. There have been further announcements on supporting and insuring banks against their losses. Those measures will enable banks to do the job that they should have been doing and that they were created for: lending to the real economy.

To partially answer my hon. Friend's question, there has been a contraction in lending not only because we have lost some of the major players that were lending into the UK economy, but because of the huge amounts of uncertainty being caused, following the collapse of Lehman Brothers, about the bank balances and assets of various of the large players. They have been unable to price their losses and, therefore, they have hoarded cash.

Unfreezing that cash and making lending available to the real economy is the key to dealing with the challenges that face us now. That is why earlier this month my right hon. Friend the Chancellor announced a package of measures to support the banking system and safeguard the millions of jobs that would be put at risk if the banking system continues to have difficulties lending. These measures are aimed at beginning to replace the lending capacity lost by the withdrawal of foreign banks and other non-bank institutions from this market and addressing the barriers that are preventing UK banks from expanding their own lending, supporting stability and restoring certainty to the banking sector.

Gordon Banks: Again, I fully support what the Government have done, but the crux of the matter is the swiftness with which that filters through to the end user. The announcement is one thing, but if we spend weeks and months thrashing out how this is going to get through to business or the person looking for a mortgage, its impact will be diminished. We need swiftness. We need the lending on the high street now.

Angela Eagle: I can assure my hon. Friend that we in the Treasury are well appraised of the need to achieve that degree of swiftness and that result. That is why the Government are acting to deliver real help now, partially by introducing £3 billion of capital projects on housing repairs, insulation, school extensions, health centre refurbishment and transport improvements. To ease the cash flows of business, we have set up a scheme to allow businesses to spread their tax payments over a timetable that they can manage and some 25,000 businesses have spread tax payments worth £430 million already under that scheme. I would say that that is quite rapid and immediate help.

We have committed an extra £1.3 billion to boost the capacity of Jobcentre Plus to get people back into work and we have expanded our schemes to help those who lose their jobs stay in their homes, with support for their mortgage repayments to avoid repossessions in all possible ways. We are increasing household income next year by putting an extra £145 in the pocket of every basic rate taxpayer. We have given all pensioners a bonus of £60 on top of their annual £10 Christmas bonus and the basic state pension for a single person will be increased from April. We are supporting families by permanently increasing child benefit to £20 per week in January instead of April.

We will continue with our approach, enabling banks to stabilise their own balance sheets and lend into the real economy, using the insurance proposals that my right hon. Friend the Chancellor announced, to put a floor under banks' losses and give them the confidence to lend again.

I urge any businesses that are experiencing difficulty accessing credit to look at Government websites and to go to the development agencies and Government agencies dealing with this issue to access help and assistance if they need investment to grow. There are also other parts of the structure that will allow them to get assistance. I expect that the proposals put in place by the Government will ease lending in the near future.

I am well aware of how difficult it is out there at the moment, as all hon. Members will be from seeing people visiting them in their constituency surgeries, be they businesses or households. We understand that real help, rather than a policy of doing nothing, is needed now. That is why the Government have acted, as only Governments can, to stabilise the banking system to give it certain guarantees, which the Institute for Fiscal Studies said in its green budget today may not only not cost taxpayers in the long term, but could even make a profit, although the figures at the moment look eye-watering.

We have to stabilise the banks as a necessary condition for economic recovery. We continue to work with our international counterparts to ensure that the fiscal stimulus that we have announced, and the global stabilisation of the banking system, is mirrored elsewhere, because the more effectively that is done, the sooner the global economy will cease to suffer from what the IMF has characterised as the greatest shock to mature financial markets since the first world war.

Police Funding Formula (Wales)

4.30 pm

Mark Williams (Ceredigion) (LD): It is a pleasure to serve under your chairmanship, Mr. Atkinson, and to have secured this debate on an important subject for the people of Wales, and Dyfed-Powys in particular. I have been trying for this debate for some time, and I am pleased to have finally secured it. In November 2007, I led a debate in this Chamber on Dyfed-Powys police, in which I raised the force's concern that changes to the police funding formula could leave it in a very difficult budgetary position. The Minister who responded to that debate acknowledged some of the challenges of rurality, and I hope that the Minister today will endorse those observations.

I want to talk about the effect of changes to the funding formula in Wales, which is an important issue affecting all Welsh forces. I shall address that later, but hope that hon. Members will understand if I focus the majority of my speech on Dyfed-Powys, which is my local police force and one that has much to lose from the changes. In many ways, not much has changed since the last debate. Dyfed-Powys still has an enviable record that compares well with any force in the UK. It has the highest detection rate of any force in England and Wales, the fifth highest confidence rate among the public of any force in England and Wales and the lowest level of fear among the public.

Like last year, however, the threat of a future funding gap looms large in the authority's medium-term plans.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I congratulate the hon. Gentleman on securing this important debate. He is right that the performance of Dyfed-Powys police service is fantastic. It has had some great results. However, given the rurality of its area and the comparatively low level of funding per resident, does he recognise that the force faces real challenges in meeting some of the expectations in the policing pledges? The funding settlement being discussed today will make it even harder for it to achieve its policing pledges, especially on things such as police response times.

Mark Williams: I shall come to those points later. The hon. Gentleman and I represent very scattered rural constituencies where police response times are a topical debate. The expectations in the policing pledge and the authority's good intentions might breed a sense of belief. It does an amazing job, but the pledge is unrealistic, which again necessitates the increase in funding, to which I shall return later.

Proposals that when we last had this debate were at least tentative have been reaffirmed by the policing Green Paper. A point that has been made clear by Welsh forces, forces in England and the Welsh Local Government Association is that if the funding formula is to be applied in full, it must be reviewed. The Welsh Assembly Government, in their response to the Green Paper, said:

> "Given these factors, the Assembly Government is concerned about how, for Welsh forces, a rapid move towards full implementation of the funding formula can be reconciled with maintaining the financial stability of the four forces."

I agree wholeheartedly with that particular statement, and hope that, if the Minister will not today commit to retaining the current arrangements, he will at least commit to a fundamental review of the formula to take into account some of the considerations that might be lost by removing the floor that, in part, has safeguarded some of the concerns in the west of Wales.

If the funding formula is implemented in full, the police have estimated that the four Welsh forces would lose a total of £15 million from their current budgets, and that only south Wales would not lose out at all. Dyfed-Powys alone would lose £6 million per annum. Given that its budget for this year is £90 million, and for next year is expected to be just under £94 million, that is not an insignificant sum. It certainly is not a case of trimming a few extraneous projects to make up for the shortfall.

Dyfed-Powys has worked extremely hard to find efficiencies to enable it to focus what resources it has on fighting crime. The authority has identified a further £1.6 million of efficiencies in its budget for 2010-11, mainly through restructuring and work force change, and that is on top of the savings that it made in previous years, which the Minister acknowledged in the previous debate on this issue. Indeed, between 2005-06 and 2007-08, it achieved efficiencies of £9.8 million, well over its target of £7.3 million.

The Dyfed-Powys authority has been innovative in its exploitation of the opportunities for collaboration. Work between the four Welsh forces has provided cost savings and increased their ability to share information. The four forces have a formally constituted committee, the Police Authorities of Wales, which allows them to work together on certain issues. Dyfed-Powys is not an authority desperately trying to cling to its old ways and past certainties; it has done everything asked of it by the Home Office, and more. It has taken a lead on many issues that the Government have sought to instil in the police.

Lembit Öpik (Montgomeryshire) (LD): Is my hon. Friend aware that, in line with modernisation, Newtown police station has a new detention centre, which is really up to the minute and as good as anything in an urban environment? The difficulty is, however, that if the police do not have the funding, they will not have the human resources, so the investment in that high-quality facility will be compromised because they will not be able to use it to its full effect.

Mark Williams: I certainly endorse what my hon. Friend said about the pressures on manpower. On one occasion, when I was out with the police in north Ceredigion, it was brought to my attention that from 1 am that morning, only one lead officer would be covering the whole of Powys and Ceredigion to deal with fatalities should they unfortunately arise in that whole, vast area of mid-Wales. My hon. Friend makes very strongly the point about staffing. We in Aberystwyth have benefited from a new police station in recent years, but this is not just about bricks and mortar; the public expect police officers on the ground.

Adam Price (Carmarthen, East and Dinefwr) (PC): What really lies behind the continual debate that we have to have is the complete inability of the Home Office in London to understand rurality. I wonder whether the experience in Scotland is similar, or different because there is a better understanding there. If we devolved police funding to Wales, we would be better able to reflect public service delivery in rural areas.

Mark Williams: I thank the hon. Gentleman for that, and I have a great deal of sympathy with what he says, because the perception in Dyfed-Powys is that we are being penalised for our police authority's great success. There is a lack of understanding of rurality and of the vast distances that challenge us.

When considered against forces in England, the four Welsh forces together cover a much more sparsely populated area. There are unique challenges to policing in rural areas, and, in fairness, the Government have in part recognised that. They introduced the rural policing fund, and, whenever I have raised the subject, Ministers have acknowledged that there are extra difficulties in policing scattered rural communities, and that we need to take rurality into account.

In the previous debate on this subject, I spoke of those particular concerns and of the potential threat to the rural policing fund. Dyfed-Powys receives £2.6 million per annum from the fund, but I understand that there is a proposal to roll all rule 2 grants into one grant that would be distributed to all the forces. For most rule 2 grants, which are paid in some degree to all forces, that is fair enough, and certainly Dyfed-Powys police authority has no great complaints with the idea in principle. The rural policing fund, however, is an entirely distinct fund that is available to considerably fewer forces, including Dyfed-Powys and North Wales, which shares some of our challenges. The fund should remain discrete from the plans to amalgamate rule 2 grants.

In specific terms, Dyfed-Powys believes that it would lose the equivalent of half the £2.6 million it receives, and the North Wales force would also lose a considerable amount, so I should be grateful to the Minister if he could clarify those figures and estimate the effect on the budgets of Dyfed-Powys and North Wales police forces of merging the rural grant with the other rule 2 grants.

On the point made by the hon. Member for Preseli Pembrokeshire (Mr. Crabb), Dyfed-Powys and other rural forces in England and Wales have expressed great concern about aspects of the policing pledge, particularly the target of a 20-minute response time in rural areas. Leaving aside the debate about how targets can distract the police from their core activities, those on the force have made it plain to me that it is impossible for them to achieve that target unless they can divert resources from other areas. I hope that the Minister will advise me how Dyfed-Powys can meet that pledge and, if it cannot, how he will ensure that it will not be disadvantaged as a consequence. I can certainly vouch for the fact that whoever drew up the pledge did not spend a particularly long time in Ceredigion, Powys or the old Dyfed area.

Although police reform is undoubtedly important and we should always continue to strive to improve practice and procedures, I hope that the Minister appreciates that there is a feeling among some forces that they are being required to do more than ever before and, in the case of Dyfed-Powys and many others, expecting to be given less money with which to do it. The Association of Chief Police Officers has identified 30 Government recommendations with uncosted financial implications.

[Mark Williams]

There are short-term budgetary pressures as well. Dyfed-Powys believes that a large proportion of this year's increase will be swallowed up by the new pay award, and there are concerns about rising fuel prices and other inflationary costs that, although they might be easing now, put a dent in the force's budget.

Many have also expressed particular concern about the arrangements for VAT on fuel. When VAT was cut as a consequence of actions taken in the pre-Budget report, fuel duty was increased to offset the lower VAT on fuel. For those who had been able to claim back VAT, such as police, that effectively meant an increase in fuel duty. I am not for one moment trying to open a debate on Government economic policy, but can the Minister suggest anything that can be done for those who have lost out or, at the very least, say whether the police will be considered when future funding is examined? The cost of fuel has had a massive impact on areas such as Dyfed-Powys, and there are inevitable concerns about short-term funding as well as the medium-term concerns that I identified.

The Minister will be aware that Dyfed-Powys police have been asked to carry out a risk assessment of the likely policing of the Milford Haven liquefied natural gas plant and have accordingly put forward a proposal. It is clearly a significant undertaking. At its peak, the pipeline is expected to carry 15 per cent. of the UK's energy needs. Policing it will be a crucial and costly task. Although I do not expect the Minister to go into great detail about the bid, I hope that he will acknowledge the concern that if the proposal is not funded in full, it could add another burden to Dyfed-Powys's budget. Surely, in the interests of national security, that cannot be ignored.

I am sure that the Minister will point to the increased number of officers in Dyfed-Powys police under this Government, which is obviously welcome. However, much of that money came from the crime fighting fund, which was available to all authorities, not uniquely to Dyfed-Powys. Dyfed-Powys made it clear that, with the prospect of losing £6 million from the funding formula, officer numbers might have to be cut. I do not seek to denigrate the overall increase in officer numbers to date, but it is reasonable to point out that if the changes to the formula are approved, much of the good work that is increasingly visible on some of our streets and in some of our villages may be undone.

In summation, like the last time that I expressed my concerns to the Minister, I make no special plea that Dyfed-Powys is more deserving of funds than any other authority; I only say that it is recognised that a successful police authority deserves its fair share and should not be penalised for its relative success. Its rural nature, its current responsibilities and, above all, its first-class record should be recognised fully in future funding settlements.

4.44 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): I congratulate the hon. Member for Ceredigion (Mark Williams) on securing the debate. I hope that he will forgive me for doing as he did and concentrating mostly on Dyfed-Powys.

The hon. Gentleman paid tribute to the police authority and to the work of the chief constable of Dyfed-Powys and his officers, as well as their efforts in reducing crime. I join him in that tribute. As he acknowledged, recorded crime fell by almost 15 per cent. between 2006-07 and 2007-08 in Dyfed-Powys. In Ceredigion's crime and disorder reduction partnership area, crime fell by a similar amount over the same period. There were significant reductions in violence against the person, which was down by 16 per cent.; domestic burglary, which was down by 6 per cent.; and vehicle crime, which was down by almost a quarter.

The Minister for Security, Counter-Terrorism, Crime and Policing recently confirmed that we are implementing the funding settlement for 2009-10 broadly unchanged from what was previously announced. We originally announced provisional funding totals for three years—2008-09 to 2010-11—in December 2007. My hon. Friend confirmed the figures for 2009-10, with an indicative figure for 2010-11, on 26 November. Police forces and police authorities have welcomed the extra certainty brought by three-year settlements.

Next year's funding settlement builds on a significant increase in resources for the police since 1997-98. Government grant for the police will have increased by more than 60 per cent., or more than £3.7 billion, during that period. All police authorities and forces will receive a minimum increase in general formula grant—the bulk of Government support to the police—of 2.5 per cent. Those with greater relative need will receive a little more. Including specific grants, the overall increase in Government revenue support for policing is 2.8 per cent. in 2009-10. In our view, that is a fair and affordable settlement for all police authorities. Furthermore, chief constables and police authorities have maximum flexibility to make the best possible use of resources.

We considered carefully all the written representations received in response to the provisional settlement announcement in November. Dyfed-Powys police authority chose not to make any representations.

Adam Price: The Minister says that the overall increase for England and Wales will be 2.8 per cent. Does he have a figure for the increase for Welsh authorities, as compared to the overall figure?

Mr. Campbell: I certainly have the figures for Dyfed-Powys, and I hope before the end of the debate to have the information that the hon. Gentleman requests. If I do not, I undertake to write to him as soon as possible.

Dyfed-Powys has benefited from the solid funding settlements of the last few years. Next year, it will receive £54.4 million in general grants—an increase of 2.5 per cent., or £1.3 million—and an estimated £9.2 million in other Government funding.

I turn to the specific point made by the hon. Member for Ceredigion on the rural policing fund. It includes £3.57 million in special formula grant—a consolidation of three former specific grants, including £2.6 million from the former rural policing fund, which the Dyfed-Powys force has discretion to use as it sees fit.

The hon. Gentleman raised concerns about the future of the special formula grant. Prior to the current comprehensive spending review, we consulted on whether to put that funding back into the formula funding pot,

but doing so could have had a major impact on grant distribution. We decided, on balance, to maintain the status quo. The move was widely welcomed by police authorities, particularly by rural forces. In answer to a point that he made, I assure him that the position will be reviewed in full before any changes are made.

In the Green Paper, "From the neighbourhood to the national: policing our communities together", we said that we intend to move to full implementation of the funding formula at the fastest pace compatible with ensuring the stability of police forces. Many forces that contribute to the funding floor are pushing for greater implementation of the needs-based formula. Police authorities such as Dyfed-Powys and my own police authority, Northumbria, which are supported by the funding floor, want the protection to remain in place. We recognise that the funding floor is important. Dyfed-Powys has benefited for many years from the scheme and next year will receive £6.3 million more than its strict formula share.

The damping mechanism operates to ensure that no police authority suffers a destabilising change in funding from one year to the next. It is in no one's interest, in any part of England or Wales, for a police authority to suffer a sudden decrease in funding. As the hon. Gentleman knows, the mechanism benefits three Welsh police authorities: Dyfed-Powys, Gwent and North Wales.

For English police authorities, floor damping is made by reallocation of revenue support grant, held for English local authorities by the Department for Communities and Local Government. The Welsh Assembly Government are responsible for revenue support grant in Wales, but do not operate a damping mechanism. Without a grant floor, Dyfed-Powys would lose heavily. So, the Home Secretary provides Welsh police authorities with floor uplifts from Home Office resources on top of the general police grant settlement. The total cost, which the hon. Gentleman mentioned, is £15.5 million in 2009-10, of which Dyfed-Powys gets £5.7 million. That goes part of the way, but I understand that there is a much wider argument to be had on the points raised by the hon. Member for Carmarthen, East and Dinefwr (Adam Price).

Far from threatening Welsh police authorities with grant reductions, we have, with great care, supported police resources in Wales. We have delivered a stable financial system, but have equally targeted some extra resources where there is greater relative need. For next year, the 2.5 per cent. grant floor will provide stability and a degree of scaling above the floor, enabling us to target resources on areas with greater relative needs.

A further degree of formula implementation will not happen overnight. We have promised to review the funding formula for the next comprehensive spending review. I understand that the hon. Member for Ceredigion was looking for assurances in that regard on consultation and taking part in that process.

The police allocation formula working group includes representatives from the Association of Chief Police Officers, the Association of Police Authorities, the Welsh Assembly Government and the force finance director for Dyfed-Powys police, Mr. Andrew Bevan, and meets regularly throughout the year.

We are open for discussion on all areas of concern. I assure hon. Members that there will be a full consultation on proposals in advance of the next comprehensive spending review period.

The Government expect the average increase in council tax in England to be substantially below 5 per cent. in 2009-10. In this difficult economic climate, we will not hesitate to take strong action, if necessary, to protect council tax payers from excessive increases. Local government finance in Wales is, of course, a matter for the Welsh Assembly Government. Ministers from the Welsh Assembly Government have said publicly that they are confident that police authorities will act reasonably in setting their budgets. They are monitoring the position carefully and will take appropriate action to keep council tax increases to reasonable levels.

Dyfed-Powys is a well-resourced force. It had 1,181 police officers in March 2008—176 more than in March 1997—which is an increase of 17.5 per cent. between 1997 and 2008 and significantly more than the overall increase of 11.4 per cent. for England and Wales. The police are also supported by 73 police community support officers and 612 police staff.

We should not focus on officer numbers alone, but rather on making best use of officer time. Since 1997, there has been a 90 per cent. increase in the number of police staff employed by Dyfed-Powys police. That is substantial and a good indicator that the chief constable has used this extra resource to free police officers for front-lines duties.

We remain absolutely committed to neighbourhood policing. We said that we would maintain the ring fence on this funding for the remainder of the CSR period. That should help to ensure that neighbourhood policing is firmly embedded into core policing activity. During this financial year, we are providing £1.56 million to Dyfed-Powys as funding for neighbourhood policing and, especially, to help to pay the salaries of PCSOs. That sum includes an extra element that we have been able to provide to Dyfed-Powys, which means that the 2008-09 provision is 6 per cent. up on last year, while for nearly all other forces the uprating is 2.7 per cent.—the reason being that we exceptionally allocated 12 more PCSOs for Dyfed-Powys in 2007-08 to help to complete its roll-out of neighbourhood policing coverage. The effect of that decision has been to enhance its continuation funding for 2008-09, and it will be uprated for 2009-10, by 2.7 per cent., to £1.6 million.

The hon. Gentleman asked specifically about Dyfed-Powys in relation to national infrastructure and security. The Government keep security arrangements for the critical elements of our national infrastructure under constant review, and the chief constable of Dyfed-Powys police has suggested a number of potential protective security improvements relating to Milford Haven. I can assure the hon. Gentleman of two things: these matters are being considered and we have no intention of ignoring either the issues that he has rightly raised or their seriousness.

In conclusion, I repeat my thanks to the hon. Gentleman for initiating the debate.

Mark Williams: I thank the Minister for the fullness of his response, but before he sits down will he address specifically the challenges of the policing pledge? He

[Mark Williams]

has talked about increased staff numbers, and I am loth to dispute those figures, but if one considers the workings of the pledge, including the 20-minute response time in rural areas and the requirement for 80 per cent. visibility, and if one compounds that picture with the rurality of Dyfed-Powys, our case for increased resources is vindicated.

I am heartened by the Minister's comments on the role of Dyfed-Powys in the review group that is considering the future of rule 2 grants, but what about the practicalities of providing that visibility, having police officers on the ground and meeting 20-minute response times?

Mr. Campbell: We have been in close discussion with chief constables and police authorities about implementing the policing pledge, and we are absolutely clear that the pledge is important. We must remember that it comes in two parts, one of which includes the commitments that the hon. Gentleman has mentioned, and that the second part is about engaging with local communities and ensuring that their priorities are reflected in the workings of the police service in their area. Having abandoned all top-down targets except one, on whether the public have confidence in the police in their area, we believe that is the right way forward.

I hope that the hon. Gentleman is not saying that, as an alternative, 80 per cent. of officers' time in neighbourhood policing should not be spent on the patch, because that is not the message we are hearing from communities, which want more officer time. I hope he is not saying that we should stipulate what the public can expect from police officers, in terms of when they turn up. He might think that we have set very ambitious targets for Dyfed-Powys, but I assure him that we have set ambitious targets for every police force in every police area, because we want to respond, as far as we can, to what the public are telling us they want.

If the hon. Gentleman wants to know where the money is coming from, I should like to point out two things: substantial resources have been put into his area and resources will continue to go to such areas. He might say that there is a case for rural policing, but that is why we have the fund that he mentioned and why we intend to continue with it.

Mark Williams: I am grateful for the Minister's comments about the intention to continue with that rural policing dimension, because that is critical and what the debate is all about. That is the assurance that I had hoped to hear. I hope also that it will be pursued by the group considering rule 2 grants to address some concerns expressed by Dyfed-Powys in the medium term.

The Minister is right to talk about public engagement. This debate is all about meeting the expectations of the public in terms of visibility, response times and giving Dyfed-Powys the staffing and resources that it deserves.

Mr. Campbell: I hope that the hon. Gentleman is reassured by my remarks. I assure him that where forces rely on the funding that he has mentioned, and on our floor mechanisms, we will not take any steps that put that funding in jeopardy. We want sustainable funding to continue the progress being made in his area and others.

Question put and agreed to.

4.59 pm

Sitting adjourned.

Westminster Hall

Thursday 29 January 2009

[JOHN BERCOW *in the Chair*]

Inter-Parliamentary Union

Motion made, and Question proposed, That the sitting be now adjourned.—(*Gillian Merron.*)

2.30 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): I am delighted to open the debate and to talk about the work of the Inter-Parliamentary Union, which celebrates its 120th anniversary this year. It was co-founded, as hon. Members know, by William Randal Cremer, a British parliamentarian who went on to win the Nobel peace prize. The IPU has a proud history of promoting democracy and inter-parliamentary dialogue across the globe. It began small, with representatives from just seven countries joining the British and French at the first meeting. As we know, a good idea cannot be kept down for long and, as the work of the IPU became widely known, its membership grew. Today, it boasts a membership of 154 national and 8 regional Parliaments, from Austria to Afghanistan, and New Zealand to Zimbabwe.

The IPU's declared purpose is to work for peace and co-operation through worldwide parliamentary democracy. Some might say that that is a lofty aim, but it is one that remains as valid today as it was in the 1880s when the IPU started. Parliaments are the cornerstone and the essence of democracy, but the idea of democracy was far from universally accepted at the time the IPU was established. There is no doubt that, today, parliamentary democracy is an ideal and a practice rightly aspired to by a vast number of countries and peoples. At its best, parliamentary democracy puts people at the centre of government, allowing them, through their representatives, to check, challenge and often change the actions of the Government of the day.

In too many places, Parliament does not work as it should and in no country can it be said to be perfect. For all of us, parliamentary democracy is work in progress. We have no one ideal model and no single template to follow and there is no help desk with all the answers that we can call—if only that were so.

We parliamentarians learn largely by doing and from studying the triumphs and mistakes of our predecessors. We can also benefit from the successes and failures of our peers in other countries, allowing us to replicate what works and reject or question what does not. That is where the work of the IPU has a unique contribution to make. The IPU fosters contacts and exchanges of experience among Parliaments and parliamentarians of many countries and represents the true spirit of internationalism. In so doing, it makes an invaluable contribution to the success and progress of parliamentary democracy worldwide.

The chance to contribute is no doubt why a majority of Members of the House join the British branch of the IPU, as I did on coming into the House in 1997. I have seen first hand the added value that the IPU can bring. I was a member of the delegation that visited Croatia in 2000, which was led by my hon. Friend the Member for Kingswood (Roger Berry), who now chairs the British group of the IPU. As you can see, Mr. Bercow, it was quite a delegation. Our visit to Croatia was the first by the British group to that country after it gained independence from Yugoslavia in 1992, so it is, therefore, one of some significance. I also had the opportunity to visit Cape Verde, which helped to deepen contacts between the UK and Cape Verde. That is particularly relevant as we do not have an embassy there. Again, I saw first hand the value that the IPU can add.

The last debate in the House on the work of the IPU was in November 2007 and since then the British group has been particularly active in furthering the democratic cause. I congratulate the group on that. It has conducted delegation visits to various countries, including Japan, Tunisia, Iceland, Ukraine, Mongolia, Syria and beyond. Delegations from across the globe have also been warmly received: from Moldova, Algeria, Nicaragua, the United Arab Emirates and Uruguay. I was fortunate enough to be invited to meet the delegation from Uruguay.

These visits are not the only way that the IPU does its work and not the only way in which it furthers parliamentary democracy. It holds seminars and specialised conferences, and issues handbooks, for example, allowing people to exchange and develop ideas. Topics discussed at IPU meetings during the past year include the participation of women in decision making, the role of parliamentarians in protecting children from sexual exploitation and the challenges of migration in Africa. Handbooks issued recently include those giving advice on eliminating violence against children and taking action against HIV, as well as a guide for reducing violence through parliamentary action. We can see how, through such activities, the IPU has never stood still, but continues to move forward and reflect pressing contemporary issues.

The meetings and handbooks may not generate great media interest, but they are nevertheless influential in areas of policy that touch the lives of millions around the world, using quiet diplomacy and knowledge sharing to tackle such issues. I congratulate the British group of the IPU on and commend all its active members for the hard work and dedication shown over past years.

In particular, I want to place on record my admiration for the successful role played by my hon. Friend—my delegation leader—who chairs the British group and led the delegation that attended the IPU's 118th assembly in Cape Town in April last year. Through his hard work and diplomatic skills on behalf of the British group, the assembly agreed a presidential declaration that was critical of the Government of Zimbabwe's handling of the election held some three weeks beforehand.

In that declaration, the IPU president spoke on behalf of 700 parliamentarians from 135 countries when expressing deep concern for the plight of the Zimbabwean people. The declaration called for the people to be allowed to exercise their right to determine their future through free and fair elections and urged the Zimbabwean authorities to release the results of the elections, restore freedoms of assembly and speech, and exercise restraint. The IPU's work in respect of Zimbabwe still goes on, as is the case with all of us.

When all is said and done, the real value of the IPU is in its ability to do things that others cannot do, because it has special access and a special way with building

[Gillian Merron]

parliamentary contacts into personal relationships, directly nurturing and supporting fledgling democracies and realising common aims by combining efforts with those of others.

I am keen to see the Foreign and Commonwealth Office work more systematically with IPU delegations coming into and going out of the UK. The IPU focuses on parliamentarians meeting parliamentarians, and those people can do things that the FCO simply cannot do. I have discussed this with my right hon. Friend the Member for Cynon Valley (Ann Clwyd) and I am keen to make progress. I hope that this debate will allow us further to develop how we do our work.

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to serve under your chairmanship again, Mr. Bercow, and pleased to hear what the Minister has to say.

Unsurprisingly, I shall raise the issue of Sudan, because this is a crucial period in that bedevilled country's history. One thing we could do is to ensure that we build capacity in that country. There is a series of elections leading up to the referendum on the potential of secession in 2011, in which the IPU is engaged. It would be interesting to hear what the Government could do, particularly for a country such as that.

Gillian Merron: Of course, good governance and building capacity and institutions in countries such as Sudan and many others across the world is at the core of our work. I am sure that we will hear in the debate that it is about strengthening not only parliamentary democracies, but the institutions that work with Parliaments.

I look forward to the debate, the contributions of hon. Members and our continued working with the IPU.

2.39 pm

Roger Berry (Kingswood) (Lab): It is a pleasure to speak in a debate when you are in the Chair, Mr. Bercow. I saw you striding across Westminster Hall a few moments ago and I wondered whether it would be our good fortune to have you chairing the debate. I am delighted that you are—*[Laughter.]* I would have said that to any other person present this afternoon, because we are a little thin on the ground.

I thank my hon. Friend the Minister for her opening comments, which demonstrated her long-standing interest in the IPU, her commitment to it and the importance that she attaches to the work that we do. I very much appreciate those remarks.

This is my first year as chair of the British group of the IPU and the first time, in that capacity, that I have reported in a Westminster Hall debate on our activities. I should like to place on the record my thanks and the thanks of the group for the work of my predecessor, my right hon. Friend the Member for Cynon Valley (Ann Clwyd), who not only served for three years as chair of the British group but served for five years on the IPU's committee on human rights and chaired it for three years. More recently, she has taken over as chair of the IPU's committee on middle east questions. It has to be said that that committee is not one of the IPU's greatest achievements thus far. It has been a little tardy in engaging in activities, but I am sure that, with my right hon. Friend as chair, it will become more involved in what is an extremely important situation and that the period of inactivity will come to an end.

I am also pleased to report that another previous chair of the British group, my hon. Friend the Member for Erith and Thamesmead (John Austin), has recently been re-elected unopposed as chair of our geopolitical group, the 12-plus group. That reflects the great esteem in which he, too, is held by colleagues in the IPU for his contributions. I thank my right hon. Friend and my hon. Friend for their ongoing contribution. They are both great internationalists and make an enormous contribution through the IPU and in other ways. I am sure that the House recognises their efforts.

I thank the members of the executive of the British group, the officers and all the Members of both Houses who have participated in our activities in the past 12 months. I also thank our general secretary and our secretariat. Ken Courtenay and his colleagues provide an excellent service. We greatly appreciate their expertise and good humour. We are very grateful for all that they do on our behalf. It goes without saying that we could not function without such an effective secretariat.

Finally, I thank the Foreign and Commonwealth Office and the Department for International Development. Without the work of Ministers, officials and staff in embassies and high commissions, we could not have such well-organised inward and outward delegations. We thank them for the very helpful briefings that we occasionally need at very short notice at IPU assemblies and for all the support that they give. We thank Ministers for agreeing to meet inward delegations. When the British group sends colleagues to other countries, we are invariably received with great hospitality, which involves meeting Ministers and senior political figures. It is very good that we can reciprocate when we receive inward delegations to the UK. I am very grateful to Ministers for all that they do in meeting visiting delegations. As this Minister said, she has been doing that again recently.

As has been said, the IPU exists to promote dialogue between parliamentarians, the peaceful resolution of conflicts, and representative democracy—parliamentary democracy. It is worth saying in parentheses that a country does not have to be democratic to be a member of the IPU. I shall resist the temptation of naming names, but the criteria for becoming a member of the IPU are that a country is a sovereign state and has a functioning Parliament. Sadly, there are a fair number of sovereign states with Parliaments that can hardly be described as democratic, but engagement is the name of the game. The IPU, as an international organisation, is committed to promoting parliamentary democracy and human rights, and many of the activities, conferences and publications on which the IPU focuses are concerned with issues of parliamentary democracy. That probably explains why, although there are not, by any sensible definition, 150 democracies in the world, there are 150 countries that are members of the IPU. The need for dialogue and the promotion of democracy is as great now as it was 120 years ago when the IPU was established.

There is a distinct difference between intergovernmental relations and relations between parliamentarians. Governments have their jobs to do, and Ministers, officials and ambassadors do them. Parliamentarians

have a distinct job, but if we are to take a serious interest in the international community, as we must, our relations with parliamentarians from other countries become very important, so that we can learn from one another and share our views about tackling some of the important international issues of the day, but also share views about how parliamentary democracy can operate better.

So, what has the British group been doing since our last debate just over a year ago in November 2007? There have been the usual two IPU assemblies: the annual assembly in Geneva and the major assembly elsewhere. As the Minister said, the major IPU assembly was held in Cape Town in April. As it took place so soon after the Zimbabwean elections, it was hardly surprising that both informal and formal discussion at the assembly focused heavily on the situation in Zimbabwe. The only additional comment that I shall make on that is that in many respects what happened in Cape Town illustrated the importance of parliamentarians and not just the IPU.

At the opening of the assembly, the then South African President, President Mbeki, managed to give a lengthy speech without referring to Zimbabwe at all. However, Mrs. Mbete, the Speaker of South Africa's National Assembly, who, following protocol, was president of the IPU assembly because South Africa was the host country, was forthright in her comments on Zimbabwe. In her words, democracy had gone wrong and

"the world cannot simply look away".

It is to the credit of the Speaker of South Africa's National Assembly that she said that at the opening of the IPU assembly, and that she invited a small group of delegates to draft a presidential declaration. That it came out as, from all our perspectives, a good, strong declaration owes an enormous amount to the fact that Speaker Mbete had set it up, that the South African delegate on the committee was passionately behind a strong declaration and that there was support from other southern African countries, not least Botswana.

It became clear to me, both at the IPU assembly and during a bilateral visit in the lead-up to that assembly with South African colleagues, that a very large number of South African parliamentarians, including a very large number of members of the African National Congress, for example, were appalled at the situation in Zimbabwe and were prepared to speak out about it. Those parliamentarians deserve enormous credit. Without Speaker Mbete's support, the resolution would not have been carried at the IPU assembly. If one is perfectly honest about the situation, it was the big assembly of the IPU in Cape Town following a few years of democracy in South Africa. Anyone who was going to speak against South Africa at that assembly would have to be pretty courageous—and foolish. None the less, the enormous prestige that South Africa had at that assembly was used to good purpose to challenge directly the situation in Zimbabwe, and all those South Africans involved deserve enormous credit for that, not least Speaker Mbete, who led that challenge.

At IPU assemblies, as hon. Members might know, there is invariably a general debate on one topic, and this time it was on pushing back the frontiers of poverty. Those general debates tend to go on for three days, with between 190 and 200 speeches. Each country has about 15 minutes, and I shrewdly shared ours with the hon. Member for Ribble Valley (Mr. Evans), the Opposition vice-chair. Apart from his contribution, the others were often mind-numbingly boring—we have all been to international conferences at which everyone has to do a set-piece speech. I have been to World Trade Organisation meetings and heard such speeches, and it can get really quite tedious, but every country has to have its 15 minutes.

I think that the work that took place outside the main plenary, however, was more important. We had a significant number of bilateral meetings, and some colleagues served on standing committees looking at issues such as national security, foreign aid, migrant workers and trafficking. Several colleagues in the group drafted papers for those standing committees and made significant contributions. At Cape Town we had 10 bilateral meetings, which I think was a useful way to spend our time. I mean no disrespect to the other speakers at the plenary, but I thought that those meetings were a better way of spending our time than listening to speeches as bland and general as mine was. We met with representatives with Iran, Russia, Thailand, China, Iraq, Serbia, South Korea, Kenya, Turkey and Pakistan—a varied collection, but all countries that wanted to engage with us and with which we wanted to engage. Without exception, all those bilateral meetings were useful. We did not always agree, as might be self-evident, but they were useful meetings that at least promoted understanding and certainly a commitment to further dialogue.

The assembly in Geneva in October also involved delegation colleagues taking part in standing committee discussions on a range of issues, including nuclear non-proliferation, climate change and freedom of expression. We had further bilateral meetings, including one with Russia, and we parliamentarians in the British group are keen to continue to have such discussions.

There was an emergency item at the Geneva meeting on the global financial crisis. The downside was that I was again put on the drafting committee, and the bad news was that everyone was trying to blame everyone else. The United States, of course, is not a member of the IPU, so there were no representatives present to be blamed. You can imagine the kind of conversations that took place, but despite that, I think that a sane resolution was produced. It drew attention to the fact that, although the global financial crisis might have originated in the United States and other rich countries, we should be particularly concerned about poorer countries. They are bearing the brunt of the crisis in a way that does not correspond to their responsibility for it. Many countries are now suffering that cannot be accused in any way, shape or form of having any responsibility for the crisis, and they are mainly poorer countries, so the debate was significant.

As the Minister has said, the British group engages in several bilateral exchanges each year, usually with between six and nine inward delegations and a similar number of outward delegations, and she has mentioned those that have taken place since we last debated the IPU in this Chamber. Sadly, there has been slightly less activity over the past 12 months on that area than we had planned, but frankly, that was because of short-notice cancellations, which are beyond our control. Each year we normally plan to do seven, eight or nine inward delegations and a similar number of outward delegations, but if other countries, for whatever reason, have to drop

[Roger Berry]

out at the last minute, that obviously reduces the number. This year the figure was more like six inward delegations and six outward delegations, so we are anxious to do more in the current year.

We are also anxious to encourage more hon. and right hon. Members to apply to take part in IPU delegations. Some delegations are very popular, and some less so—we are on air, so I will not name names—but I urge hon. Members to encourage their hon. Friends to apply, because as an organisation we want to be able to send good delegations that are diverse. I particularly encourage more women parliamentarians to apply as we really would like to see more women participate. When in South Africa I was interviewed by the local radio station, and the interviewer asked what I thought of the fact that only one member of our delegation to the assembly in Cape Town was a woman—my right hon. Friend the Member for Cynon Valley. I answered that I thought that it was shameful, which it was, and said that I would try to do something about it. The only thing we can do is to encourage more people to apply, especially our women colleagues, and I strongly urge us all to do so.

In our delegations we try to get not only some kind of gender balance but a balance between new and more experienced Members. Clearly, we are looking for people to lead a delegation who have some experience of the topics or know the relevant country, but we also want to encourage people for whom the visit would be their first. That is a point I keep making to people—they should not think that they have to have done something like that previously to apply for an IPU delegation. We are always keen to encourage Members who have not joined us on delegations in the past to do so in future.

A large number of all-party groups on countries are affiliated to the British group of the IPU. We provide financial support and assistance where possible and have done so in several cases in the past 12 months, in particular for the all-party groups on the Philippines, Finland, Palestine, Liechtenstein and Sudan. We send delegates to specialised conferences, as the Minister has said: in the past 12 months delegates have attended conferences, for example, on HIV/AIDS, human trafficking, the World Trade Organisation and gender equality. Indeed, the IPU has taken a great interest internationally in gender equality. I would like to see it take a greater interest in wider issues of equality, and maybe that will happen soon, but gender equality is clearly extremely important.

One of the good things that the IPU does is produce an annual "women in politics" map, and the latest shows that globally only 17.7 per cent. of MPs and 16.1 per cent. of Ministers are women. I am delighted that my hon. Friend the Minister is one of those and that she is with us today. However, those figures are not particularly good. Rwanda's Parliament heads the list, with women accounting for 48.8 per cent. of its MPs. The UK is joint 60th with Cambodia, with 19.5 per cent.—I think that we have 125 women MPs out of a total of 646, but I apologise if my maths is wrong. I say in passing that without certain action taken by a certain party before 1997 we would not even have that 19.5 per cent. The point is that more needs to be done on gender equality, and the IPU internationally, as well as member Parliaments, would do well to do more to promote it.

I ought to say something briefly about funding. The IPU used to be funded by grant in aid from the Treasury, as was the Commonwealth Parliamentary Association, but for reasons that I will not go into we are now funded directly by the House of Commons and the House of Lords. As it happens, the agreed formula is that 70 per cent. of the funding should come from the Commons and 30 per cent. from the Lords. For reasons of equity, we therefore seek some kind of balance in our delegations and other activities—perhaps 70:30—between Members of the House of Commons and the House of Lords. As I say, that is only one guideline, but the funding mechanism means that we are directly funded—as it were, internally.

We have had a successful year. We are always looking for ways to improve what we do, and we would gratefully accept the suggestions of other hon. Members. For example, in April we are organising a disabilities seminar for members of the 12-plus group, following the recent publication by the IPU of a handbook on disability equality. I said earlier that we were beginning to see an increased interest in wider areas of equality. That is an example, and I am delighted to see it. I expect that the 12-plus group seminar will generate some interest. We are always keen to look for new things to do and ideas on how to do things better. As always, suggestions would be greatly welcomed.

We all know that many of today's important political issues are not susceptible to national solutions. Until recently, we used to rattle off the familiar list. We talked about climate change, terrorism and world poverty. We now have to add financial crises to the list. The planet on which we live is characterised by extensive interdependence between countries. If we are to deal with problems that affect us all, we need to co-operate. It is therefore important that parliamentarians, with their national responsibilities, should take the opportunity to share their ideas and experiences with those from other countries.

The need for internationalism, for dialogue and for peaceful conflict resolution is as great today as it was 120 years ago when the IPU was established. I am grateful for the support that colleagues have given to the work of the British group.

3.2 pm

Christine Russell (City of Chester) (Lab): I am pleased to be called to speak in this important annual debate. Like my hon. Friend the Member for Kingswood (Roger Berry), the chairman of the group, I regret the fact that attendance is pretty sparse.

I consider it a tremendous honour and privilege to have been elected as vice-chair of the British group of the IPU. I do not want to sound too self-congratulatory, but I certainly congratulate my hon. Friend, who has been an exemplary and inclusive chair of our branch for the past 12 months.

I pay tribute to our general secretary, Ken Courtenay, and his assiduous team. I see that three of them are in the Chamber today. It has not been an easy year. There have been a number of personnel changes, but Members seem not to have noticed as we continued to receive an efficient and seamless service from the IPU staff.

At last year's annual debate, the Secretary of State for Scotland, my right hon. Friend the Member for East Renfrewshire (Mr. Murphy), then Minister for Europe, made a strong point of acknowledging the valuable work done by members of the IPU in aiding the work of the Foreign Office. It is good to hear the same message being repeated today by the Minister. I believe that the work and activities of the IPU can genuinely help to build trust and respect between parliamentarians from different countries. Often, our more informal contacts and discussions play an important part in helping to build bridges and defusing situations between nations.

As my hon. Friend the Member for Kingswood said, in the past year the British branch has welcomed delegations from Algeria, Nicaragua, Moldova, Gabon, Uruguay and, this week, the United Arab Emirates. Common threads have emerged. There is shared concern across the world about the global financial crisis. However, discussions with most of those countries have centred on the challenges posed by climate change and the question of energy security. The subject of mass migration has often cropped up as a major issue, as has poverty. Those subjects arise not only in Europe and the middle east but throughout the world. There is a real need to find a durable, lasting peace in the middle east.

We all know from personal experience that we are more likely to find common cause over a cup of coffee, or even a glass of wine, than in a more formal and stuffy setting. Relationships can often begin at IPU-sponsored events, and can be followed up through the medium of e-mail or by making visits. Those little things can make a significant contribution to advancing our country's diplomatic endeavours.

When our Ministers visit overseas countries, they are usually on a tight schedule and the Whips often summon them back to Westminster. They rarely have the opportunity to travel beyond capital cities, or to see what life is like for ordinary people. That is the strength of IPU visits. As part of an IPU delegation, one usually has the opportunity to see the bigger picture. One can meet a wider range of decision makers, and politicians from opposition parties as well as the Government party. One may be able to travel, and thus meet regional or provincial governors or Ministers. One can meet representatives from a range of NGOs and from civil society. One can also meet staff from the Department for International Development, the diplomatic service or UN agencies—those who work on the front line.

That point is well illustrated by the excellent IPU delegation that I had the fortune to go on last year to Mongolia. It was ably led by my right hon. Friend the Member for Leeds, West (John Battle). Hon. Members will know that Mongolia is a vast country. It is about six times the size of Britain, but it has a population of only 2.5 million, about half of whom live in Ulaanbaatar, the capital city. During our visit, we had the opportunity to go beyond the capital and visit Erdenet, a large industrial city. There, we met the regional governor. We also visited the world's largest copper mine. We then travelled on to Darhan, where we visited a hospital and met local politicians.

If anyone thinks that going on an IPU delegation is a jolly—I am sure that no one here today does so—they should have been with us on our trip to Mongolia. The seven-hour journey back, through blizzards and appalling climatic conditions, to Ulaanbaatar, would be a worthy contender for the award for scariest journey ever undertaken by man or woman.

In previous annual debates, we have recognised the huge contribution made by the British Council, which does not have an office in Ulaanbaatar. However, it has helped to organise a scheme funded by the Department for International Development. It has put in place a couple of people—I am not sure of their titles—advising and supporting Mongolian peacekeepers. Mongolia punches above its weight in the world community on peacekeeping missions, and it was nice to find there those two British guys on two-year assignments helping to train Mongolian peacekeepers. I hope that I am crediting the right people—I apologise if I am not—but I think that the funding is provided by DFID and the work organised by the British Council.

On IPU visits, we sometimes have time to see the valuable work being done by our non-governmental organisations. On a hospital visit in Mongolia, we met six volunteers with Voluntary Service Overseas, some of whom were on two-year secondments from the NHS. They are very dedicated people. One lady, Robin, was a recently retired nurse who had given more than 30 years to the NHS in Cambridge. She had gone out to Mongolia for two years. It was wonderful to see the work that they were doing. We also met the Mongolian Red Cross, whose workers were so grateful for the amazing and generous support that they received from the British Red Cross. It has established, in that vast country, almost a complete network of first responders. I think that most of its financial support comes from British donors, including the British Red Cross. That was very good.

We also visited Save the Children UK. Mr. Bercow, you would have been delighted had you been with us. In the suburbs of Ulaanbaatar, it is running an inspirational assessment centre for youngsters with physical disabilities, learning difficulties and behavioural problems. In Mongolia, there is almost no state provision for children with special needs, and I think that Save the Children UK has invested nearly £1 million in that wonderful project—I have visited several projects and centres supporting children with special needs, and this one was exceptional. I came back with a sense of the appreciation that the people of Mongolia have for British NGOs—an aspect often overlooked when we talk about their work.

I planned to mention other activities in which I have played a part, but our chairman has mentioned them all, so I shall not repeat the points that he made. In conclusion, therefore, I encourage all Members in both Houses to participate in, and engage with, the work of the IPU. It is a truly great institution giving a global voice to parliamentarians from more than 150 countries. Working in isolation, we cannot solve the great challenges facing the world at the start of the 21st century, but by working together, through the United Nations, standing up for human rights and the rule of law, nurturing fledgling democracies, defending the rights of parliamentarians, promoting social and economic justice and encouraging the greater representation of women and minority groups in our Parliaments, the IPU can make a significant contribution to bringing peace and prosperity to the world.

3.16 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): It is a great pleasure, Mr. Bercow, to serve—for the first time, I think—under your gimlet eye. The last time that we debated the Inter-Parliamentary Union, it was under the gimlet eye of my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton). I know, Mr. Bercow, that you will resist the temptation to step down from the Chair and participate in the debate, but I know that you feel very strongly about a number of the issues raised.

Like the Minister, I congratulate our chairman, the hon. Member for Kingswood (Roger Berry). I have never been on an IPU delegation with him, but I have been on an all-party trip with him, and I know how seriously he takes all the issues under discussion. At times, there is a cynical view that our IPU delegations go on surf-and-sand trips abroad. Although some of them are in what could be regarded as desirable parts of the world, many of them are not, and from talking to colleagues who have participated, I know that they involve a considerable amount of work.

I was struck by the mention made by the Minister and the hon. Member for Kingswood of the remarkable man who co-founded the IPU. I have done a little research on him. William Randal Cremer—he preferred to be known as William Randal—was a Liberal Member of Parliament, although I suspect that if the Labour party had existed then, he would have been a Labour MP. He left school aged 13; he was self-taught and eventually became a carpenter. He worked incredibly hard in many social areas. What is particularly cheering is that he did not become a Member of Parliament until he was aged 57. An article on him states:

"Thirty-six years were to elapse from the end of his apprenticeship in 1849 to his first election to Parliament in 1885, at the age of 57. Nowadays a newcomer of that age would stand little chance of being adopted as an official candidate of a major political party. That he achieved so much in the remaining 23 years of his life should be viewed as a classic example of how much society can benefit by not treating citizens over the age of 50 as past their prime."

Most of us here would say, "Amen to that!"

Stephen Pound (Ealing, North) (Lab): With the exception of the Minister.

Mr. Simpson: Well, of course with the exception of the Minister. My right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), who is embarking on his fourth political career, would also say, "Amen to that!" The serious point is that William Randal was a confirmed pacifist who believed in parliamentary co-operation, for which he worked until the end of his life. We owe him a great debt for co-founding the IPU with his French colleague.

I was struck by a number of the points made by the Minister and by the hon. Members for Kingswood and for City of Chester (Christine Russell). The crucial one that I want to home in on is the IPU's role in promoting democracy. At times, we in the House can, quite rightly, get very exercised over our privileges and what might happen to us in our representation of our constituents. I do not need to tell you this, Mr. Bercow, but hundreds of parliamentarians throughout the world would love to fear only the raised eyebrow of their Whip. They would love to fear merely that a tabloid was attacking them, and that in an election there was a chance only that they might lose their seat.

However, hundreds of parliamentarians have faced the worst kinds of danger. They have been assaulted, beaten up, imprisoned and, in some cases, killed by their own Governments. We know that because we frequently receive delegations of parliamentarians who have been through such experiences. Both the Minister and the hon. Member for Kingswood raised the specific case of Opposition Members of Parliament in Zimbabwe. I give great credit to the hon. Gentleman and the IPU for what they did in South Africa. They highlighted the situation in Zimbabwe in which thousands of people have suffered badly. Parliamentarians in particular have been the object of the hatred and violence of the Mugabe regime.

The hon. Member for Kingswood emphasised the different activities of the British group of the IPU. I take note of what he said about trying to encourage more Members from both Houses, in particular female Members, to participate. He also mentioned that this is his first year as chairman of the British group of the IPU, and he thanked his predecessor, the right hon. Member for Cynon Valley (Ann Clwyd). I, too, should like to place on record the appreciation of Her Majesty's Opposition for all the work that the right hon. Lady has done through the IPU and in many other areas. She has been very outspoken on human rights, and she has never resiled from both criticising and praising her own party in government, which is never an easy thing to do.

The hon. Gentleman said that a country does not have to be a democracy to be a member of the IPU. Some of us in the Chamber are old enough to remember the occasions during the cold war when we had the opportunity to meet Members of so-called Parliaments under communist rule. There was a strong argument at the time that one should not engage with such people—after all, they were puppets, apparatchiki, and placemen and women of one kind or another. I was not a Member of Parliament then, but whenever I met such people I believed that one should engage with them. At times, they did not like to hear what we had to say, but in the drip, drip, drip of engagement, I am sure that it was absolutely crucial. We should redouble our efforts to deal with countries that do not have the full party democracy that we have.

Both the hon. Gentleman and the hon. Member for City of Chester said that many issues are not easily resolved in a national context, and the Minister emphasised the importance of the IPU with regard to discussions and negotiations that go beyond the Foreign Office and Governments. The IPU plays a very useful role. We should encourage Members who not only have specific knowledge and experience of an issue, such as mass migration, global finance or whatever it is, but who also feel passionately about issues such as human rights, and are prepared to speak up. We should also encourage Members from all parts of the House who have experience in Government. They, too, have an important role to play.

The hon. Member for City of Chester pointed out that Ministers rarely get to travel outside capital cities. Without appearing to be parti pris—I can translate that for the Minister's Parliamentary Private Secretary, it means partisan—

Stephen Pound: Thanks, guv.

Mr. Keith Simpson: The hon. Gentleman's presence in debates is always a pleasure, and I hope that he has finished making his paper aircraft. I am sorry, Mr. Bercow, I shall return to the subject.

The hon. Member for City of Chester said that Ministers rarely travel outside capital cities. I am not absolutely sure whether the Foreign Secretary would approve of that statement given the fact that he travelled outside the capital city in India, although he probably feels that his overnight visit to that village is something he would rather forget. However, the hon. Lady's point is obviously correct. Moving from one InterContinental hotel to another is not the way to find out about a country.

In conclusion, I thank all the support staff of the British branch of the IPU. They are the unsung heroes and heroines who make certain that our parliamentary delegations can travel abroad and, equally important, that we receive parliamentary delegations in the UK. I hope that the funding of the British branch will continue even in difficult financial circumstances, to enable all of us to do our work, and that the visiting delegations are impressed by the vibrancy and openness of our parliamentary democracy.

It is very easy to think that our parliamentary democracy is inadequate, out of date and full of corrupt people. Without appearing to be pretentious, however, I think that our democracy, in continually having to renew itself, is something of which all of us should be proud. At the end of the day, our ancestors literally fought for the privilege for us to be represented in this place and to debate here.

3.27 pm

Gillian Merron: With the leave of the House, I know that you, Mr. Bercow, are a great supporter of and contributor to the IPU, so I hope that you share my view that we have had an insightful and thoughtful debate this afternoon, by which I am heartened. I am particularly heartened by the sharp focus that the hon. Member for Mid-Norfolk (Mr. Simpson) gave to the intrinsic value of parliamentary democracy. In the United Kingdom, we parliamentarians can act and do our job as elected representatives without fear.

I welcome the hon. Gentleman's comments about Members of Parliament in Zimbabwe. In view of today's debate, perhaps it is appropriate to recall the number who have been subject to post-election harassment. In August, five MPs were arrested on what appeared to be trumped-up charges. All were released on bail within a month, and all charges were dropped by the end of last year. We know that at least five MPs are currently on trial, and that one of them was charged on 15 January under anti-terrorism legislation and denied legal representation and bail and will be in custody until the end of this month. That reality stands in stark contrast to our experience in the UK.

I wholeheartedly echo the thanks of my hon. Friend the Member for Kingswood (Roger Berry). I thank him for his appreciation of the Foreign and Commonwealth Office, including the FCO adviser who does an excellent job of working closely on our behalf with the IPU. I, too, reinforce the appreciation for my right hon. Friend the Member for Cynon Valley (Ann Clwyd), whose service is well known in the House.

I welcome the comments made about engagement being the way forward in the promotion of human rights and parliamentary democracy. On that point, we heard that the IPU treads in places that others might question, but we pursue democracy and human rights, and we look to the IPU to do so in its own special way. My hon. Friend the Member for Kingswood gave us a flavour and painted a clear picture of what kind of issues, work and debates that involves, including, as my hon. Friend the Member for City of Chester (Christine Russell) said, promoting the inclusion of all peoples—including women and other groups. That is important for all of us.

I noted the advertisement for new and enthusiastic parliamentary applicants for IPU visits. I can assure hon. Members that my hon. Friend the Member for Ealing, North (Stephen Pound) has already indicated his interest, such is the power of debate in the House.

My hon. Friend the Member for City of Chester, who joins my hon. Friend the Member for Kingswood in leading the British IPU with distinction and hard work, talked about trust and respect, which are crucial. I certainly share the view that more informal contacts offer value and change in a way that formality sometimes cannot. That is why, in my opening comments, I spoke clearly about my wish that the FCO would work more closely with the IPU. There are aspects and approaches that the FCO cannot take that the IPU can. I look forward to our work together. My hon. Friend the Member for City of Chester spoke about issues that know no boundaries, such as migration, climate change, economic issues, instability and many others. That is true, and the IPU can reflect that in its work.

I welcomed the flavour of the trip to Mongolia and the value that it brought. It is worth reminding ourselves why IPU trips matter, and Mongolia is a good example. We know that Mongolia has troops in many countries around the world, and we know about its contribution and commitment to playing a responsible role in the world. There is no doubt that our support for Mongolia, positioned as we are between two superpowers, can play a crucial role in forging wider global relationships. The IPU trip will have helped to strengthen and support that role.

I end my remarks by returning to a point that I made in my opening comments. The FCO and the IPU share many aims. Central among them is the wish for fruitful, meaningful dialogue between nations. My intention is for the debate not to end here but to continue, not just in debate outside the Chamber but in practical action and close work together to achieve our shared objectives. I look forward to it.

Question put and agreed to.

3.33 pm

Sitting adjourned.

Westminster Hall

Tuesday 3 February 2009

[MR. BILL OLNER *in the Chair*]

Human Trafficking Convention

Motion made, and Question proposed, That the sitting be now adjourned.—*(Meg Hillier.)*

9.30 am

Mr. Anthony Steen (Totnes) (Con): Let me introduce the debate by saying that, by and large, the Government have done a pretty good job regarding human trafficking. That strangely corresponds with the inauguration of the all-party group on trafficking of women and children two and a half years ago.

It is worth saying, for the record, what has been achieved since the group was formed in July 2006. A number of people and organisations have visited us, including the POPPY project and the Director of Public Prosecutions, Sir Ken Macdonald, who explained why so few charges and convictions are directed against traffickers. In October, we asked the director of children's services at Manchester city council and the co-chair of the social services asylum taskforce why trafficked children go missing from social service care so quickly. In December, we heard about Operation Pentameter 2 and the police prioritisation of tackling human trafficking, received presentations by the head of the United Kingdom Human Trafficking Centre in Sheffield, and heard the chief executive of the Border and Immigration Agency speak about how trafficked children slipped through the immigration system.

In conjunction with the all-party group, the police launched the Blue Blindfold campaign in the House of Commons to raise awareness about trafficking in and around the United Kingdom. Officers visited the asylum screening unit in Croydon and immigration control at Gatwick, and I had the privilege of going with a Home Affairs Committee delegation to Ukraine and Russia as an expert. The group heard a presentation by the chief constable of Gloucestershire police, and a pan-European campaign to establish parliamentary groups such as ours in EU member states' Parliaments to press Governments to take action against trafficking was launched at Speaker's House.

While all that was going on, there were parliamentary debates and more than 100 parliamentary questions were asked. Since the formation of the group, the Government have done a great deal across the UK to publicise and make people aware of human trafficking problems. They announced the review of the current reservation on the United Nations convention on the rights of the child. The Council of Europe convention on action against trafficking in human beings was signed in 2006, but will come into force only this year.

I am sorry that the Minister for Security, Counter-Terrorism, Crime and Policing is unable to attend this morning. I am told that that is not because of the snow, but because he is speaking for the Government in the Policing and Crime Public Bill Committee. The House knows that he is committed to ridding the country of trafficking. I nevertheless welcome the Under-Secretary—not only have I always found her sympathetic, understanding and well informed, but I think we see eye to eye on the problems of new slavery. I realise that this subject is not her ministerial responsibility, and that she has been wheeled in at relatively short notice. She will enjoy fielding the range of questions that I will be asking; although she might not be able to answer some of them today, I know that she will write to me and members of the all-party group later.

Not only is the group a force to be reckoned with in the Commons, but it is also a force in the Lords. Baroness Butler-Sloss takes a particular interest, as a vice-chairman of the all-party group, in what is being done to tackle child slavery, and Baroness Nicholson who, as the Minister will know, virtually single-handedly caused the Romanian orphanages to close, has helped immeasurably with the plight of children in Iraq. We are, indeed, fortunate that we have such women of distinction serving as officers, including the right hon. Member for Birmingham, Ladywood (Clare Short), the hon. Member for Liverpool, Riverside (Mrs. Ellman) and my hon. Friend the Member for Bromsgrove (Miss Kirkbride).

One of the things we achieved collectively was to persuade the then Prime Minister, Tony Blair, to sign the Council of Europe convention on action against trafficking in human beings. That was, in fact, in March 2007, and nearly two years passed before its ratification, the week before Christmas. The Home Office said there was a delay because it was, understandably, the Government's policy not to ratify until everything was in place. Now the Government have ratified the convention, there is another delay and it will not take effect until 1 April. Will the Minister explain what will happen between ratification just before Christmas and 1 April? How will 1 April be different from the situation just before Christmas? What will be the changes in Britain if someone who is trafficked is found either just before Christmas, just after Christmas, or after April?

May I ask the Minister some specific questions about the convention? I shall mention a number of articles. First, article 10 deals with the identification of victims. The European convention suggests that international good practice is that there is no lead department—a single competent authority—and that decision making should be devolved across a range of authorities at a regional and local level, so that it is closest to the location of the victim, rather than being hundreds of miles away. Support services could then be agreed, co-ordinated and provided quickly. For children, that would be through local authority children's services.

Competent authorities are the key to getting support flowing to the victims of human trafficking as soon as they are found. However, the Government propose to make the UK Human Trafficking Centre in Sheffield the single competent authority, with decisions made by UK Border Agency staff inside the UK Human Trafficking Centre. There is now a groundswell of opinion from nearly every non-governmental agency that that is precisely the wrong way to proceed. Although the Government have delayed another three months, it is a great pity to get it wrong at the outset when there has been so much progress on getting the convention ratified. If the UK Human Trafficking Centre is, in fact, the only competent authority, the suspicion is that decisions will not be

[Mr. Anthony Steen]

transparent because it is within the police authority and the immigration focus will be organised by the UK Border Agency—the UK Human Trafficking Centre will have a number of UK Border Agency staff. There will be no appeals process, so nobody will know what is going on.

Instead, the Government must ensure that decisions are made quickly and efficiently to enable the fast referral of victims to support services. Therefore, all local authorities, the police, the UK Border Agency and the UK Human Trafficking Centre should all be competent authorities. Perhaps the Minister will explain why we cannot have four competent authorities. I know that it is tidier to have one, but it will not work. It will not be good, and it will not get the support of those who are working in the field. That is the view of those who know what they are talking about, rather than of the officials, who often do not.

If the UK Human Trafficking Centre is the sole competent authority, there will also be operational problems. Let me give a vivid illustration. I did not believe that human trafficking would come directly to south Devon, but just before Christmas I became aware of the case of a young Czech woman, who was flown into Bristol airport—rather than London—and believed she was going to work in a gym or something similar. She was trained as a gymnast and a masseur dealing with sports injuries. She was collected from Bristol airport and ended up not in a gym in a salubrious hotel, but in a less salubrious brothel in the centre of Paignton. Needless to say, that is not in my constituency, but that of the hon. Member for Torbay (Mr. Sanders)—although it is a stone's throw from mine.

I am glad to say that the girl was absolutely appalled by what she was asked to do. I think that she was raped at least eight or nine times on the first night that she was there. She managed to escape—I do not have the exact details—and went to a nightclub or pub at about 3 in the morning, where she sought refuge, asking the owner to protect and help her. So distressed was the lady in the club or pub that the owner called the police. No sooner had she done so than the owners of the brothel, two Czech ladies, arrived to drag the girl away. I am pleased to say that the brothel has been closed, the owners have been apprehended and the girl was rescued by the police, who behaved in the most impeccable way. They managed to find a hotel in Torbay that would take the girl, and they have flown her back to the Czech Republic.

Let me explain where the problem is. The first problem is that the detective inspector responsible for rescuing the woman said that although he was trained in dealing with victims of trafficking, no one else in his team was. It might be said that in Devon and Cornwall, one would not expect a large number of trafficked people, but only two officers in the whole of the Devon and Cornwall constabulary, which is 3,500 in strength, have been trained in the past 12 months in how to deal with trafficking, and one of those two has retired since then.

There are no more training courses. The UK Human Trafficking Centre ought to be running them for police forces all over Britain. If it is the only competent authority, it should be doing so. If it is not, why is the Home Office not inviting non-governmental agencies to run courses to train the police? Some very good non-governmental organisations work closely with the Government and are on Government steering panels. How is it that the Government plan to ratify the convention when one of our police forces in Britain has only two people—only one now—who understand anything about trafficking and can identify it?

Mr. Mike Hancock (Portsmouth, South) (LD): Sadly, the situation that the hon. Gentleman described in his constituency is not unique. It is par for the course right across the country. The problem with NGOs doing the training is that the police must understand what the convention is about and the legal implications of giving protection to victims. It is not simply about getting them out of the situation that they are in; the police need training in advising victims of trafficking how they can be protected, give evidence and get ongoing support to remain in the country. Unfortunately, I do not think that many NGOs are equipped to give the police that sort of guidance. That is why I believe that it is up to the Government to provide that training, so that no police force in the country is deficient in it.

Mr. Steen: That is helpful. I thank the hon. Member for Frome for that helpful comment.

Mr. Hancock: Actually, it is Portsmouth, South.

Mr. Steen: That will do; I am happy with Portsmouth, South. It can be Frome or Portsmouth, South. I apologise.

By all means, bring in lawyers to train the police, but most of the grass-roots intelligence and information that our Committee receives—it is extremely valuable—comes from the non-governmental agencies. I pay tribute to the quality of those that we have. I know that they do training—possibly not as entirely as the hon. Gentleman would like; perhaps it should be done in conjunction with them—and I am most grateful for his useful comments. However, there is no doubt that the training of the police must be a central feature of the implementation of the convention. Obviously it is early days, but I want the Minister to say that there will be a lot of training, that the UK Human Trafficking Centre will co-ordinate it and that the centre will also use non-governmental agencies.

I now want to deal with the second problem that emerged from the case in Paignton. To begin with, no money is allocated to repatriate victims of human trafficking who come from the European Union; there is only money available to repatriate victims who come from non-EU countries. So, if a trafficked person comes from Nigeria, the Government will find funds to send them back on a plane. I do not know if the Minister knows this, but if a victim comes from any of the 27 EU countries there is no Government money allocated for them. So there was the girl, desperate to get back to the Czech Republic, and there was no money to send her back.

Needless to say, I have a very ingenious and altruistic constabulary in Devon and Cornwall. Not only did the inspector who was put in charge of this particular case at 3 or 4 am find a very prestigious hotel in Torquay that would kindly accept this girl for the rest of the

night, but he found the transport and air fare for her from the local police budget so that she could return to the Czech Republic.

However, let me explain to the Minister where the problem lies. Other than that hotel, where could the police have put that girl to ensure that she was safe? That is what we are concerned about. The police did not contact the UK Human Trafficking Centre in Sheffield, or at least the centre did not know of the case. If it had known of it, the only place that the centre would ever have recommended is the POPPY project. The POPPY project gets more than £1 million from the Government in London. It does a splendid job, but it is only in London and it is for girls of 18 and over.

In fact, the girl was over 18, so she could have been sent to London. However, just imagine her trauma: having thought that she was going to a gym, she finds herself in a brothel; she is rescued by the police, and there is nowhere that the police know of where she can receive the support, consultation, advice and reassurance that she needs. She does not know what is going on and she has no money.

In fact, once again the ingenuity of the Devon and Cornwall constabulary helped the girl. I think that the constabulary found some refuge for her in a church hostel, but that was not ideal. In this case, the traffickers had been arrested so they were not able to take the girl away from the refuge, but that is what can happen. The police were completely at a loss as to what to do with the girl, other than to use their own ingenuity, because it was the first time that they had had that problem in Devon.

I say to the Minister that every police force in Britain should be linked up to the UK Human Trafficking Centre; all the forces should know that that centre is the port of call, at any time of the day or night, for this type of problem, and the centre should have a list of refuges for every part of the country. There are very few of those refuges, but the centre should at least know where they are. Most important of all, however, the centre should have contact with the non-governmental agencies in every part of Britain that can assist with these matters. That was not the case in this particular situation.

I point out to the Minister that we have been talking about these issues for about two and a half years; the all-party group on the trafficking of women and children has been in existence for that time. We have asked enough questions and had enough debates. I was really quite appalled that just before Christmas there was still no network. Despite all that the Minister for Security, Counter-Terrorism, Crime and Policing has said, there was no network that the police could tap into in order to help this girl, no funds to send her back and, much worse, no linkage to the non-governmental agencies in any of the EU countries.

The Czech Republic has a lot of first-rate non-governmental agencies. If the Devon and Cornwall police had been linked in to the non-governmental agencies in Britain through the UK Human Trafficking Centre, they could have alerted the non-governmental agencies in the Czech Republic and ensured that someone from those agencies was there to meet the girl off the plane. That did not happen. This is obviously sub judice, so I will not go into further detail. All I will say is that the networking and arrangements that could have been made were not made. I mention that incident so that the Minister can ensure that such a case does not happen again. As the hon. Member for Portsmouth, South (Mr. Hancock) said, the matter is not confined to Paignton, but extends to Portsmouth as well.

Mr. Hancock: The problem is that the Czech Republic takes little or no action on trafficking. It probably has close to the worst record of corruption in the EU, and little or no action has been taken to deal with the source of trafficking. Sadly, though, that is not unique. I am interested to know what happened to the people who were trafficking that woman. They were both Czech citizens in the UK. Were they deported from the country? What was the end result of the prosecution's case against the brothel owners?

Mr. Steen: I am happy to answer those questions. I was mildly surprised to learn that the girl had come from the Czech Republic because the European Scrutiny Committee—of which I am a member—had been there before the Czech Republic took over the presidency. The Deputy Prime Minister told us that the amount of trafficking in the Czech Republic was so small that he did not consider it necessary to concentrate any time or resources on it, so there was a bit of a conflict. The problem is to persuade all the EU Parliaments to take an interest in such matters. After the European Scrutiny Committee visit, I met some MPs who said that they would be surprised if I found five Members of Parliament in the Czech Republic interested in discussing the matter.

Article 13 covers the recovery and reflection period. The Government decided to offer a 45-day reflection period to victims of trafficking. However, that is not nearly enough, although it is longer than the time outlined in the convention. I have spent time in a refuge in Rome, which is funded by the Catholic Church. It does a fantastic job in rehabilitating women who have been trafficked—many of whom are from Albania. The psychologists there said that a year's rehabilitation was the minimum, but that three years is needed to get such women back into society so that they can play a normal part in it and get a normal job. Therefore, 45 days is a rather modest period. I also wonder when it starts. Does it start when the police find the victim, when they arrest them in the course of a raid or when they identify them as a victim of trafficking some time after they were initially discovered?

Before I move on to article 14, may I refer to something that the hon. Member for Portsmouth, South said? What has happened to the brothel owners? I am told that they have been arrested and that they are in custody subject to a prosecution, which can only be brought if the girl in the Czech Republic is prepared to give evidence against them. I am told that she is, but the costs and the organisation required are clear.

Let me go back to article 14, which covers residence permits. I am very interested in such permits and have seen them operate in Italy. The trafficked victim gets a year's identity papers and that is sufficient for them to get a job. Many of them do get jobs. A friendly pizza parlour employed many of the girls who worked in the refuge. The owner was well disposed towards them because he found that they were very good workers, but they needed the identity papers to work. The Minister will know that most trafficked victims do not have passports. That is because their passports have either

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been destroyed or taken away by the traffickers, so they—especially those from Europe—have no identification. Some of the younger people crossing from China and Vietnam swallow their passports on that journey or flush them down the loo so that they have no passports when they come off the plane. If they have no passports and no identity papers they do not technically receive entitlement to health care or education. Will the Government ensure that some kind of identity card or paper is given to the victims of trafficking? That is another key point of the convention.

Article 15 deals with compensation for victims. That is an interesting issue. Hon. Members may remember that *The Observer* identified several cases six or eight months ago. It reported that sex slaves who had been trafficked into Britain were to receive millions of pounds for their "pain and trauma," following a decision to compensate victims of people trafficking. The first payouts, of more than £140,000, were made early last year to four women who had suffered

"a sustained period of sexual abuse".

The problem is that the Criminal Injuries Compensation Authority, which paid out that money, gave away public money—taxpayers' funds. Why cannot the law be changed to use money confiscated from traffickers to compensate victims? Why does the money have to come from the public purse? How much of the more than £500,000 confiscated from traffickers under Pentameter 2—the police operation involving every police force in Great Britain—has been given to victims? I know the answer—none of it. The money has gone into the Treasury.

The recovery-of-expenses provision in the Proceeds of Crime Act 2002 could have enabled the proceeds from traffickers to fund support programmes for trafficked victims, but it did not. Does the Minister agree that we could add a new clause to the Policing and Crime Bill, currently in Committee, to allow the proceeds from traffickers to go to the victims? I would be grateful if she considered that. We could add a new clause when the Bill comes back before the House.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Before the hon. Gentleman moves on from articles 12 to 15, may I raise this point? He touched on the 45-day period, but he clarified earlier that the Government have not yet introduced that and it will be introduced only in April, along with the residency provision. It is important to understand why that need cannot be provided for now and whether a shortage of accommodation prevents the victims from being treated even for 45 days—I think everyone recognises that they really need a period of 90 days.

Mr. Steen: It is a pleasure to have a question from one of the three joint secretaries of the all-party group. We did have a problem in that regard. I think that, given that we had two secretaries, the powers here thought it was a bit excessive to have three, but I explained that the hon. Gentleman was a medical doctor and that given the subject of the group, it would be useful to have a medical doctor on board. For that reason we are, I think, the only all-party group with three secretaries.

I thank the hon. Gentleman for his question. What he says is absolutely right. The Government's approach is that they will give the women a so-called period of reflection—a strange phrase—but at the moment that is linked to whether they are prepared to give evidence against the traffickers, and many of them are terrified to give evidence. They have been warned of the consequences for their brothers and sisters or other members of their families of their giving evidence. The gangs are very powerful. If a girl has been trafficked into Britain and turns against the gang, she knows that she could be in for a very rough time for the rest of her life. The reflection period ought to be longer, ought to start now and ought not to be linked to giving evidence against the traffickers.

I shall move on to article 28 in the short time left—I know that many hon. Members wish to speak and I would be glad to hear what they have to say. There is a serious problem about how to treat vulnerable victims. The problem is that social services cannot treat vulnerable victims. The victim strategy is one of the biggest challenges facing the police. They can make arrests all right, but they cannot do anything further with the victims, such as putting them in social services care. Often, the children are released by the police, go back to the traffickers and go back on the streets or move on to another country. There is a big trade in trafficking between Britain and Spain. One merely needs to look at what is happening on many streets. Much of the begging in London involves young people, and women with babies, who are fluent in Spanish as well as English, but are not from Spain or Britain.

I have the privilege of participating in the police service parliamentary scheme. As part of my police duties, I went out on patrol with Baroness Butler-Sloss and the police in the Marble Arch, Edgware Road and Paddington area. We were looking for young Roma children overtly begging on the streets. Some 1,015 Roma children have been identified by police as trafficked from eastern Europe. They are organised by criminal gangs for the purpose of criminal exploitation on our streets: begging, shoplifting and the commission of ATM thefts. Some are under 10, the age of criminal responsibility.

It is a major problem for the police. They are trying to tackle it, but they cannot do so without greater help. The problem is that they can offer the children, whom they arrest in order to take them to a place of safety, little incentive to tell their story or testify against their traffickers, because the children do not see themselves as victims and have developed a relationship with their traffickers similar to what is known as Stockholm syndrome. They see their lives as ordinary rather than as lives of exploitation or slavery.

Local authority care is proving a major headache. The local authority where a child lives is responsible for the child's care, but the child is often found on the streets committing crime in another local authority area. As the local authorities do not communicate with one another to arrange transfer of that child's care, the responsibility falls on the police, who can offer no provision of care except a police cell, as they have been known to do at the Charing Cross police station. I have visited it, and I have seen what the cells are like. They are certainly not up to even the bed and breakfast standard. I would not wish a child to stay there for a single night. It is clearly not suitable.

The recent case of a child arrested by the West End Central police team in Westminster was rather indicative. Westminster has one of the best social services departments in the country, yet no one turned up to do an assessment. Westminster understandably claimed that with only one social worker on duty during the night, it was unable to assist, despite the fact that the police believed the child to be a victim of trafficking. That child was never placed in care but was released back into the community. Examples such as that make the implementation of the convention urgent and crucial so that local authorities can finally have practical guidelines, strategies and resources to deal with victims of trafficking, especially children.

On my police visits, I discovered a young woman in her teens in Marble Arch underground station. The situation was only too familiar. She knew that after five hours' questioning in Marylebone police station, with an interpreter paid for at the public expense, she would be released back to her family in Seven Sisters. She said that it was her uncle, but we did not know. On that occasion, Haringey social services, again understandably, said that they could not take the teenager into care because she would abscond within hours and there was no place of safety to put her.

Furthermore—this is also significant for the Minister to understand—many such children are from Romania and Bulgaria, and there are no Romanian or Bulgarian foster families on the Government lists. That is something on which initiatives should be taken. As she will know, there is no POPPY project for children under 18; the project deals with adults, principally in London. The police can place children in local authority care only. The problem must be addressed. How can social services, which have enough problems dealing with children from our own country, deal with the children from every EU country who happen to be found on our streets? We have not got to grips with the problem, and the police are despairing.

The legislation on baby trafficking is not quite strong enough. It uses the double intention: it must be proved that the trafficker arranged or facilitated the travel and that the trafficker intended to exploit. Those two things are necessary. The police often have evidence that they did arrange and facilitate the travel, but cannot prove intent to exploit, or vice versa. That is especially true if the victim is as young as they often are and therefore unable to express themselves at all. The problem is that there is a gap in the legislation as it relates to babies. Clause 4(4)(d) of the Asylum and Immigration (Treatment of Claimants, etc.) Act 2004 states that a person is exploited if

"he is requested or induced to undertake any activity",

but a child is not able to do that.

I wrote to the Home Secretary before Christmas after she suggested that I should send her a letter highlighting some of the non-governmental organisations that had the best possible practices in trafficking, and for the past two and a half years we, as a group, have worked with several of them. The problem they all have is funding administrative costs. They can always get grants to do research, run conventions or arrange training, but they do not have funds to underpin the administrative costs, which are modest but essential. I feel sure that the convention could be implemented better if the five NGOs that I specified in my letter to the Home Secretary were taken more seriously—it has been nearly two months since I wrote the letter, but I am sure she will acknowledge it soon.

NGOs are terribly cheap for what they do, as their work is invaluable. For every £1 the Government give, they probably get £3 more from private enterprise and other charitable trusts. I wonder whether the Minister, or at least her officials, could look at my suggestions and meet those organisations, because the convention could be implemented better in many fields if they were on board. The amount of money required by each of them is probably the equivalent of one civil servant's salary from her Department. I am not suggesting that she should make redundancies, but that is the amount of money we are talking about.

Bob Spink (Castle Point) (Ind): The hon. Gentleman is a doughty campaigner on trafficking, and has put it on the map and done a great public service. On adult trafficking and the convention, Pentameter 2 revealed that many victims come from Africa and countries in the far east, such as China and Thailand, and that they are procured in a different way and have different problems when they come to this country. Is the convention sensitive enough to deal with the different issues that arise from the trafficking of adults from different countries and cultures?

Mr. Steen: My hon. Friend—I will refer to him as such because I expect him to come back to the party soon, as perhaps this is just a little mid-life crisis—is absolutely right that there are different approaches from different countries: the Vietnamese boys tend to specialise in growing cannabis and an enormous number of Chinese come for work, the largest figure in fact. All those people have an economic thrust in wanting to better themselves, and I am sure that there is sufficient flexibility in the convention.

The Government's track record is one of the best in Europe, and it is now a question of implementation and of whether the new Under-Secretary of State for the Home Department will be as flexible and passionate as the Minister for Security, Counter-Terrorism, Crime and Policing has been. I do not know the answer to that, but we will keep an eagle eye on it.

I am interested to see that the hon. Member for Hendon (Mr. Dismore) is present. He is Chairman of the Joint Committee on Human Rights—there are so many Select Committees that it is difficult to keep up with them all—and much more of an authority on the international aspect of trafficking than I am. My understanding is focused much more on trafficking in Europe, but I know that the big problems in that regard come from the far east.

I have had a good run and given a few answers to a few questions, but I am sure that colleagues would now like to join the debate. I hope that the Minister, whom I am delighted to see, will be able to deal with some of those issues, if not now, then later, and make Britain one of the worst places—

Mr. Bill Olner (in the Chair): I intend the winding-up speeches on this important subject to start at 10.25 am, starting with the Liberal Democrat spokesman, followed

[Mr. Bill Olner]

by the Conservative spokesman and then the Minister, so Members should exercise some discipline in the length of their speeches.

Mr. Steen: On a point of order, Mr. Olner. May I just say, so that the *Hansard* Reporters understand, that when I said, "the worst place," I meant, "one of the worst places to traffic people"?

10.10 am

Mr. Andrew Dismore (Hendon) (Lab): I congratulate the hon. Member for Totnes (Mr. Steen) on securing this debate and on his tour de force of a speech. I will take your comments to heart, Mr. Olner, because he did not leave a great deal for the rest of us to cover.

The Joint Committee on Human Rights, of which I am Chairman, has done a lot of work on the issue. We started an inquiry on it some three years ago and were all pretty horrified by what we found. The inquiry is still open, and we have been nibbling away at the Government throughout the period, as the hon. Gentleman has, to improve their response. Compared with three years ago, the situation now constitutes a significant and major improvement—I do not think that anyone would dispute that.

One issue that we raised in our report following the inquiry was the lack of hard evidence about the scale of the problem. That issue remains. Operation Pentameter 2 was helpful in that it found 167 victims of trafficking for sexual exploitation. However, the figures also show how difficult it is to track down the traffickers, because many operate out of private homes, and many victims are unwilling to co-operate with the police or simply disappear. Like the hon. Gentleman, I am particularly concerned about child victims of trafficking. Operation Pentameter 2 discovered 13, six of whom were returned to their home country. I am very concerned that not enough is being done to protect those victims.

A key issue on trafficking—the hon. Gentleman focused on victims, which I will address in a moment—is the importance of the police operation to track down, arrest and prosecute traffickers. I was concerned when I heard that the Government were withdrawing funding for the Metropolitan Police Service human trafficking team next year. I wrote to the Under-Secretary of State for the Home Department, my hon. Friend the Member for Tynemouth (Mr. Campbell), on behalf of the Committee on 9 December about that, and received a prompt reply from him:

"the Home Office has decided to provide additional one-off funding for the Metropolitan Police Service Trafficking Team"

for 2009-10. Everyone will agree that the team is the country's leader but, obviously, that prompts the question: what will happen after that period? The reply stated:

"Human trafficking is now part of core business for all police forces. This funding is designed to enable the MPS to mainstream this work into its daily activities in a planned and organised fashion".

The inference is that the money will not continue beyond the financial year. We were told that the idea is

"to find more efficient methods to mainstream this work effectively",

but that is like trying to get a quart out of a pint pot. The MPS is always having its budget squeezed—London MPs have had lots of representations about that this year, as we do every year—and it would be very difficult for the team to be maintained in the absence of the relevant funding.

The hon. Member for Totnes did a good job when he spoke about victim-focused issues. I entirely agree with him on the recovery and reflection period. When we investigated the matter, my Committee recommended a far longer period than the 45 days that is currently provided.

I disagree with the hon. Gentleman on compensation to this extent: it is appropriate for the Criminal Injuries Compensation Authority to pay the compensation, because to do otherwise would lead to significant delays. The CICA is slow enough as it is, but if we rely on the proceeds of crime, which might be seized much later than the orders are made, the victims would go uncompensated for even longer. That money goes into central funds. He had a point when he said that it might be useful to earmark it for particular projects of a more general nature, but it should not be for individual compensation—that would simply lead to delays and further problems.

The hon. Gentleman was right to point out the difficulties of accommodation. The Joint Committee received a note from the Home Office, in reply to inquiries that we made following a session last autumn with my hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing, saying that the Government are seeking to grant-fund 55 intensive crisis refuge places for victims in England and Wales. However, that will not begin until the next financial year, as the hon. Member for Totnes said earlier. It is difficult to understand why we have a hiatus of three months or so before such things are put into place. The hon. Gentleman also made the important point that the POPPY project does not cater for under-18s, so we have something of a lacuna in the provisions.

The Committee welcomes the decision to lift the reservations on the UN convention on the rights of the child. That is an important development, and I hope that it will lead to additional protection.

The ratification of the Council of Europe convention has been a long and painful process. The hon. Gentleman's all-party group and my Committee were bashing away at it for some time, as were hon. Members in all quarters of the House. I do not know how many debates we had about the issue, but, eventually, they bore fruit, and, although the hon. Gentleman has highlighted many of the bad things that we have seen, dealt with and haggled for over the years, it has become apparent that we in the UK do receive international recognition for our good practice.

We have much to learn from other places, however, and my Committee, like the hon. Gentleman, learned much from what happens in Italy. He and I went to the Inter-Parliamentary Union special conference in Vienna last year. We both made presentations to people from around the world, and it was linked to the United Nations conference. In April 2008, I was invited to speak at the IPU assembly as its rapporteur on the issue of people trafficking. Again, I described the good practice in this country and what ought to be done in other countries, so we are able to put our experiences to good use around the world. This week, we have the Commonwealth Parliamentary Association conference,

which will focus on trafficking. Again, the hon. Gentleman and I will participate in it to try to spread our good practice.

Although we beat up the Minister and the Government because of all the things that have not been done, we should not throw the baby out with the bath water. We should recognise that over the past three years, since the problem started to hit the news, we have moved on an awful lot.

10.16 am

Mr. Mike Hancock (Portsmouth, South) (LD): I congratulate the hon. Member for Totnes (Mr. Steen). He does not need to be reminded by anyone in the House of the debt that we owe him and his all-party group. In two and a half years, it has achieved an awful lot, and that is much to his credit. Even though I have disagreed with some of his views on the matter during that time, I congratulate him first, on his consistency, and secondly, on his determination to bring the issue to the fore time and again.

I am delighted to say that as a member of the Council of Europe, I am pleased that the United Kingdom has at long last ratified the convention. The big disappointment of UK colleagues on the Council of Europe is the failure of other member states not only to sign and ratify the convention, which is the easiest part, but to implement it. The real failure has been on the part of those countries that know they are the origin of so much pain and suffering, whether it is to do with children, organs or women, or the economic exploitation of men who are brought in for cheap labour. Those countries, with very few exceptions, know that it is going on, but little or nothing is done to offer protection to the trafficked women, children or others when they are returned to their country. It is a bitter disappointment to me, as somebody who has written reports on the issue for the Council of Europe, to see the abject failure in many countries of origin, where little or nothing is done to protect the victims on their return home or their family—to give them some assurance that the process will not be repeated.

I have interviewed people and seen at first hand the consequences, when people are returned—indeed, from the United Kingdom—simply to be recycled through the machine. They are trafficked once again out of Moldova, through Romania, into Turkey, the Balkans and then Italy, only to be returned yet again. I met one young lady who was trafficked five different times through seven countries, because her parents were held almost captive back home by the ringleaders. They were well known to the authorities, but nothing was done about it.

In my own city, a brothel was recently raided and some Chinese girls were removed. Those victims were out of the country within a matter of days. Where were they returned to? China. Anyone who knows anything about the Chinese system will know that their families will pay a very high price for their return. It was as if the women were to blame for their traffickers' arrest. The prosecution of those traffickers has still not taken place. They received asylum here, have become British citizens and will not be returned to China. They will serve a prison sentence, if we are lucky, and then be back in the game.

The whole issue of what to do with the people who continue to perpetrate the trade needs to be reconsidered. It is no good allowing the people responsible for trafficking to be granted British citizenship. We should be able to remove it from them and they should be deported from the country. They should be forced to serve the length of their sentence in this country. We should not make any concessions to them at all, because the one thing that traffickers do not do is give any concessions to the people whom they traffic, whether they are children, women or men. One can read story after story, but when one physically meets these people and hears their stories first hand, distress does not even begin to explain how one feels. I have done so on numerous occasions and have felt sheer frustration and anger about not being able to do anything to save these people from the ongoing evilness that has surrounded their lives for so long.

Dr. Harris: My hon. Friend speaks with great passion. Does he agree that the tragedy has been—and I hope that the Government will change their policy—that victims are seen as immigration offenders and are removed even before there is any consideration of them helping with prosecution? Does he agree that it is a further tragedy that the funding for the Metropolitan police to deal with this vicious crime has been cut, as the hon. Member for Hendon (Mr. Dismore) said? At the same time, against official advice, the Government have decided to increase the criminalisation of the possession of cannabis, which will take more police resources.

Mr. Hancock: I agree entirely with all that my hon. Friend has said. One has only to look at the case of the Chinese girls, who were deported before the case was even brought. They could not give evidence, but it was as if we had achieved a breakthrough because we had removed people who were immigration problems. As if those people had not been through enough, although they were victims, it was not considered what would be in their best interests.

My hon. Friend is also right about the lack of resources. We only need to consider the pitiful number of prosecutions in relation to trafficking that have taken place in this country. If we were really tackling this issue, there would be a damn sight more prosecutions than there currently are. I realise the time and I am grateful to my hon. Friend for saying that he would not take part in the debate to give me some extra time. I also checked with our colleague with no party affiliation whether he would make interventions rather than speak, so I am aware of the time issue.

I hope that the Government will put considerable pressure on the Council of Europe and the Council of Ministers to say, "Come on. Don't just have good reports and nice conventions so that everyone can claim the moral high ground by saying they have signed and ratified them." Conventions are not worth their salt if the situation does not get better and we do not start to prevent such things happening.

Tom Brake (Carshalton and Wallington) (LD): Has my hon. Friend any confidence in the Group of Experts on Action against Trafficking in Human Beings that will be set up? It has its first meeting in February and its

[Tom Brake]

purpose will be to monitor the implementation of the convention. Does he have any confidence that it will be able to do the job properly?

Mr. Hancock: It is good to know that implementation will at least be monitored. Whether it is the right body to do the monitoring or it has the capability to do it remains to be seen, but I hope that a year after April there will have been a significant improvement in the situation in our country.

More importantly, as I said, the Government must press the Council of Ministers and the Council of Europe. The EU should particularly be pressed on the amount of support it gives to countries that are outside the EU—in Africa and the far east. Part and parcel of that support should be that if we give aid, they must do something about this trade. I hope that it is made clear to all the embassies in London represented through the various Government bodies that it is unacceptable for Governments in Thailand, China and elsewhere not to take action on this matter. The Chinese Prime Minister is here today begging us not to take action on trade, but we should be begging him to take action on trafficking. We should say that we want a real commitment from the Chinese to do something about it.

West African trafficking in children continues to take place and to persist. So many lives are lost in journeys of horror and despair from Africa through Spain, or across the Canary Islands. Every day, people's lives are lost in the Mediterranean, in one way or another. People are thrown overboard when the hideous crafts that they are on are approached by military or police vessels off the coasts of Spain or Italy.

If one goes to Lampedusa, in Italy, one can see the horrendous problems being faced there. Although the Italians have tried desperately hard, they have a serious problem, as Italy is a hotspot for trafficked women. The Italians may say that their non-governmental organisations are working effectively. My hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) tells me that one reason why more of the men who procure women are not prosecuted is that many of the women are saved after clients report matters to the authorities.

It is estimated that, on any day in Italy, 10,000 underage girls are working the streets. If they each have five men a night, then 50,000 criminal offences are committed every day by Italian men and visitors to Italy, but there are fewer than a handful of prosecutions for illegal sex in Italy. If we took a fraction of the resources that are spent by men in Europe on trafficked women, and put that into the countries of origin of those girls, perhaps many of them would not, as the hon. Member for Totnes said, see this as a means of escape and betterment. We should be looking to do more in those countries of origin, but only when those countries give us a firm commitment that they will tackle this issue. That is the good thing about the Council of Europe's convention. The bad thing is that many of the 40-odd countries that have signed up to it are not going to do anything about it.

10.26 am

Tom Brake (Carshalton and Wallington) (LD): It is a pleasure to follow the hon. Member for Totnes (Mr. Steen) and other hon. Members, all of whom are articulate speakers and campaigners on this issue. I shall restrict my comments to allow the Minister time to respond to the many points that have been raised, perhaps at the start of her speech.

Some 200 years ago, slavery was abolished by William Wilberforce's campaign, but about 12 million people are now estimated to be living in slavery, at least half of whom are children and many of whom are trafficked. We have thus not eradicated that scourge yet. The statistics are very depressing. A May 2000 report from the university of North London estimated that between 142 and 1,420 women were trafficked into the UK every year. The range of that estimate underlines the point made by the hon. Member for Hendon (Mr. Dismore) about how difficult it is to obtain accurate statistics about the scale of this problem, even though we know that it is significant and alarming.

The profit from traffic in human beings amounts to about $7 billion a year. In financial terms, human trafficking is on a par with drugs trafficking, so that gives us an idea of the scale of the problem with which we are dealing. Estimates suggest that half a million women were trafficked into the European Union in 1995. Many Members have mentioned Pentameter 2. During that six-month operation, back in July 2008, 167 victims were found, including 12 children, and there were 522 arrests, with the seizure of £3 million-worth of money and assets. Those statistics lead me to my first question. Is the Minister in a position to confirm how many of the people who were arrested were taken to court and how many were convicted? What lessons have been learned from that operation, and are they now being implemented? UNICEF's report found that 183 of 330 trafficked children who were put into care in the UK later went missing, which leads to further questions about what work the Government are doing with local authorities to tackle that problem and to ensure that children who go into care do not simply disappear a few days later.

The Council of Europe's timeline for taking action against the trafficking of human beings dates back some years—the oldest reference I have seen was from November 1996—so clearly this situation has been ongoing for many years. A recommendation was put to the Council in 1997, and much action—through many early-day motions, reports and so on—has been taken in Parliament. Obviously, it is pleasing that we have now reached the point of ratification, but it a great concern that that has taken so many years. I am sure that the Minister will argue that the Government have been taking action on other fronts—perhaps the most recent example is action on prostitution in the Policing and Crime Bill. However, there is not a unanimous view on the likely effectiveness of their approach, and there is a risk that their proposals will simply push prostitution further underground, perhaps leaving women even more vulnerable.

We have also heard references to the reduced funding for the Metropolitan police initiative, the welcome establishment of the Human Trafficking Centre and funding for the POPPY project. However, as the hon. Member for Totnes underlined, the latter scheme is available only to over-18s, and because it is based in London, it will not be readily accessible to people in other parts of the United Kingdom. Some progress is being made, however, and I believe that 25 places are available on the POPPY project. Has the Minister assessed

the demand for such a service and, therefore, whether there is a shortfall in the number of places? If there is a shortfall, what plans are in place to ensure that additional provision is made?

The convention has some clear benefits. The Under-Secretary of State for the Home Department, the hon. Member for Tynemouth (Mr. Campbell), confirmed in a letter that the Government believed that, in some cases, the 45-day period would be increased to 90 days or perhaps even longer. In what circumstances does the Minister expect the period to be extended from 45 days to 90 days or beyond? Various organisations, such as Amnesty International, are keen for the Government to deliver on that.

The hon. Member for Totnes said—I think—that the Human Trafficking Centre would be the only specialist organisation able to investigate whether trafficking had occurred, but the look on the Minister's face suggested that that was news to her. Perhaps she did not believe that that was necessarily the case. I hope that she will clarify whether the Government have made a decision on what a competent authority is and that she will bear in mind the view of a variety of organisations that specialist organisations should be involved. That is our best chance of helping the victims of trafficking early on.

The Foreign and Commonwealth Office explanatory note on implementation states:

"Primary legislation through an amendment in the Criminal Justice and Immigration Act 2008 ensured that automatic deportation of victims of trafficking under the UK Borders Act 2007 cannot take place where it would breach our obligations under the Council of Europe Convention against Human Trafficking."

Will the Minister clarify whether the counterpart of that would be that in some circumstances—I assume that there are no such circumstances—the automatic deportation of victims would be allowed because it was not in breach of the UK's obligations under the convention? If there could be such circumstances, however, what would they be?

I will draw my comments to an end to enable the Minister to respond, hopefully in some detail. Clearly progress is being made in this area. However, there are concerns about the effectiveness of the convention. My hon. Friend the Member for Portsmouth, South (Mr. Hancock) has expressed his concerns that the convention might simply be ratified by many countries, but observed by far fewer. I hope that the Minister can reassure us about the effectiveness of the monitoring organisation that will be set up, with the group of experts. Will it be able to ensure that the very large list of signatories, from Albania to Romania, observe the convention?

10.36 am

Damian Green (Ashford) (Con): I think that we should offer more than the conventional pieties of congratulation on securing a debate to my hon. Friend the Member for Totnes (Mr. Steen). He and his all-party group have done extraordinarily good work in the past two and a half years. Unlike, frankly, most all-party groups, that group has moved the boulder a few inches up the hill, for which it deserves a lot of congratulations.

The Conservatives are grateful that the Government have at last ratified the convention. We called for ratification as long ago as the beginning of 2007, not least because of the powers of my hon. Friend the Member for Totnes to persuade me and the then shadow Home Secretary, my right hon. Friend the Member for Haltemprice and Howden (David Davis). Having called for ratification for more than two years, it is good that we start 2009 with the position resolved. However, as has already been said, implementation of the convention is clearly key and the relatively slow progress that we have seen up to now is in danger of being repeated.

I have some suggestions and questions for the Minister. One important point, although it has barely come up in this debate, is that we should not merge debates and disputes about human trafficking with debates and disputes about prostitution. That point was briefly referred to by the hon. Member for Carshalton and Wallington (Tom Brake), who speaks for the Liberal Democrats in this area. However, previous debates on this issue have been almost entirely about prostitution, which is obviously a hugely difficult and sensitive subject in itself. My fear is that if the debates get merged, action on trafficking might be delayed. Not all prostitutes are victims of trafficking and not all victims of trafficking are prostitutes.

For a few years now, many Members, including me, have been citing figures showing that one of the shocking changes in prostitution is that 85 per cent. of prostitutes working in Britain now come from abroad, and most are the victims of trafficking. However, in recent weeks and months, those figures have been questioned and there is now a legitimate debate about them. Therefore, I fear that framing legislation on combating prostitution might delay necessary moves against trafficking, which would be wholly counter-productive.

Mr. Jorgen Carling, who has studied the trafficking of Nigerian women to Europe, says that

"it is rarely possible to draw the absolutely clear line that policymakers want between 'innocent victimhood' and 'willing participation'".

There is clearly a spectrum, so I hope that the Government will not get drawn into merging the two debates on prostitution and trafficking.

I now want to talk specifically about trafficking. The steps that the Minister will take between now and April will clearly be welcome. As she has already heard from hon. Members from all parties, there will be some urging of faster movement and questioning about why we have to wait until April for the implementation of the provisions on the reflection period, the renewable one-year residence permit and the formal identification measures, which are the first steps that we are assured that the Government will take. I hope that she can give hon. Members an assurance that the Government will hit those target dates and address the practical problems raised by my hon. Friend the Member for Totnes, particularly about the length of time of the reflection period.

I would also like the Minister to deal with enforcement, as people have legitimately questioned the effectiveness of the policy. So far there have been 92 convictions for trafficking for sexual exploitation, and four for trafficking for forced labour. In 2008, 19 people were convicted of trafficking for sexual exploitation and, of those, four received suspended sentences. In 2008, there were four convictions for trafficking for the purpose of forced labour. The average length of sentence for the offence of trafficking is 4.69 years and the maximum sentence is 14 years. The Home Secretary has said, in response to

[Damian Green]

parliamentary questions, that since 2006 the Home Office has invested almost £4.5 million in the law enforcement response to human trafficking, and that 15 per cent. of the Serious and Organised Crime Agency's resources are committed to tackling immigration crime, of which trafficking is a significant part.

Looking at those figures as calmly and objectively as one can, it does not seem that the amount of resources devoted to this is being reflected in the amount of effective enforcement activity. Even when the relatively few people who are caught and prosecuted go through the process, the sentencing seems relatively lenient compared with the maximum sentence that the Government have rightly put into legislation. I hope that the Minister will address those issues in her closing remarks.

Thirdly, I hope that the Minister can respond to the recent remarks of the French immigration minister, who said that the problems at Calais—of which trafficking forms a significant subset—are essentially Britain's fault. He said that officials in London had failed to act against human trafficking and that there was poor border security at Calais. She and I are veterans of many debates over Calais, and everyone agrees that things have improved since the darkest days of the Sangatte camp and the large illegal movements across the border. I was not only disturbed by the remarks of the French Immigration Minister, but surprised. I hope that the Government were too, because if conditions at Calais are getting worse again, we will experience an increase in trafficking. Given the progress we have seen, that would be a significant and unfortunate step backwards.

In addition to the questions that I wished to ask the Minister, I have some suggestions. She has already heard from various hon. Members that the POPPY project, while doing good work, is clearly constrained and should be allowed to take in girls under the age of 18, and perhaps to expand its reach geographically. We have also suggested the need for separate interviews at all airports for women and children travelling alone, or with an adult who is not a parent, guardian or husband, so that identification is easier; for better co-operation between the relevant Government departments and SOCA, because the lack of a properly coherent approach has dogged this issue for many years; and to ensure that each police force and each local government authority has a strategy for dealing with suspected victims of trafficking, because as my hon. Friend said, those who think that trafficking victims are only to be found in our big cities are, sadly, wrong—this crime also takes place in small rural communities. We also suggest that a proper helpline should be set up to provide information to women who have been trafficked and those who suspect exploitation. As an overall point, of course, we believe that there should be a proper border police force and that that force should have the necessary powers to act effectively against trafficking, as well as other cross-border crimes.

In every debate that we have had on this topic, Ministers have had to curtail their remarks because responding to questions has taken longer than the time allowed, so I will conclude. I wish the Government well on this issue, but everything seems to be happening slowly and without enough of a sense of urgency. I hope that the Minister will convince us that that sense of urgency is now coming through in this important policy area.

10.46 am

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): It is a pleasure to serve under your chairmanship, Mr. Olner. I echo the comments made by the hon. Member for Ashford (Damian Green) about the role of the hon. Member for Totnes (Mr. Steen) and his all-party group. I will rattle through because, as the hon. Member for Ashford rightly said, I have an awful lot of questions to answer. I am always keen to take interventions but, given the time, I will try to get through those questions if I can.

The hon. Member for Ashford dangled something in front of me about the French Minister's recent comments. It is important to make it clear for the record what happened with our French counterpart. He did not say that Britain was not doing enough. He was visiting Calais to talk to residents there about immigration issues. He said that we, meaning France and Britain, need to do more. That is not the same as saying that Britain is not doing enough, but we know how good stories for journalists can emerge from such comments.

The French Minister was there to reassure Calais residents. He has since spoken to the Minister for Borders and Immigration, my hon. Friend the Member for Oldham, East and Saddleworth (Mr. Woolas), to make it clear that he was not criticising the UK. My hon. Friend will continue, as will the Home Secretary and I, to work with the French Government to ensure that we maintain controls at Calais.

The hon. Member for Ashford raised the issue of trafficking in general. I will touch on local strategies and local issues, which were raised by the hon. Member for Totnes. I was interested by the comments about children and how to identify them at the border. Clearly, biometrics help. We are already preparing one case for prosecution involving a child identified by the new biometric system for visas and foreign national identity cards. I am sure that that is one reason why the Conservative party will eventually come around to the idea that identity cards help on a range of issues, including this one.

I congratulate the hon. Member for Totnes, who raised a number of important points. As it is his debate, I will do my best to focus on answering as many of those points as I can. I apologise in advance to any hon. Members whose questions I do not answer. I will write to them if I cannot reach their questions.

This is an opportunity for me to set out what work the Government have done on the issue. The implementation of the Council of Europe convention plays a crucial role in our overall strategy. Clearly, human trafficking is an important crime. It is important that we create an environment hostile to it in the UK, identify victims and take action as appropriate. We unveiled an action plan in March 2007, as hon. Members will be aware, and updated it in July last year. Ratification of the Council of Europe convention is the first of 85 specific actions laid out in the plan.

Hon. Members raised the issue of time scales and delay. We have to get 85 specific actions right. We have got to make it work. I am sure that hon. Members will

agree that making it work is what is important. I am impatient, as we all are, to ensure that proper action is taken. It is no good rushing headlong into something unless we make it work properly. We are making good progress. I thank hon. Members across the party divides for their support. We continue to bear down on traffickers and to offer help and support to their victims. The convention will help us in both those areas.

Last July, the Home Secretary announced the results of Operation Pentameter 2, the largest UK-wide police operation against trafficking for sexual exploitation. It succeeded in recovering 167 victims of trafficking and made 528 arrests.

Hon. Members, particularly my hon. Friend the Member for Hendon (Mr. Dismore), raised the issue of scale. By its nature, that is difficult to quantify. We need to keep investigating and catching people. In response to the hon. Members for Carshalton and Wallington (Tom Brake) and for Ashford, who asked about the numbers of people convicted, I can say that so far 94 sex traffickers have been convicted. Although the headline figure on trafficking for illegal working is only four, many more have been convicted for related offences, including rape, kidnapping and facilitation.

I am keen to ask the Under-Secretary of State for the Home Department, my hon. Friend the Member for Tynemouth (Mr. Campbell), to write to hon. Members with more detailed figures. It is important that we do not run away with the idea that no action is being taken on illegal working—action does not always come under that heading. It is important that we recognise there is more than one way to skin a cat. We have to get these bad people out of the system, and if we can do it by other and more effective means, that is fine by me. We do not need to dance on a pin head about which particular type of conviction we bring as long as these people are caught.

We have also established the UK Human Trafficking Centre, as hon. Members have mentioned. It is a multi-agency organisation, and that fact is worth stressing. Although it is a centre—the hon. Member for Carshalton and Wallington asked whether I agreed with the description of it as a single centre—it is important to recognise its multi-agency nature. It is a central point of co-ordination for intelligence, analysis and operational activities. In addition, it works closely with law enforcement agencies throughout the country, with the Government and with non-governmental organisations.

Mr. Dismore: There was a suggestion that we would be getting an annual report at the end of the financial year from the UK Human Trafficking Centre. Is that still going to happen?

Meg Hillier: That sounds like a sensible suggestion. I shall make sure that I clarify the position with the Under-Secretary of State, my hon. Friend the Member for Tynemouth, and get him to write to my hon. Friend to confirm whether that is the case.

In addition, we have already invested £5.8 million in the POPPY project over the past six years to provide high-level specialist support for victims trafficked for sexual exploitation. That includes safe accommodation, advocacy and access to counselling, legal advice and interpreting services. This year we are giving £1.3 million to that project. I must slay the myth that the POPPY project is London-focused. It is based in London, but much of its work, which we are funding, is to capacity build outside London. It started during Operation Pentameter 2 and continues. I was interested to hear the comments of the hon. Members for Portsmouth, South (Mr. Hancock) and for Totnes about how well, or otherwise, it is working in their areas. I will highlight the issue to the Minister for Security, Counter-Terrorism, Crime and Policing, my hon. Friend the Member for Gedling (Mr. Coaker), to ensure that the project is working as effectively as it should.

Mr. Steen: The Home Secretary has a letter from me detailing five NGOs that receive no money from the Government; the POPPY project gets it all. It should be more fairly distributed.

Meg Hillier: I will ensure that the hon. Gentleman receives an answer to his letter very soon. We are still considering the matter, but the POPPY project has been given Government money and work has been done to regionalise that. Not all NGOs want to be so closely associated with the Government that their core funding comes from the Government, so it is clearly a matter for discussion. We are still considering the matter and I will ensure that the hon. Gentleman gets a letter fairly soon.

As part of our efforts to ratify and implement the convention, we have made some significant decisions, including the granting to victims of the 45-day reflection period, but longer if necessary. I think it was the hon. Member for Carshalton and Wallington who asked how we would decide whether it should be longer. The answer is that it depends on individual circumstances, and that is why we need to rely on the expertise of the UK Human Trafficking Centre. I am happy to write to him with more detail on how such decisions would be made, or to get the UKHTC to do so. We also offer one-year temporary residence permits in certain circumstances. Both measures go further than the minimum standards outlined in the convention, which are for 30 days and six months. We have therefore already set the bar higher, and I hope that European colleagues will learn from that.

We are also setting up a national referral mechanism. It will be a nationwide system that will enable the proper and consistent identification of victims to ensure that they receive the necessary care and support. That applies to all victims of all ages—children as well as those over the age of 18. I hope that that addresses some of the points made by the hon. Member for Totnes about co-ordination and access for local forces and services. We will be making announcements in the near future about how that will work. We are working out the full details, but we will work collaboratively with all key external organisations, including non-governmental ones, whose expertise, as the hon. Gentleman said, has proved invaluable throughout, whether on the action plan, Pentameter or the convention.

We have made an announcement on the competent authority function. There has been some concern about having a single competent authority, but we are considering something that is multi-agency and we are working closely with other partners. It is important that we set off with a body that can do the job well and effectively, but, once things have been going for a while, we can always look at how it is working. If hon. Members have

[Meg Hillier]

issues and concerns, we will be keen to review the situation, and we will study the work of the all-party group and others. However, it is important that we start as we mean to go on, with an organisation that can do the job effectively, identify victims and provide support. Several organisations can refer to it. If the police find someone, they can work with a local non-governmental organisation, and that body can refer to the UK centre. It is important that we get that right.

The competent authority will be based at the Human Trafficking Centre, and that will be the key, central point of contact. The UK Border Agency is a separate but linked competent authority. The link with immigration is important, because trafficking is often raised during an asylum claim. It would be foolish to decouple the two issues. Immigration is not always an issue, but that is a sensible approach, and in my work on immigration, the issue often arises.

Tom Brake: On immigration, I asked whether there are circumstances in which the automatic deportation of a trafficking victim could take place if it were not in breach of our obligations under the convention. I hope that the Minister will clarify whether there are any circumstances in which that might happen.

Meg Hillier: We are applying the rules of the convention. It would not be our intention to deport anyone who was identified as a victim, but I can obtain further clarification, if necessary. I think it is clear, however, that if somebody is identified as a victim, we would not intend to deport them. Many victims choose to return voluntarily, and we have assisted voluntary packages to help those young women—they are mostly young women—to return to their families, which is actually where they want to go. It is important to differentiate between deportation and removal, and voluntary removal is often beneficial for the victim.

I shall try to rattle through the many questions that were raised.

Mr. Steen: While the Minister is looking though her papers—

Meg Hillier: I am afraid that I shall not give way, because I have only two minutes to answer several questions.

I cannot comment on the individual case that was mentioned, but I commend the work of Devon and Cornwall police and hope that the measures we are introducing mean that there will be easier routes in. Front-line police, UK Border Agency staff and all new staff in police forces are being given training that will raise awareness. Other training packages are in place, and I shall happily write to the hon. Gentleman with details about them.

The hon. Gentleman raised the issue of support for returning a victim home. I have mentioned the EU returns programme, and we are drafting amendments to extend voluntary return for EU trafficking victims as part of the immigration Bill that will be introduced after the Easter recess. I am sure that his all-party group will be keen to analyse that.

I have covered the fact that we provide a residence permit. The hon. Gentleman also discussed the proceeds of trafficking and the Pentameter 2 results. The policy is that 50 per cent. of asset recovery goes to the police and the Crown Prosecution Service, and that is important for ensuring proactive enforcement. The CPS can, however, ask for a compensation order, so that the victim receives some money from the offender. We do cover some of the issues that the hon. Gentleman has raised, if not all of them.

It is important that we recognise that the convention is part of an ongoing process. It is a continuous exercise. From 1 April, I will see two interesting deliveries: first, the next stage of the process and, secondly, the happy result, I hope, of my pregnancy. I hope also that I have reassured the hon. Member for Totnes, in particular, and other hon. Members that the Government are taking the necessary steps to tackle the issues that he has raised. We are not complacent about the issue, and nor should we be.

Garden Land Development

11 am

Andrew George (St. Ives) (LD): It is a great pleasure to have secured this important debate on garden land development, which has been hotly debated in the Commons for some time. I wish to go through a chronology of the kind of debates that we have had on this subject over recent years, and to raise some matters from my own constituency. I shall also draw on other issues, on which hon. Members may wish to reflect.

It is a great pity that the Conservatives do not seem to have put forward a Front-Bench spokesman because I am discussing matters that they, too, need to address—*[Interruption.]* The spokesman is arriving as I speak, perhaps having been persuaded to come by the note that I dropped into their Whips Office outlining the issues that I would be raising.

Garden land development is a hotly debated subject, which is partly because we know that the planning system is largely fuelled by greed rather than need. The system itself has to balance the various pressures that are on both planning committees and authorities. In particular, I am referring to the pressures on valuable—especially from a developer's point of view—garden sites in exclusive parts of our towns and cities, and in smaller towns and villages. Clearly the pressure for such development, which concerns all parties, is something that local authorities are struggling to cope with.

Mr. Andrew Smith (Oxford, East) (Lab): I congratulate the hon. Gentleman on securing the debate and I hope to contribute later. Does he accept that it is not just the exclusive areas of towns and cities that are under pressure, but all sorts of areas, and that they deserve equal protection?

Andrew George: I absolutely agree with the right hon. Gentleman that we are not just talking about exclusive areas. I was making the point that developers' interests are acute in areas in which the potential inducements of greatly increased land values are particularly large.

Susan Kramer (Richmond Park) (LD): Just picking up on that point, does my hon. Friend agree that part of the attraction of garden development for many developers is that they can buy one house and then put in place nine properties—flats and so on—without having to provide any affordable housing? They thus choose such land over larger developments, which have to include affordable housing, which has a significant impact on all neighbourhoods.

Andrew George: My hon. Friend makes an excellent point that has been highlighted in many debates in the House. I am sure that the Minister will take it on board and comment on it later. If there is a wish to produce affordable housing on garden land developments, there is a problem, because such developments often fall below the quota level that a local authority requires to be able to insist that a proportion of the properties are made available for those needing affordable housing.

Mr. Andrew Dismore (Hendon) (Lab): I also congratulate the hon. Gentleman on securing the debate, and I apologise that I will not be able to stay for the whole debate. Does he agree that one of the real issues here is the fact that back gardens are effectively known as brownfield sites, which makes their development easy? In that regard, may I draw his attention to my private Member's Bill, which will be considered on 8 May, entitled Land Use (Gardens Protections Etc) Bill, which would deal with that by zoning gardens as green, which is what they are?

Andrew George: I am grateful to the hon. Gentleman for saving me from having to highlight his work. As I have indicated, this issue concerns people in all political parties and has been hotly debated for some time.

Bob Spink (Castle Point) (Ind): The hon. Gentleman is right to make the extremely good point that planning is driven by greed not need. Not only do developers not have to provide affordable housing in such circumstances, and not only do they often cram in blocks of flats without gardens or parking, which causes problems for neighbourhoods, but they do not have to make a contribution towards infrastructure around those sites, such as new roads. That is yet another attraction for them, and a reason why we should try to give special protection to such garden sites.

Andrew George: The hon. Gentleman is right, of course. Depending on the scale of the development, it can be difficult for local planning authorities to insist, through a section 106 agreement, that developers make a significant contribution to infrastructure. The Government have said that they have given local authorities the power to apply 106 agreement obligations to developers in such circumstances, but many local authorities have found it very difficult to address the real infrastructure implications of many such developments, especially when there is additional pressure on parking, amenity space and other things within town centres.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): By securing this debate, my hon. Friend has demonstrated once again how effectively he represents his constituency in this place. Does he recognise the difficulty faced by local councils that are forced—owing to the likelihood in many cases of losing on appeal—to permit small developments with no affordable housing, but at the same time are not allowed to provide large-scale affordable housing, even in mixed developments? Furthermore, housing associations cannot build the affordable housing that is desperately needed as a result of the Government's failure to provide affordable housing over the past 10 years.

Andrew George: My hon. Friend raises a point that places this debate in the context of the need and desire—I share that desire with the Government—to meet affordable housing need. There is a significant difference between what is happening with garden land development, which largely—certainly in my part of the world—makes a nil, or if anything a miniscule, contribution to meeting the desperate need for affordable housing, and the kind of schemes required to meet that need. In areas such as mine, those schemes are extremely difficult to bring forward. There is an astronomical difference between house prices and earnings in such places, so particular skills and efforts are required, primarily on the part of public authorities, to meet the sort of affordable housing need that he rightly highlights.

[Andrew George]

Garden land development is at the heart of middle England, which is in part why it is so hotly debated. It concerns a group of people on which all political parties direct a tremendous amount of political focus, hence the tremendous effort by certain parties to expend what is arguably a disproportionate amount of political time on trying to win the argument, to present themselves as the saviours of garden land and to reassure affected neighbourhoods that they are on side. There is plenty of opportunity, therefore, for claims, counter-claims, point scoring and bandwagon jumping.

Having got over the first hurdle of taking various interventions, I hope to give a potted history of what has been happening in recent years, an assessment of the impact of the difficulties of classifying gardens as brownfield sites, and the primary problems associated with garden land development. I shall then examine the origins of the modern-day trend towards garden land development and give a short narrative on issues that I have raised over the years regarding garden land development and similar development in the small market and rural towns in my constituency. I shall also scrutinise closely some of the more recent campaigning before coming to my concluding remarks.

With regard to chronology, these issues have been debated many times. I particularly commend my hon. Friend the Member for Solihull (Lorely Burt) for having listened to and been engaged in many debates in the House on planning and development. On 19 July 2005, following the general election, she introduced a ten-minute Bill entitled the Local Government and Planning (Parkland and Windfall Development) Bill. She hit the nail on the head when she proposed amending planning policy guidance note 3 to designate gardens as greenfield land, with an exception for extensions into back gardens. She suggested that such land would be developed last under the sequential test and highlighted the importance of protecting parkland and amenity land in town centres.

On 1 February 2006, the hon. Member for Tunbridge Wells (Greg Clark) introduced a Bill that was similar, but more narrowly focused on private gardens. On 20 October 2006, my hon. Friend's Bill had its Second Reading debate, which was preceded, on 21 June 2006, by an Opposition day debate led by the hon. Member for Meriden (Mrs. Spelman). The Opposition motion began:

"That this House shares the concern of communities throughout the United Kingdom over the scale of residential development on garden land".

A number of issues were set out, particularly with regard to the designation of garden land as brownfield sites.

On 2 February 2007, the Second Reading of a private Member's Bill introduced by the hon. Lady, the Land Use (Gardens Protection etc) Bill, was debated. On 18 March 2008, she introduced, under the ten-minute rule, the Land Use (Garden Protection) Bill, which I co-sponsored.

The issue was hotly debated during the passage of the Bill that became the Planning Act 2008, through which there was an attempt to amend the Town and Country Planning Act 1990 and subsequent Acts to make local authorities have special regard to

"the desirability of preserving gardens, groups of gardens and urban green spaces."

An amendment to that effect was made in the House of Lords on 12 November 2008, but it was successfully struck out by the Government when the Commons considered Lords amendments to the Bill on 24 November 2008. Ministers promised at that stage that there would be a review of the impact of garden land development. There has been some progress, in that the review's remit has been announced, but I would be interested to hear what progress is being made with the review.

Many statistics have been traded on the impact of garden land development. Although the Government have met their target of increasing the proportion of development on brownfield sites, it is clear that many of those developments have involved garden land. Looking at the statistics, it has been difficult, even in my area, to draw out the impact that garden land development has had, unless one analyses individual sites. However, it is clear that there has been a significant impact in my area.

The main problem with garden land development has been well highlighted in previous debates. Such development contradicts the established British view of what towns and cities should be. The Town and Country Planning Association, Britain's oldest planning charity, was founded in 1899 by Sir Ebenezer Howard. At that time, it was called the Garden Cities Association, and its purpose was to promote the idea of the garden city. Such a perspective of towns and cities is well established in British life. We do not see towns and cities as simply urban jungles without any green space, but as places where there are green lungs and wedges, and where gardens are protected. There is a recognition that such areas make a valuable contribution to the life of our towns and cities. As has been highlighted, garden land development can have an impact on biodiversity, drainage, climate change and aesthetics, and the creation of such developments can lead to neighbourhood conflicts. Also, as hon. Members have said, such developments do not necessarily address the urgent need for affordable housing, because, often, they are below the quota level on which local authorities insist.

The origins of garden land development go back further than 1997; in fact, they go back to 1985 when, under a Conservative Government, there was a change to the existing definition of brownfield land for the purpose of land use planning statistics. In my part of the world, there was a rush of successful applications to develop gardens during the late 1980s. The pressure arose because the message went out that people with large gardens were sitting on a gold mine that they should realise. The pattern emerged at that stage, so it is not new and did not first arise in the late 1990s.

Clearly, additional pressure was applied when the former Deputy Prime Minister, the right hon. Member for Kingston upon Hull, East (Mr. Prescott), who was then in charge of the Department of Environment, Transport and the Regions, set targets for councils to prioritise building new homes on brownfield sites in 1998. The Government met their target of building 60 per cent. on previously developed land in 2001, years earlier than planned.

A number of problems have been created in my part of the world by intense waves of excessive development, particularly in the mid to late 1980s, the late 1990s and throughout the past 10 years. I have received many

letters from constituents, but I will read one from Naomi Cliff of St. Ives, which was sent to me on 18 July 2007. She wrote:

"We are constantly seeing inappropriate modern buildings rising up in our historic town on the smallest of plots and in the most inappropriate areas; mainly catering for the second home market as they make no provision for affordability and are architecturally misplaced."

I have raised the issue on behalf of my constituents for many years. On 25 October 2005, I received a letter from the right hon. Member for Pontefract and Castleford (Yvette Cooper), who was then a Minister in the Office of the Deputy Prime Minister, explaining:

"Classifying gardens as 'Residential' was…not a creation of the current Government. This definition was later incorporated into PPG3 in 2000. The Land Use Change statistics classification has not changed since 1985."

The district council felt that it did not have the power to resist the kind of developments that I have described. When I showed a copy of that letter to the head of sustainable development and improvement at Penwith district council, Mr. Barton, he wrote back to me on 22 May 2006 saying:

"however, it is still evident from appeal decisions received that inspectors are placing much weight to the brownfield case."

That letter concerns garden land development within my constituency.

The Government adapted what is now planning policy statement 6 in April 2007. In a letter to me dated 19 September 2007, the right hon. Member for Pontefract and Castleford wrote:

"Planning Policy Statement 3 (PPS3) goes further and gives local authorities more flexibility to shape new development according to the needs of their area, and allows them to make the decisions on where new housing should be located. It makes clear local authorities can put strong emphasis on protecting urban green spaces, parks and play areas within their plans…The new policy statement gives them greater powers to restrict garden development if they have alternative viable land available and the level of development within residential areas is much higher than their plan."

The problem with that is that while alternative sites had been identified by local authorities, developers were unfortunately not prepared to bring them forward. The five-year development of land was available and planning permissions had been granted, but that put pressure back on garden land development, despite the best efforts of local authorities to find development land.

Susan Kramer: Is my hon. Friend aware that finding alternative sites in intensely populated areas such as south-west London is near impossible, even when trying to build new schools that are required? That caveat is entirely unsuitable for an area where population densities are already incredibly high; it merely adds more pressure, and is not necessarily an appropriate protection.

Andrew George: I certainly hope that the Minister will take those comments on board. My hon. Friend has a great deal more experience than me of the particular planning pressures in areas such as south-west London. I can only comment from my experiences of attempting to assist constituents in west Cornwall and the Isles of Scilly, which I represent and where I come from.

After I raised that issue with the sustainable development and design manager, Andrew England, from Penwith district council, he responded, in a letter of 25 July 2007:

"However, as the planning legislation currently states the plot in question"—

in this case, another plot in St. Ives—

"is regarded as brownfield land where the principle of development is supported. Inevitably given the national issues surrounding the need for more housing this places greater pressure upon such sites, unless further greenfield land is to be released for development."

As I have said, the local authority had already identified plenty of greenfield development space for developers, but it was not being brought forward—hence the pressure for development on garden land.

Of course, the pressure is not only on garden land. I was rather shocked to receive a letter from Strutt and Parker, which presumed that I owned the offices that I occupied in Belgravia street in Penzance. The letter told me that

"There is a strong demand from developers for both green and brown field sites",

and that Strutt and Parker were able to

"guide you through the planning system; co-ordinate other professional advisers in gaining planning permission and dealing with section 106 agreements; and consequently dispose of your property with the intention of"

optimising its value. Unfortunately, my landlady got hold of that information, and I was promptly turfed out of my office, which was turned into flats. The problem was that the car park that was available for the offices that I occupied had 10 spaces and that land is being developed as well. The parking pressures in that area are so intense for local people that adding further flats there without the provision of any further parking or amenity land is storing up serious problems. I certainly hope that the Minister is prepared to take that issue on board.

In dealing with all these issues, I want to spend a small amount of time concentrating on the need to be consistent in campaigns. I apologise for going on, but I have taken a number of interventions. I first became aware of the Conservatives' campaign when the local residents group in my constituency alerted me to an unsolicited letter from the hon. Member for Tunbridge Wells on House of Commons headed paper dated 17 May 2006, following a debate on his ten-minute Bill, saying:

"the Parliamentary rules give the Bill another chance on the 14 July. This is a precious opportunity for the Government to change its mind."

The implication of that perhaps led to the storing up of expectation among many constituents—perhaps even among people throughout the country—that a ten-minute Bill was likely to be passed by Parliament. A lot of Liberal Democrat Members agree with the proposal that the designation by the Conservatives of gardens as brownfield development land in 1985 should be withdrawn.

On 2 February 2007, the then shadow Secretary of State for Communities and Local Government, the hon. Member for Meriden, said during the Second Reading of her private Member's Bill, the Land Use (Gardens Protection etc) Bill:

"The only people who are not losing out from the rush to develop back gardens are the developers and land speculators. For them, England is literally becoming a treasure island." – [*Official Report*, 2 February 2007; Vol. 456, c. 473.]

[Andrew George]

On 1 October 2007, at the Conservative party conference, the shadow housing spokesperson, the hon. Member for Welwyn Hatfield (Grant Shapps), said:

"I know that you share my concern over the practice of garden grabbing, so we'll change planning law to recognise that brownfield does not mean your neighbour's garden."

On 28 November 2008, following the defeat of the Conservative Earl Cathcart's amendment to the Planning Bill, the hon. Member for Brentwood and Ongar (Mr. Pickles) was reported in *The Daily Telegraph* as saying:

"Labour's rules have given a green light for garden grabbing and rich pickings for developers...leading to leafy gardens being dug up and replaced with souless and ugly blocks of flats...Our proposals would increase protection for gardens".

They say all that, but in my constituency in May 2007 the Conservative party headquarters applied for six flats in its own back garden. *[Interruption.]* Of course, it was not making the application, but a company made up of a former Conservative councillor and a prospective parliamentary candidate was. Earlier that year, the hon. Member for Meriden had said:

"Such applications are divisive, because they set neighbour against neighbour." —[*Official Report*, 2 February 2007; Vol. 456, c. 473.]

Lo and behold, that application certainly did so, because the neighbours in that setting, in Alexandra road and Hawkins road in Penzance, were up in arms against that development and pointed out to the local Conservatives that the party had made a lot of claims to be the saviours of garden land. At the same time it was applying for planning permission to build in its own garden in a conservation area.

Mr. Stewart Jackson (Peterborough) (Con): The hon. Gentleman will be aware that the planning application for the garden land at Alexandra house—the headquarters—is before Penwith district council. Given that all six Conservative councillors on the planning committee of Penwith district council will declare a pecuniary interest and take no part in the debate, is he saying that the remaining councillors, including Councillors Ruhrmund, Mates, Cook, Jack Dixon and Terry Tonkin—all Liberal Democrats—will somehow make a decision outside planning law that is improper, irregular or potentially unlawful? Does he believe in local democracy or not?

Andrew George: I absolutely believe in local democracy. I am not going to comment on the merits or otherwise of that particular planning application because it is up to the local authority and its planning committee to decide how it will determine it.

In fact, the hon. Gentleman invites me to point out that the planning application of May 2007 was withdrawn with a certain amount of red face on the part of the Conservatives. They assured local residents that they had apologised for it, and local residents felt satisfied at that point that they did not need to take any further action, but they drew the matter to my attention and I took it up with the planning department. I could have made political hay with that issue in the House and scored a lot of political points. However, I am interested in the protection of garden land, not turning such issues into a political dogfight. Once the application had been withdrawn, that was it as far as I was concerned, which is why, later on in March 2008, I was content to sponsor the Bill of the hon. Member for Meriden when requested. I felt that we must stand above party political tribalism and not attempt to make party political points on the issue.

I was happy to support the Conservatives' private Member's Bill introduced in March 2008, but imagine my disappointment—the hon. Member for Peterborough (Mr. Jackson) has just drawn attention to this—when I discovered that, during that time, the Conservatives had indirectly sold the land to a developer and that a planning application by that developer had come before the planning committee in November.

That application is about to be determined and, as I say, I am not going to comment on the merits of it. However, the point is that it is all very well masquerading as the saviour of garden land, but Conservative Front Benchers were informed by residents in my constituency that that was going on at the time and they received no response from them whatsoever. The Conservatives had backed down shamefacedly in June 2007 when it was pointed out to them that what had happened directly contradicted everything on which they had been campaigning.

Residents in Hawkins road and Alexandra road in my constituency are much put out by the way in which the issue has been managed because not only was the garden sold to a developer, but the Conservatives negotiated a clawback clause. That means that if the development goes ahead and the planning application is successful, the Conservative association will secure for itself up to nearly £250,000. We need to be careful that what we say in this House is carried out by our foot soldiers on the ground in our constituencies. It is a matter of deep embarrassment for the Conservatives nationally and locally that this should have happened. I put my faith in the hon. Member for Meriden and the Front-Bench team because I was prepared to turn a blind eye to the mistake made in May 2007 and sponsor their Bill. I feel that they have seriously let me down and destroyed the trust I had that what happened was simply a blip—a mistake that they had made at that stage. I admit to making political mistakes and I have been shown to be naive in trusting the Conservatives at that stage and allowing them to go ahead in that way.

Mr. Andrew Turner (Isle of Wight) (Con): I am not clear whether the hon. Gentleman's objection is to every proposal for development, or just some proposals.

Andrew George: Every planning application should come forward on its own merits, and I am not debating the merits of one application over another. All I am saying is that that planning application was at one time considered unacceptable for that area. The residents were up in arms about it, it was withdrawn and an apology was given, but there has been an attempt to bring forward the development by the back door.

Dan Rogerson (North Cornwall) (LD): I apologise to my hon. Friend and other hon. Members for not being present at the start of the debate, but I was attending a Public Bill Committee sitting that has only now ended. He is drawing attention to the fact that his constituents, and many others across the country, may be misled into

believing that there has been a firm commitment and policy to act in a certain way. Individual cases might lead people to believe that things were done differently. The issue is not about the planning application, but about people seeking to make political capital out of a particular planning point. There is then a failure to address that at a local level

Mr. Bill Olner (in the Chair): Order. The hon. Member for St. Ives has been very generous in giving way and has accepted nine interventions, but I remind hon. Members who wish to speak that I will call the first of the Front-Bench spokesmen at 12 o'clock.

Andrew George: I am grateful to you, Mr. Olner, for pointing that out to me and I apologise, but I have been attempting to be generous to hon. Members who wish to make points. I will now bring my remarks to a close.

It is all very well going through a rebranding process—I fear that the Conservatives see the world of politics merely as a marketing exercise—but politicians need genuinely to understand and accept the basis of the political claims they make. If they claim to be the saviours of garden land, they cannot at the same time be engaged in the type of activities I have just described. That example is not the only such incident. I do not know about London politics, but last night's *Evening Standard* reported:

"Plans by the Mayor's London Development Agency to build 180 homes in Crystal Palace Park will be decided by Communities Secretary Hazel Blears, it was announced today. Bromley council",

which I understand is Conservative controlled,

"approved the plan to build in the Grade II-listed park last month. Boris Johnson added his support in spite of his election manifesto pledge to protect green spaces."

I look forward to the winding-up speeches and to hearing the views of all parties on the debate. There are issues of significant substance that I hope the Minister will address, particularly the review and the need to back up those local authorities that try to protect the integrity of their garden spaces, many of which are still under threat, even in the current market downturn. I hope that he will take those remarks on board.

11.38 am

Mr. Lindsay Hoyle (Chorley) (Lab): I congratulate the hon. Member for St. Ives (Andrew George) on securing the debate and thank you, Mr. Olner, for allowing me to take part. We have to take a step back and remember what has been in place historically. People could always build in gardens and pieces of land within urban areas have been used for development. That historical agreement has always been in place and part of planning permissions, and local authorities took the ultimate decision on whether a piece of land was or was not appropriate for development. Of course, we all know that things changed when the Government began looking for more brownfield land to stop encroachment on greenfield areas. It was a difficult balance to strike, but in the end those decisions were taken.

In Chorley, we never had a worry: when the Labour authority gave up control, there was a complete moratorium. We did not have any building in gardens because we had so much planning development already agreed. In fact, we had one of the biggest brownfield sites to become available—1,200 acres of Royal Ordnance land. One can imagine what it does to an area when so much building land becomes available for development. We had all this building land and we knew that new town planning permissions would be granted, because Chorley was part of the old central Lancashire new town and there was historical planning consent on the land. The last thing we wanted was for more developers to come in and pick out land all over the place; that was why the moratorium was put in place.

What then happened was that the Labour-controlled council in Chorley left office and the Conservatives came in. The first thing they did was to lift the moratorium, which allowed a free-for-all. Any land in Chorley could be developed. Not only did we have an oversupply of building land, but it was being added to. Of course, cheap politics comes into it. I do not usually get into the gutter politics that seems to be happening in Chorley, but the candidate opposing me, Alan Cullens, put out a letter saying that I had allowed garden development in Chorley. What that Conservative candidate failed to do was even to state that he is a councillor, and a member of the council that has allowed development in gardens in Chorley. In his own area, developers have come along and bought up to seven gardens in order to create a large site for development. That will create 40 houses in back gardens and is a major development, but as it is in a good area that should be protected, even under the new legislation, I suggested to the council—through Labour councillors—that it should be a conservation area. That is still allowed, and it would not stop development in gardens, but the Conservative council said that it did not want to do that as it might cost money. What I would say about Councillor Cullens is that he is without doubt duplicitous—hypocrisy is the ultimate word for him—and that sending out a letter and not admitting that you are part of the problem that has been created in Chorley is very low politics.

We can do better, and we can do more. There is no doubt that the Conservative-led Chorley council has let the people of Chorley down. In the beautiful village of Mawdsley, two constituents wish to develop in their gardens for good reasons: they can no longer keep horses there and there is a tax on the animals. Yet the same council refuses them permission. The council has many questions to answer. My constituents in Mawdsley believe, rightly, that the council is being vindictive towards them. When it suits them, the council will support and allow developers to have free access to land, but in other areas they will not. This is a complete botch; it is hypocrisy. Chorley used to be the best-protected authority in the country, but all that was thrown out.

Councillor Cullens, and other councillors around the country who are making cheap points against Members of Parliament should be factual, truthful and honest.

Mr. Stewart Jackson: It is your Government.

Mr. Hoyle: Of course, it is my Government and my constituency. The hon. Gentleman obviously is not listening, so I will say it again and see whether he can understand this time. If there is a complete moratorium on building, no one can build in gardens. If the council lifts that moratorium, any developer can come in. Developers have always been allowed to build in gardens. That is the problem. Local authorities have to make decisions, but in Chorley there was no decision to make

[Mr. Hoyle]

because of the moratorium. Once it was lifted, weakness was introduced. There is over-provision in Chorley, and the moratorium should never have been lifted.

I hope that the Minister will think long and hard about the position in Chorley. I agree with other hon. Members that we should have more social housing, but four and five-bedroomed houses are being built. There are crocodile tears from the local councillor and Conservative candidate, but he was part of the council that lifted the moratorium. Perhaps the Minister would like to comment on the hypocrisy of Councillor Cullens and the council in Chorley.

11.44 am

Mr. Andrew Smith (Oxford, East) (Lab): I congratulate the hon. Member for St. Ives (Andrew George) on securing this debate on a very important issue. I understand his concerns about garden-grabbing in Penzance. However, I take with a slight pinch of salt his claim that he did not want to spark a great party political dogfight in raising this issue. It seems to me that if he had wanted a party political dogfight, he could barely have done so more effectively. However, he raised some important concerns—I do not disagree with that.

On the substance of the issue, it is a question about quality of life, as the hon. Gentleman said, and the day-to-day enjoyment of residential areas, whether urban or rural, whether market towns or cities. In Oxford, it is difficult to build on the edge of our city, because the green belt is drawn too tightly and needs revising. There is also the economic and academic vitality of the city, which sucks in lots of jobs and students. The coupling of those two factors creates a pressure-cooker effect, so that there is enormous demand for housing within the city and buy-to-let has been a one-way bet for landlords for some time.

Residential areas that were originally planned with generous gardens and pleasant open spaces, inspired by garden city principles, have been under remorseless attack from infill, conversions to multiple occupation and even the exploitation of permitted development for ancillary buildings, such as garages and sheds, which then sprout windows, curtains and even bathrooms.

The presumption of higher densities within existing residential areas, which, as the hon. Gentleman said, is something that Governments of both main parties have been responsible for, can end up destroying those residential areas, as gardens are concreted over, corner plots are turned into flats and parking and refuse collection services are put under enormous strain, which the landlords who are carrying out the conversions are not making payments towards, as the hon. Gentleman also said.

I want to express warm thanks to my hon. Friend the Minister for coming to my constituency exactly a week ago to meet councillors and residents' representatives, and to go round for himself to see a neighbourhood that has been transformed from one with good-quality housing, much of it social housing, into what is largely a student dormitory, with the most extraordinary extensions to properties. We looked at those extensions, which had been squeezed in, and also at neglected gardens, discarded rubbish and all the detritus of bad landlords, sitting cheek by jowl with the minority of original residents who take a pride in their property.

The purpose of that visit was to ensure that the Minister understood the overwhelming strength of the case for a licensing system for houses in multiple occupation to run right across Oxford—I think that he is getting the message from Oxford on this subject. As I said, I am grateful to him for coming and listening to us. However, there is a parallel need for stricter planning control and for councils to have more discretion to respond to the demands of their residents that they should be able to shape the nature of the residential community in which they live.

Mr. John Leech (Manchester, Withington) (LD): The right hon. Gentleman has hit the nail on the head. This issue is about local discretion for local councils. Under the current system local councillors' hands are tied, whereas we should give those local decision-making powers back to local councils. If in some areas the council, for whatever reason, considers that garden developments are appropriate, it can go for them. Personally, I hope that in my area that would not be the view. However, if the decision-making powers are given back to local authorities, at least they can make the decisions locally about what is good for their area.

Mr. Smith: That is the point that I am making. These days, we all pretty much subscribe to the rhetoric of community empowerment; but if that rhetoric is to mean something on the issues that matter most to people, it must mean that they and their elected representatives should have more say on policies and planning decisions affecting their area, and that the inspectorate in Bristol, as an agent of the Secretary of State, should have less say. Of course, local authorities have to draw up those policies in a proper way, consulting with all relevant interests, and the policies must be applied consistently. That is not always easy with planning decisions. I used to chair a planning committee, many years ago, and I know that there are finely balanced judgments to be made.

Incidentally, I do not think that anybody is saying that no infill is ever acceptable or that no garden can be developed. The decision depends on the merits of the case. Indeed, I can point to some instances in my own constituency where development has been carried forward well and properly. The problem, when the planning system is too permissive and the overall policy is too centralised, is that it is too easy for developers and bad landlords to get away with too much. That is why we need regulation that is sensitive to the needs of the community.

The gardens, open spaces and trees in our urban areas act as lungs, and make areas look nice, so that people want to live there. They sustain ecological diversity and contribute something distinctive and positive to the quality of life of individuals and whole communities. The Government would do themselves and the country a great deal of good if they embraced the idea of giving stronger protection to gardens, as well as giving councils more power to decide when conversions to multiple occupation are appropriate, but with a comprehensive licensing system to police them where necessary, as it most certainly is in Oxford.

11.51 am

Lorely Burt (Solihull) (LD): I, too, congratulate my hon. Friend the Member for St. Ives (Andrew George) on securing this extremely important debate. The key

issue is whether back gardens are designated as brownfield or greenfield areas. The Government have, to a degree, attempted to address that problem, and I welcome that. Following PPG3, the Government introduced PPS3, which gives local authorities some powers to separate gardens from wider brownfield development targets, but that does not stop developers, because local authorities can be overridden by external inspectors who do not have sympathy with or understanding of local areas, feelings and circumstances.

The hon. Member for Hendon (Mr. Dismore) has kindly stayed to tell us that he is introducing a private Member's Bill on this matter. I look forward to that, and I hope that it has more success than mine did in 2005. My neighbour, the hon. Member for Meriden (Mrs. Spelman), introduced a similar Bill in 2007, as did the hon. Member for Tunbridge Wells (Greg Clark) in 2006. I am encouraged to hear that Members of all three main parties are introducing such Bills. As my hon. Friend the Member for St. Ives has discussed, although my private Member's Bill encompassed parkland, the hon. Member for Meriden has declined to do the same with hers, because her local authority of Solihull, which we share, has sold off parkland for development in two parks—Tudor Grange and Shirley parks. That development involves the, to my mind, near criminal destruction of a 350-year-old ring of oaks.

The problem is holistic. The whole nature of areas is being changed by overdevelopment. The forthcoming Bill is very welcome, because in previous debates on this issue Labour Members have criticised attempts to change the designation, saying rightly that people need homes, including affordable homes, but selling off large back gardens in reasonably wealthy areas does not help to resolve that problem. Indeed, hon. Members have mentioned the careful building of particular numbers of dwellings so that the threshold at which affordable housing must be built is not exceeded.

Valuable wildlife corridors are being lost, and there is increased pressure on local amenities and increased flooding in many areas. Back gardens provide natural drainage, and having more houses puts too much pressure on sewerage and drainage systems that were never designed to service the number of families and properties that they now service. Hon. Members have mentioned the problems that are being created with roads and parking. Above all, perhaps, the whole character of local areas is being changed.

Is all that a big problem? The Government have stated that 72 per cent. of new homes are built on brownfield sites. Those welcome statistics show how that figure has increased over time. However, we need to look underneath them to see how much of that 72 per cent. is back garden development. The Government's figures state that just less than a quarter of such properties are built on previously residential land, but that could be just the tip of the iceberg. The hon. Member for Tunbridge Wells carried out a study on this matter. According to the Government's statistics, 40 per cent. of new housing is on existing residential sites and garden plots, but on investigation he found that the figure is closer to 70 per cent. That is a cause for great concern.

The picture is stark over many areas of the country. In my own area of Solihull we have just re-fought an application that keeps being made on Streetsbrook road for 10 apartments on two properties. We lost an appeal over Fowgay hall—admittedly, it was an unlovely property—on the site of which now stand 14 flats. It is a 0.17 acre plot, every inch of which has been built on, with the car park having to go underground. It is so out of kilter with the area that it beggars belief that it was approved on appeal. Builders wear down local communities by persistently reapplying. They make an application knowing that it will not be accepted. They then re-submit and re-submit, causing tremendous stress and worry in local communities, and in the end they slip in just under the bar. And that is the end of a happy residential area and, often, of its character.

The current economic situation might well have some bearing. The demand for flats has been slowing for a considerable period. However, more important, the construction industry is not on its knees but on its back. If the Minister were to introduce good, properly planned developments—not back garden grabs, but shovel-ready planning applications to build homes, especially affordable homes—he would certainly hear no objections from the Liberal Democrat Benches. PPS17 requires local authorities to provide all types of open spaces, including parks and gardens. We need properly planned communities. The Government should consider strengthening legislation to facilitate a much more holistic approach to our planning system. As my hon. Friend the Member for St. Ives said, local communities need a much greater say in decisions affecting the character of their area.

I have three suggestions that I hope the Government will consider. On the ability of developers to continue re-submitting applications, should we not have a "three strikes and you're out" system to prevent the constant worry?

Mr. Hoyle: Two!

Lorely Burt: I do not know; I leave that to the Government. For many communities, three will be a very welcome change. On one occasion, we had 19 in Solihull.

Could local authorities have more power to make a final determination? There is a problem with appeal officers looking at an area and going against the will of a large body of local opinion. We are not talking about nimbyism; what we really want is power to the people: subsidiarity—decision-making at the lowest point for the people who are affected. We understand that local authorities may make inappropriate decisions, but could the conditions for overturning those appeals be looked at again to take into consideration local people's desire to have some say about the local environment in which they live?

12 noon

Mr. Stewart Jackson (Peterborough) (Con): It is a pleasure to serve under your chairmanship, Mr. Hancock. I congratulate the hon. Member for St. Ives (Andrew George) on securing the debate and on his comprehensive remarks—only soured somewhat at the end by a rather churlish coda, to which I shall return later.

The sad thing about the tenor of the debate is that there is so much consensus on the main issues, and to be fair to the hon. Gentleman, he generously alluded to the role that my hon. Friends the Members for Meriden (Mrs. Spelman) and for Tunbridge Wells (Greg Clark)

[Mr. Stewart Jackson]

have played in promoting private Members' Bills and ten-minute Bills, and notwithstanding the efforts of the hon. Member for Solihull (Lorely Burt). We will hold the Government to account on their decision to instigate a review of garden grabbing. The Minister for Local Government said on 14 January in *Hansard* at column 768W that, following the Planning Bill, it would be undertaken and concluded shortly.

We concede that the Government have made some progress on the specific issues that Members have raised over the past few years, and that they have talked about the importance of local development plans and the issuance of supplementary planning guidance to protect gardens from overdevelopment and separate them from other types of brownfield land. It would be churlish not to support that. They also brought in PPS3 on housing in April 2007 and referred to the powers under part 2 of the Planning and Compulsory Purchase Act 2004 in respect of local development documents. The Government's attempt to strengthen strategic housing market assessments for local planning authorities is right, at least in theory, but as I shall make clear later, it is all very well doing that, but the reality is that planning applications are effectively decided by the Planning Inspectorate in Bristol, and under forthcoming legislation, by the regional development agencies.

Mr. Hoyle: I have two quick points. First, applications have always been decided in Bristol, and everyone already has the right to appeal on planning, whatever the planning issue is. Is the hon. Gentleman suggesting that we take that away? It is an historic process. Secondly, does he not agree that we could always have used conservation areas to protect land?

Mr. Jackson: I agree with the hon. Gentleman's second point. I was going to say that the situation is exacerbated by the new proposals in legislation that will put unprecedented planning powers and other powers into the hands of regional development agencies. I hope that he will take his customarily robust attitude towards that legislation in Committee and on the Floor of the House.

It would be wise to refer to my colleagues' commitment to the issue. It is fair to say that the Conservative party has had a strong and principled commitment to the issue over a significant period. The hon. Gentleman referred to my hon. Friend the Member for Tunbridge Wells and his Protection of Private Gardens (Housing Development) ten-minute Bill in 2006, which sought to remove front and back gardens from the Government's definition of brownfield sites of previous development. He made the point that if the idea of brownfield sites was to mean anything, it should be about improving the condition of our towns and villages and contributing to environmental progress, not about changing and destroying the character of areas for ever. I think that there is general cross-party agreement on that.

Andrew George: Does the hon. Gentleman acknowledge that that change in definition took place in 1985? Would he like to put on record the Conservative party's regret at having made that error?

Mr. Jackson: I am sure that the hon. Gentleman, who has strenuously denied a wish to be party political and claims merely to represent his constituents—*[Interruption.]* The point on which all parties agree is that there is insufficient local autonomy and authority for planning committees to make decisions in the best interests of their local communities. One has only to look at density and other targets effectively imposed by central Government through regional development agencies and regional spatial strategies. That is the key issue.

Andrew George: Will the hon. Gentleman give way?

Mr. Jackson: I will make some progress and let the hon. Gentleman intervene later.

The hon. Gentleman also made some generous comments about the Opposition day debate on garden development in June 2006, during which my hon. Friend the Member for Meriden argued for the reclassification of gardens under PPS3. She made the point that very little backland garden development results in affordable housing becoming available, because such development tends to take place in larger gardens in better areas of higher value.

My hon. Friend the Member for Meriden argued for greater planning powers to be devolved to local councils, especially in respect of density levels, and said that powers of reclassification should be given to local councils. That would not necessarily fetter planning authorities' discretion to decide what was best for their local areas. Reference has also been made to her Land Use (Gardens Protection etc.) Bill of February 2007, and her ten-minute Bill, the Land Use (Garden Protection) Bill of February 2008. When speaking to the latter, she made the point that PPS3 focused on new-building gardens rather than conserving existing ones, and that housing and density targets rendered PPS3, in its new incarnation, effectively meaningless when set against local community planning policies. I think that we all agree with that—there is consensus between the Conservative Front Bench and the Liberal Democrats.

It is important to consider the lack of progress made by this Government in respect of the remediation of brownfield sites. If I am a little harsh on the Liberal Democrats, as I will be shortly, it is because they are quick to complain about homelessness, lack of housing stock and other issues, but when anyone proposes development of land for residential use, they are first in the queue against it. They cannot develop any arguments more complicated than can be put on an A4 "Focus" leaflet. The Minister has great experience of those with his erstwhile opponent in Hartlepool, Jody Dunn—whatever happened to her, one may ask.

To cut to the chase on the issue of Penwith district council, the hon. Gentleman either believes in local democracy and accountability or he does not. I made the point that Penwith's planning committee has 15 members, and only six of them are Conservatives. All of them will declare any prejudicial interest in any planning application, and none of them will vote or take part in that debate, so is he really saying that the one Labour member, three independents and five Liberal Democrats are so stupid, so unable to consider the facts in front of them and so prone to making irregular decisions that they will not seek advice from officers or do the right thing for their local community, which is what they were elected to do? I ask that for a specific reason. In a press release issued on 30 January, the hon. Member for St. Ives commented:

"The Chairman and Vice Chairman of the local Planning Committee (Penwith District Council) are Conservatives".

He does not name the individuals, and I would suggest that his insinuation is possibly libellous, given that he knows full well that they will not be voting or speaking.

Andrew George: Perhaps the hon. Gentleman has misunderstood the point. This is not a debate about the merits of the case, which is clearly a matter for the local planning committee. The relevance of the chairman and vice-chairman of the planning committee is simply that the residents want reassurance that the application will be considered on its merits. That is what I, as their MP, am seeking on their behalf. I find it extraordinary that the hon. Gentleman is getting into the nitty-gritty of the make-up of the local planning committee. I agree that the matter will be determined at local authority level. What we are debating is the contrast between what the Conservatives have been saying in this Chamber and what they are doing on the ground with their headquarters and garden.

Mr. Jackson: The hon. Gentleman raised a specific planning application in this Chamber, which I would say is inappropriate. It is certainly not a campaigning issue for Liberal Democrats locally. If he wishes to discuss garden and backland development in general, he will find that there is some cross-party consensus, but he has sought to politicise the issue for his own local reasons. I am simply drawing to hon. Members' attention the fact that he is saying—I have no reason to disbelieve him; indeed, I believe it myself—that the autonomy and authority of the local planning authority are paramount and that the elected district councils in west Cornwall will make the right decisions for their communities. I deprecate the fact that he raised the issue and has even issued press releases about it.

Andrew George: Will the hon. Gentleman give way?

Mr. Jackson *indicated assent.*

Mr. Hancock (in the Chair): Order. Please make it a short intervention.

Andrew George: I will certainly do that, Mr. Hancock.

I made it clear that I did not wish to politicise this debate. In 2007, I made it clear that I was prepared to overlook the fact that there was an application for development in the back garden of the Conservative headquarters. It was because the Conservatives changed their mind, having reassured the local community, that I am quite happy to see a political element in today's debate. That is right and proper, given what has been said in recent years.

Mr. Jackson: I will bring my remarks to a close, although I find it a bit rich being lectured on transparency and clean politics by a party that took £2 million from an impermissible donor and refuses to give it back.

Mr. Hancock (in the Chair): Order. The debate is on back garden development, Mr. Jackson.

Mr. Jackson: I accept your admonition, Mr. Hancock.

I think the hon. Member for St. Ives and the Liberal Democrat Front-Bench team have missed an opportunity to focus on what we have worked together on, certainly since 2006. We have worked together sensibly, and he has sponsored a Bill promoted by my hon. Friend the Member for Meriden. We both believe that garden development needs to be re-examined so that we can protect gardens, and, which is more important, that there needs to be much stronger local control.

I can assure hon. Members that we have taken a principled stance. A Conservative Government will give stronger powers to local communities, and we look forward to the support of the diminished numbers of Liberal Democrats in the next Parliament. I look forward to the Minister's remarks, and hope that he addresses the pertinent issues that have been raised today.

12.15 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): It is a great pleasure to serve under your chairmanship, Mr. Hancock. Although I have enjoyed today's debate, I have, at times, felt slightly uncomfortable. Watching the Conservatives and the Liberal Democrats sparring was rather akin to watching a man and wife have a fierce row.

I congratulate the hon. Member for St. Ives (Andrew George) on securing this debate. He said at the start how lucky he was to secure the debate. I have to say that he seems to be incredibly successful in securing Adjournment debates. I recall responding to his debates on at least half a dozen occasions in respect of housing, planning and development. He serves his constituents extremely well and is extraordinarily knowledgeable about the situation. I also enjoyed the meeting that we had a week or two ago about second homes, which is an issue that really concerns him. I hope that we can have a follow-up meeting on that.

The issues raised today have been very well rehearsed, not least in Opposition day debates, on private Members' Bills and during the passage of the Planning Act 2008. As has been mentioned several times, the debate is also very timely. We are shortly to make clear how we propose to begin a review of the evidence of the extent to which development of gardens is taking place. Today has been a good opportunity to hear views before we take our final decisions.

In the time that I have, I should like to do two things. First, I want to set out the existing policy and planning framework, which local authorities can deploy to restrict developments in gardens. Secondly, as I have alluded to, I want to outline our plans to review this matter to ascertain the precise nature, scale and incidence of the problem.

Let me start by talking about the existing policy framework. We have a robust planning framework in place to address so-called garden grabbing when it is considered to be a problem. The hon. Gentleman—because he is very knowledgeable about the matter—rightly put PPS3 at the heart of his argument. That guidance, which we published about two years ago, strengthened local authorities' hand on the quality and design of their buildings and their effect on the neighbouring environment, and reinforced the need for all development to be in suitable locations. Let me cite a number of the parts of PPS3, which are very relevant to today's debate.

[Mr. Iain Wright]

Paragraph 38 gives local planning authorities more flexibility to determine how and where new homes should be built in their area. They also have greater responsibility to ensure that the homes are built. Paragraphs 14 and 16 make it clear that local authorities can put strong emphasis on urban and green space—those very much welcomed green lungs—which includes gardens, parks and play areas. Crucially, paragraph 43 also gives local planning authorities greater powers to have particular policies in their area, such as setting out the circumstances in which the proposed development on back-garden land may or may not be permitted. If I have time, I might cite a number of local authorities that have just done that and taken advantage of PPS3.

I also want to mention annexe B of PPS3, which gives local authorities a key power. It says:

"There is no presumption that land that is previously-developed is necessarily suitable for housing development nor"—

and this is the crucial bit—

"that the whole of the curtilage should be developed."

In a nutshell, that demonstrates that local authorities are very much in the driving seat. Within their overall policy for the location of housing, they can decide how much reliance to place on previous residential sites, including gardens, as opposed to vacant and derelict sites.

The idea that has been hinted at today—that central Government are dictating to local authorities and telling them to consider infill on gardens—is simply wrong and misleading. As the hon. Member for St. Ives said, it is cheap party political point scoring of the lowest order, and it should be stopped. Central Government are not saying that; they are saying that local authorities have considerable autonomy and discretion to decide the plans and the framework that are suitable for their particular area.

Mr. Jackson: Will the Minister concede that, if developers are making a value judgment on where to build a new development of houses and flats, it is easier for them to take the path of least resistance and build on green belt, rather than navigate the difficulties of remediation of brownfield which, as he will know, is divided between the Treasury, the Department for Communities and Local Government and the Department for Environment, Food and Rural Affairs? That difficulty predisposes developers to go for greenfield sites.

Mr. Wright: I will respond to that question in two ways. First, as I was going to say, back gardens are considered brownfield, not greenfield. Secondly, we have been extraordinarily successful in the past decade in ensuring that the brownfield first policy works. I think that the hon. Member for St. Ives mentioned our target of ensuring that 60 per cent. of all new development is on brownfield sites, but as the hon. Member for Solihull (Lorely Burt) said, we are in the high 70s: about 76 or 77 per cent. of all new development is on those sites, so it has been a huge success.

I understand the hon. Gentleman, when he talks about the line of least resistance, but all the evidence suggests that we have been successful in ensuring that previously developed land—brownfield land—is used first by developers.

Andrew George: Notwithstanding that, does the Minister agree that if the Government followed the proposal made by the Liberal Democrat and Conservative Front-Bench spokespersons and redefined gardens as greenfield rather than brownfield, they would provide local authorities with a mechanism by which to provide greater protection for gardens?

Mr. Wright: That brings me nicely to my next point about brownfield development. However, before I refer to the comments of my hon. Friend the Member for Hendon (Mr. Dismore)—he has a Second Reading of a private Member's Bill on 8 May, I believe—I will give way to my hon. Friend, who wishes to intervene.

Mr. Hoyle: Does the Minister agree that money would be better spent on creating conservation areas to protect gardens rather than investing in Iceland, where Chorley has lost £2 million? The Minister may not believe this, but it is the truth: the councillor in charge of finance is Councillor Culliers, who intends to stand against me at the next election. On the one hand, he will not support conservation areas, but on the other he is happy to waste council tax payers' money that was invested in Iceland in September. What does my hon. Friend think of that?

Mr. Mike Hancock (in the Chair): Order. I do not think that that was a point for this debate.

Mr. Wright: I am led by your direction on that, Mr. Hancock, but my hon. Friend made a strong point about conservation areas.

We had a debate in the House last night about parliamentary standards, and the idea that there is a lack of faith in our political process in this country concerns me. Certain parties, far from being do-nothing parties, say one thing when it suits them, and do another when that suits them, but that does not strengthen the political hand for any of us. Hypocrisy, which my hon. Friend's opponent seems to be guilty of, should be avoided. It is wrong that we have such petty, small-minded, misleading and disingenuous campaigns, which the hon. Member for St. Ives highlighted.

I am sure that you want me to talk about brownfield land, Mr. Hancock, and how it could be defined. As I said, PPS3 makes it clear that the status of a site as brownfield brings no presumption that it must be developed for housing. Local planning authorities should prioritise brownfield land wherever possible, as I said, by identifying suitable sites. However, if sites cannot be identified, there is still no obligation to grant applications for development in back gardens. Local authorities can set local brownfield targets to reflect available sites, and to support and enhance the national target to build at least 60 per cent. of new homes on brownfield land. This is important in the context of what we have been debating today. Local planning authorities can set separate targets for different sorts of brownfield land, where appropriate, to give them more flexibility to shape new developments to meet the needs of their local area—including addressing the point about development in gardens where that is considered to be a local problem.

The key consideration is not whether a site is brownfield, but whether it is suitable for housing development—that it is a suitable area that will contribute to the creation of

sustainable mixed communities. The Government's position is that local planning authorities are the best judges of that, taking into account their specific circumstances and needs. Garden land development should therefore be judged locally as to whether it is conducive to sustainable mixed communities. There is no diktat from central Government—far from it—but an insistence that local authorities should judge this, in consultation with their local residents.

The Government's position, in advance of the review findings, is that it would be wrong to deny local authorities the flexibility to set planning policies and take planning decisions based on their knowledge of areas. Wherever possible, that is our preferred approach in line with improving local democracy and accountability. We should continue to allow planning authorities to make judgments based on the knowledge of their own area, through the development of local policies and taking decisions on planning applications. I was pleased to hear the hon. Member for Peterborough (Stewart Jackson) acknowledge that considerable progress had been made over the past couple of years on strengthening local development frameworks. That is somewhat at odds with his stance on how we are moving everything towards a regional spatial strategy, but I welcomed his sentiments.

Dan Rogerson: I welcome what the Minister says about its being the Government's intention that local authorities should have maximum discretion in determining these policies. However, I hope that he will acknowledge that occasionally, on appeal, there is conflict between what planning inspectors feel to be enforceable and what local authorities believe stands up. The Government should look at this issue again. Local authorities believe that they have discretion to act in a certain way, taking into account conditions such as the number of affordable homes in a development, and then have difficulty persuading the planning inspector that their policy should have some force.

Mr. Wright: The hon. Gentleman makes a strong point. As my hon. Friend the Member for Chorley (Mr. Hoyle) said, appeals are an historic part of the planning process, and no one wants to get rid of what is perceived to be natural justice. If a local authority has a robust local development framework in place and it is tested through appeal, it will be in a strong position.

In the hon. Gentleman's own area, the North Cornwall district local plan contains the following text—I believe that it is called HSG 3—to support its policy on intensification of residential use:

> "Restricting the subdivision of large garden plots therefore retains the environmental quality of these areas."

So there is an idea that the council wants to strengthen it as much as possible. Brentwood's replacement local plan of 2005, for example, has specific policies reflecting local circumstances that any new development should reflect the character and density of the surrounding area and shall have minimum net plot sizes and minimum building line frontages.

I do not wish to be party political about this, but the London borough of Bromley—which is not yet the socialist republic of Bromley—has the following text regarding housing density and design policy. It is worth quoting to show what local authorities can do, and how they can be in the driving seat in this regard. It says:

> "Backland development, including development of land surrounded by existing properties, often using back gardens and creating a new access, will generally also be resisted. Private gardens can be of great importance in providing habitats for wildlife, particularly in urban areas. Except in Areas of Special Residential Character, such development, however, may be acceptable provided it is small-scale and sensitive to the surrounding residential area. Lower residential densities than those outlined in table 4.2 will usually be required and there should be adequate access. Additional traffic should not cause an unacceptable level of disturbance to neighbouring properties, and a high standard of separation and landscaping should be provided."

That provides robust analysis and evidence to ensure that planning applications can be brought forward in that context—something that is important and places local authorities very much in the driving seat.

I do not have time today to move to the second part of my contribution, relating to the review promised by my right hon. Friend in respect of the deliberations on the Planning Act, but I will write to those hon. Members who have contributed to the debate. It is an important point. Let me reassure—

Mr. Mike Hancock (in the Chair): Order. We must move to the next debate.

Bristol Barrage and Severn Estuary

12.30 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I always seem to serve under your chairmanship, Mr. Hancock, and it is a privilege to do so once again. I am delighted to have a chance to speak on a subject that might be slightly controversial, but something that I think that we can support. First, however, I pay tribute to my hon. Friend the Member for Weston-super-Mare (John Penrose), in whose constituency the barrage will be located. He has played a vital role in moving the barrage to its current state.

My comments today are less about this Government and more about the operation of successive Governments. The problem is that, owing to their boldness, the plans for the Severn barrage have been on the drawing board since 1974, when I was still at school. They say that a week is a long time in politics; 35 years must be getting on for a bit of a record. I wish all Ministers well in their jobs, but I must remind a few people of the facts. Ministers, rather like barrage blueprints in Somerset, come and go quickly. If I were to list every hon. Member, living and dead, to have taken responsibility for this project, we would be here until well after bedtime and the snow would be falling again.

I suspect that no one really wants to be responsible for making a decision. The Government have tried to confuse us—I say this in the nicest possible way—by deliberately changing the names of the Ministries in charge. Until very recently, barrage experts were all based at the Department for Business, Enterprise and Regulatory Reform, which is known colloquially as "brr"—which is rather appropriate, given my struggle out of Somerset this morning. The Department has now become the principality of darkness and the Prime Minister's new best friend—dare I say it?—Lord Mandelson, is now in charge. Whatever I might think about the noble Lord, he has a very good nose for trouble. When he took over at BERR, the controversial subject of energy was promptly shunted off to another Ministry—of silly names, dare I say it?—the new Department of Energy and Climate Change. DECC has nothing to do with our famous northern friends, Ant and Dec, although I suspect that the Secretary of State for Energy and Climate Change might be looking at the barrage and saying, "I'm a celebrity, get me out of here—quick!" In short, the project is one of the most poisoned chalices faced by any Minister.

One of the problems is that the scientists are at loggerheads. Energy experts say one thing and the green lobby something completely different. They are complete rivals. Engineering firms are dying to win contracts, and consultants are crawling over everything for a fat fee, and that is not to mention a whole raft of do-gooders—unelected and unaccountable—and busybodies, such as my favourite whipping horse, Mr. Humphrey Temperley, who is in charge of the flood defence committee—God help us! He has managed to get himself on so many flood defence committees that he now wears wellies in bed, I am told. He is a menace to the success of this project.

The Government have allowed all those different groups to deluge them with views over many years, which helps to explain why, after umpteen reports, inquiries and consultations, we are still discussing the idea, rather than the reality—I say that advisedly. Twenty two years ago, after 65 million quid of public money had been spent on surveys, the Severn tidal power group came out in favour of a barrage—great! However, the Government of the day fudged it. Seven years ago, the tidal power group revamped its findings, but the Government said that the project was too costly and might damage the environment—in other words, they fudged it again. The whole thing then festered until three years ago, when an outfit called the Sustainable Development Commission was given a big bung to do more—guess what—research. At our expense, it ordered no fewer than five new reports—wow! It also took a large volume of evidence from a wide range of organisations and consultants—cor! It also got stuck in the politically correct agenda, and I have to quote the commission because this is such appalling stuff:

> "We undertook a programme of public and stakeholder engagement to explore opinions and attitudes towards tidal power in the UK and the Severn Estuary resource".

In other words, it did more talking.

Throughout this sorry saga, there has been too much talking and—I again say this advisedly—too little action. The project is now under the control of Ant and DECC, but Miliband minor may have actually come up with a few surprising signs of movement. Just a few days ago, the Government thankfully nailed their colours to the mast and produced a shortlist of possibilities, for which we are grateful. They have done the courageous thing: they have made a choice—sort of. The Government now have—wait for it—five different ideas for the Severn estuary, with plans for three possible barrages and two lagoons. First, there is the Shoots barrage up near the toll road over the Severn, which is estimated to cost £3.2 billion and designed to generate slightly less than 1 per cent. of the UK's electricity—the rough equivalent of a very large coal-fired power station.

Secondly, there is the Beachley barrage, which is slightly smaller and further upstream than the Shoots barrage. It is priced at £2.3 billion, but it would generate much less electricity. Thirdly, however, there is the monster: the Cardiff to Weston barrage, between Brean down and Lavernock point, which could provide more than 5 per cent. of the UK's electricity. This is the one that the environmentalists—to their shame—really hate. Critics say that the birds will have nowhere to feed, that the construction might get in the way of shipping and that it could cause flooding.

Next there are the lagoons: Fleming lagoon, over on the Welsh shore of the estuary between Newport and the Severn road crossing; and the Bridgwater bay lagoon, which will be on the English side of the estuary between Hinkley Point and Weston-super-Mare. This is the one that could really affect my constituency. Will the Minister give me cast-iron assurances today that a lagoon so close to Hinkley Point nuclear power station would not hinder its vital supply of cooling water or the outflow? She is well aware of the new developments at Hinkley and the possible building by EDF of two new reactors, but I wonder what the impact will be on the seaside holidaymakers who are absolutely crucial to that part of the coastline, not just in Weston-super-Mare but in Brean and in Burnham, which are in the constituencies of my hon. Friend the Member for Weston-super-Mare and my right hon. Friend the Member for Wells

(Mr. Heathcoat-Amory). Tourism is an absolutely vital ingredient of our local economy and we just cannot afford to lose the seaside because of a lagoon.

I sympathise with the dilemma facing Ministers. There are a great many unknowns, and I suspect that there always will be, but so much research has already been done that I wonder whether the latest round of consultations are a convenient excuse to put everything on the back burner again. As the Secretary of State might say about this case, "My indecision is final." One might say, "Shall we have lunch, Secretary of State? Perhaps you would like to see the menu? Perhaps not. Suppose we add some extra courses?" When we look more closely at the Government's position, we find that they have actually announced that there will be yet another three-month consultation before any one of those five plans can be rejected.

But hold on, there is a little more. An extra half a million quid of public money is about to be spent on developing other innovations, such as the tidal reef and the tidal fence. So, again we might be saying, "Bring on the new technologies and let's have another hugely expensive public consultation exercise. How about next year—after lunch?" It is up to the Minister to decide.

Somewhere over the rainbow, perhaps after the next election, someone might make some sort of decision about this, but then again, perhaps not. I yet again urge the Minister to clarify what the Government would like. I represent Bridgwater and west Somerset. I am keen on using natural energy, if it works, but I am keener on keeping the lights burning in places such as Minehead where we need to keep people warm, so I am delighted—I mean this—that the Government have taken the future of nuclear energy seriously.

EDF Energy now runs Hinkley B nuclear power station, which it has taken over from British Energy, and it plans to build new reactors on the site. Not only will that contribute enormously to the UK's energy needs and our energy security, but—more importantly, from a personal point of view—it will create vital jobs in the local economy and at our local colleges.

The difference between nuclear power and harnessing the tidal flow is that nuclear has a proven record—it is possible to look at it both ways, but it has a proven record. The estuary has never been given a chance. Even in France, the tidal project that is up and running is Mickey Mouse compared with what we are looking to do in the UK. I applaud the Government for what they are doing, but there is no real equivalent anywhere in the world to a civil engineering project on such a scale.

I live close to the Bristol channel. I have spent my time going down to the sea—occasionally wanting to chuck myself in when it all goes wrong—and watching the behaviour of oyster catchers and ringed plovers. I live in the most beautiful part of the world. However, to be brutally frank, I have witnessed swifter decision making by our visiting feathered friends. The water birds wade in the waves and get on with it. Dare I say that consecutive Ministers have wallowed and wavered? Yes, hon. Members have guessed it: the only winners after three decades of Government indecision are the blessed birds themselves. The Severn estuary is designated a special area for conservation. There is nothing wrong with that; in fact, it is absolutely right. I know that it is a special place—I live there—but this is why I tried to secure the debate.

Every year, up to 85,000 migrating birds pass through my constituency and stop off at our beautiful estuary, so there is an awful lot of flapping, squawking and carrying on. People cannot move for curlews and dunlins, and all sorts of greedy waders fill their beaks on the mudflats of Bridgwater bay. What will happen to those mudflats if one of these three barrages is built? Will the birds take off and simply fly elsewhere and, to be brutally frank, does it matter if they do—they are birds? I am not sure of the answer, but I do not know whether the Minister is sure, either, because this area has not been explored. The only people who say that they are sure are the bird lovers of the Royal Society for the Protection of Birds, who are forever on the local television, condemning everybody. The RSPB is so sure of itself that it has got involved in some high-powered and very expensive lobbying, which, I am afraid, makes the recent antics of a handful of Labour Lords look like chicken feed.

The RSPB is backing the idea of lagoons as though it was the holy grail. It supports an American company called Tidal Electric, which says that it can construct shallow lagoons to trap incoming water and then release it through turbines when the tide goes back out. The RSPB paid for an impressive report by the British engineering giant WS Atkins, which handles huge Government contracts—for example, it takes care of the roads in Somerset—but the firm will write a report for anybody, providing they foot the bill, because that is the name of the game. Guess what? Atkins now favours lagoons—funny that, especially when it does a lot of work in Somerset.

Meanwhile, Tidal Electric insists that its lagoons could generate almost as much power as the best barrage, but that that would cost the taxpayer absolutely nothing. It sounds like the bargain of a lifetime, but most bargains, as we Members of Parliament know, are too good to be true. We have free lagoons versus billions on the barrage. The cost of constructing the biggest barrage is already being talked about as being in the region of £20 billion at today's prices, although it might be slightly more or less than that. For months, I had the uncomfortable task of sitting on the Committee that considered the Crossrail Bill and watching the public cost of Crossrail going up like a high-speed taxi meter in a gridlocked London traffic jam, which is rather pertinent given the conditions of the past two days. The cost of the barrage might be £20 billion now, but by the time whichever Government make the decision to actually build it, it will cost a few squillion more.

Even the bargain basement lagoon will not be cheap and, as always, the taxpayers will end up footing the bill. I am afraid that I do not think that the lagoon will be free and I am certainly not seduced by the RSPB. No one has, to my knowledge, ever built a working lagoon of this size, but there are not a whole lot of working barrages like the ones planned for the Severn either.

What I am getting at with this? Some 35 years ago, when the prime source of electricity in this country was coal, people started dreaming up ways to trap the energy of the sea, which was fantastic. I was 15 then, and I am heading for 50 in a month's time, yet we are still too far from that point and still too busy talking about whether it would be a good idea. We do not know all the answers—we accept that—and perhaps we never will, but we must try to understand.

[Mr. Ian Liddell-Grainger]

The gossip is that Ministers favour the big 10-mile barrage but do not want to upset the bird lovers by saying so. Britain is used to innovation; we are a country of innovation. Brunel left his mark on my part of England because he took risks. The time for shilly-shallying is over. I say to the Minister: please make the decision, build the barrage and to hell with the RSPB. Let us get the job done as quickly as possible.

12.45 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Joan Ruddock): I congratulate the hon. Member for Bridgwater (Mr. Liddell-Grainger) on securing the debate and on the way that he presented his case. I am rarely amused in Westminster Hall, but I have been thoroughly amused this morning, and I thank him for it.

The hon. Gentleman said that it had taken all of 35 years, and that he is familiar with it all. Coming from south Wales, and having been at school there, I am also familiar with the proposals over the period that he mentioned. For me, it was always an exciting possibility, but one that clearly had huge impacts on the local environment, no matter which side of the estuary one came from.

As my right hon. Friend the Secretary of State for Energy and Climate Change said at the launch of our first consultation on the issue last week, we want an open debate about whether a Severn tidal power scheme can help us meet our climate change and energy goals. Although it has been a long time coming, the consultation is serious and focused, lasting three months. It is occurring because we want to go to the next phase and make a decision.

There must be an open debate with stakeholders, with the public and here in Parliament. To help inform that debate, we have published alongside the consultation document a number of detailed reports covering the range of issues under consideration. They include the scope of the strategic environmental assessment, the potential finance and ownership options, the regional economic impacts and a preliminary review of compensation and mitigation requirements under the habitats directive. My right hon. Friend the Secretary of State, who spoke at the Severn tidal power parliamentary forum last week, has already offered to hold two further parliamentary briefing sessions during the consultation to cover in more detail the economic and environmental impact work done so far in the feasibility study.

Combating climate change while ensuring secure energy supplies is the biggest long-term challenge that we face. Hon. Members will know that we have committed to providing 15 per cent. of our energy from renewable sources by 2020 and adopted a domestic target of an 80 per cent. reduction in greenhouse gases by 2050. To meet those requirements, we will need greater energy efficiency coupled with low or no-carbon generation, including nuclear power and renewables. Our actions must be not only ambitious but fair and sustainable, and we must consider all reasonable options.

In that context, consideration must be given to harnessing the power of the Severn estuary, with its phenomenal 14-metre tidal range. As the hon. Gentleman said, it could provide some 5 per cent. of UK electricity from a renewable, indigenous resource. It is a hugely important option. The Cardiff-Weston barrage, which he favours, could save 7 million tonnes of CO_2 a year and have an operational life of more than a century, which would be more than equivalent to turning off two medium-sized coal-fired power stations.

Of course, before we take a decision on whether to support a Severn tidal power scheme, we must understand all the pros and cons. As the hon. Gentleman said, that takes time. We must understand the potentially considerable effects on the estuary's unique and internationally important environment, the possible impacts on flooding, the impacts on the people and economies—he mentioned tourism—of the south-west and Wales and how a scheme could be financed and owned. Only when we have that information will we decide whether we want to support a scheme, and that decision will be a question of which of all the alternative low-carbon options offers the best, fairest and most sustainable way to meet our climate change goals.

Over the past year, we have begun the work that we need to do, building on the valuable work done by the Sustainable Development Commission, which the hon. Gentleman mentioned. We have assessed, in high-level terms, the costs, benefits and impacts of 10 possible schemes and are consulting on a list of the five schemes that we consider are technically and economically feasible—the schemes that we believe could be built. The consultation will cover the process used to move from the long list to the shortlist, the proposed shortlist and the proposed issues for further investigation, including the scope of the strategic environmental assessment.

As the hon. Gentleman said, the shortlist includes two lagoons—one proposed for Bridgwater bay and one on the Welsh shore of the estuary—a larger tidal barrage between Lavernock point and Brean down, known as the Cardiff-Weston barrage, and two smaller barrage proposals, at Beachley and Shoots. Those schemes vary in cost between £2 billion and £21 billion. They also differ in respect of potential environmental and regional impacts and the way in which they could be financed and owned. The hon. Gentleman has said that the taxpayer will always have to pay. That is not our assessment. We believe that there would need to be very serious public money for the Cardiff-Weston barrage because of the huge cost, but it is not impossible that some of the smaller proposals could be funded entirely by the private sector.

All schemes would impact on the estuary's unique environment by reducing designated intertidal areas, displacing protected bird species and threatening migratory fish, with the scale of the impact varying between the different schemes. Clearly, that is why we have to assess all of them. More work will be done this year further to understand the scale of the potential impact on the environment and how those impacts could be mitigated or, if not mitigated, compensated for as required by law. We do not take threats to biodiversity lightly, but climate change is probably the greatest threat to biodiversity, not least through rising sea levels.

All the schemes are likely to have, on balance, positive regional economic and employment benefits, with the Cardiff-Weston barrage potentially bringing 1,500 net additional jobs over a seven-year construction period and smaller schemes bringing an additional 500 jobs over a five-year construction period. Of course, we also

recognise the potential impacts on the estuary's ports and other industries such as fishing and tourism, to which the hon. Gentleman alluded. Clearly, that has to be taken into account in any of these debates. As I said, the smaller schemes could be constructed by the private sector alone, but we believe that the Government will be required to help if the largest of the schemes goes ahead.

The hon. Gentleman raised a number of points, particularly about the impact on Hinkley. We recognise that there is concern about flooding in the Severn region if a Severn tidal power scheme goes ahead. We will need in-depth investigation involving the Environment Agency to examine that issue. We already know that much more work will be needed over the coming year, but at this stage we do not expect the higher low-tide levels behind a barrage significantly to affect any upstream flooding caused by rain—the hon. Gentleman will be familiar with the major floods in Tewkesbury in 2007. It is even possible that some schemes could provide extra protection from flooding caused by strong storm surges from the sea. That was one of the aspects advanced in support of the outer barrage, which has not been included in the shortlist because we consider it simply unaffordable.

The hon. Gentleman asked about the impact on Hinkley. Again, that needs to be fully understood and examined. The strategic environmental assessment that we are doing within the study will examine the impact of a Severn tidal power scheme on existing and planned infrastructure in the Severn estuary region. That is the assurance that I can give him: we are entirely mindful of the present infrastructure and any future developments. That all has to be taken into account. A decision on whether we want to support a Severn tidal barrage will have to take in the wider context of all our alternative options for meeting our climate and energy objectives. As he said, nuclear power will play an important part in meeting those objectives.

The hon. Gentleman also mentioned the tidal reef and tidal fence. I want to say a quick word about those technologies, which are not on the shortlist. We are keen not to rule out those innovative new schemes but they are not sufficiently developed technically at the present time, so there must be more detailed evaluation if they become technically feasible.

We are committed to considering the progress of those technologies before taking a decision in 2010, after a second public consultation, so that is why we will need to see what technical developments they can bring on stream in time for that second consultation. In order that those technologies should have a fair chance of being selected, we have provided £500,000 of public money to examine them. They have their supporters, they are interesting schemes and we must give them a fair chance as we are progressing.

The hon. Gentleman said that he thought that perhaps we just wanted to prevaricate further and put this issue on the back burner. I can assure him that that is absolutely not the attitude of Ministers. We have taken seriously our commitments on climate change and on renewable energy, and we know that this scheme could play a very significant part in meeting those commitments, so we are very keen to move ahead as fast as is reasonable, while treating consistently all the issues that must be discussed.

We do not think that it will be possible to deliver on our climate change goals without radical action and without making tough choices. We are absolutely committed to ensuring that we take those choices in a way that is fair to people, communities and businesses, and in a way that is also sustainable. As I have said, we are also absolutely committed to entering an open dialogue on whether or not harnessing the vast power of the River Severn has a role to play in meeting our goals.

I am so sorry to tell the hon. Gentleman this, because it is exactly what he does not want to hear, but to that end there will be a second public consultation. However, at that point, we will have so much more material—so much more concrete evidence—to put before people and it is only in that way that we can move towards making a proper decision.

Meanwhile, I hope that all hon. Members will join in the current debate, keeping an open mind until we have the evidence we need to make an informed decision on whether or not we want a Severn tidal scheme to go ahead. I thank the hon. Gentleman for giving us the opportunity to have a very interesting exchange; I know that it will be the first of many that we will have.

Identity Cards (Welsh Language)

12.59 pm

Nia Griffith (Llanelli) (Lab): I am grateful to have the opportunity to raise this important issue today. I am pleased to see my hon. Friend the Member for Ynys Môn (Albert Owen) and the hon. Member for Ceredigion (Mark Williams).

This week, we have had the publication of the Welsh language legislative competence order, which is another historic step forward in developing the use of Welsh in public life. I want to start by referring to the enormous progress that we have made in the past 50 years in the development of the use of Welsh in public life and to say, therefore, why it was so disappointing to see that there was no Welsh text on the first identity cards.

I remember well going to visit my grandmother when I was a child, who never spoke anything but Welsh to us and always wanted us to use Welsh. Yet, when she sent a birthday card, the little note inside it would invariably be written in English—an English that was clearly a literal translation of the Welsh. That is because she was born in 1901 and had little opportunity to use Welsh in an educational context. Therefore, when using money and writing notes she used English—although as she was a Sunday school teacher, she had a good knowledge of biblical Welsh. That is one of the reasons why Welsh has remained so strong in many of our communities through the centuries.

Just before Christmas, I had the opportunity to be present in Llangennech community hall in my constituency. They have named one of the halls in the new centre "Beasley hall". Members of the Beasley family were there to commemorate the fact that it was their family who had objected to having a rates demand that was only in English and asked to have one in Welsh. We have come a long way since those days and the majority of our documents in public life in Wales are available in Welsh if we want them to be.

My predecessor as MP for Llanelli, Jim Griffiths, is famous to many for his role in the post-war Labour Government and for introducing national insurance. We sometimes forget that he was also passionate about Welsh and about setting up a separate Department in Whitehall. Eventually, towards the end of his political career, he saw that come to fruition in the setting up of the Welsh Office and he became the first Secretary of State for Wales.

Later on, in 1967, it was a Labour Government who introduced the Welsh Language Act, which laid down the principle of the equal validity of English and Welsh in Wales. By that time, enthusiasm for Welsh was growing—even in the more anglicised parts of Wales. A huge investment was made by Labour councils, such as the old Glamorgan, which in 1974 became the three Glamorgans—Mid, South and West. There was huge interest and investment in the expansion of Welsh-medium education; new schools were opened, and the element of Welsh in traditional bilingual community schools was considerably strengthened. A whole range of materials were developed that pupils could use. Someone could walk into a school and learn about millstone grit or the Vikings through the medium of Welsh. All those support materials are extremely important to developing confidence that Welsh is a language that can be used in all walks of life to talk about all subjects.

We also saw the development of the Welsh spelling of place names. Many of our place names, such as Llanelli and Llandeilo, had acquired an anglicised look, possibly because of the English-speaking census collectors in the 19th century. Gradually, in the 1960s, partly through some of the good work done by the Royal Mail and a number of enthusiasts, we restored the authentic Welsh spelling to many of our place names in Wales.

Why, then, does it matter so much to have Welsh text on ID cards? There are four main reasons. First, those whose native or preferred language is Welsh expect to see it. They expect to see Welsh on most official signs and on official documents, and they expect to have the opportunity, if they so wish, to read the Welsh part of a form or see the Welsh part of a sign. It is important that we set a good example, lead from the front on this matter and make sure that those things are there.

Secondly, using Welsh on ID cards sends a clear message that it has equal validity with English, and that is what was said in the 1967 Act. Welsh is not just the language of the kitchen or the farm yard; it can be used in official settings. If people see that Welsh is there, they may begin to use it in dialogue. The fact that someone can see the Welsh sign and that they are greeted in Welsh may mean that they continue to use Welsh. Welsh text sends out a clear message that people can use Welsh, and it acts as an encouragement for them to do so. It is important, too, to emphasise the fact that Welsh is a living language. It is used all the time. It is not a fossilised language, such as Norman French, that is brought out on occasions and for ceremonies. As we invent new things such as dishwashers or computers, we find valid Welsh words for them and so our language grows. When we introduce jargon, such as "antisocial behaviour", we have valid Welsh words for them. The use of Welsh, both in the printed form and in the media, is extremely important in modernising our vocabulary, so that we can talk about all sorts of modern devices and not just recite the parables in the Bible.

The fourth reason for using Welsh text is that it builds up confidence. Some 20 per cent. of people in Wales define themselves as Welsh speakers. We have many who do not have a great deal of confidence in their Welsh. They will even say to Welsh speakers, "I don't think that I can speak Welsh to you because your Welsh is too good for me." They may not have had the opportunity to have all their education through the medium of Welsh. In addition, among the 80 per cent. of non-Welsh speakers, we have a lot of people who have a keen interest in Welsh. They like to see it being used and to see that opportunity there for people who can use it. They often benefit themselves from seeing signs and forms in Welsh because it helps them to develop their own vocabulary. It often reminds them of things that they vaguely remember from their time at school but they have not used in their lives since.

Albert Owen (Ynys Môn) (Lab): One other important way of expanding the use of Welsh is through television and radio. The 1967 Act laid the foundations for Radio Cymru and S4C. They were important landmarks that came out of that Act. Does my hon. Friend agree that that is important for the whole cultural spirit of Wales?

Nia Griffith: Absolutely. If we talk about the modern context, it is far more important to be able to say and hear something than to be able to write it down. As for

influencing people's lives, the development of radio and TV has been immensely important. It provides the opportunity to use Welsh in all contexts that go far beyond people's own experience in the home.

Therefore, we have made huge progress. Government Departments have done their bit as well. If someone wants to discuss their tax, they can ring up a Welsh helpline. If someone needs advice or help on issues raised by the Department for Work and Pensions, they can ring up a Welsh helpline. There has been tremendous progress not just in the written language but in providing the opportunities for people to speak Welsh if they wish to. The utility companies have adopted similar policies and helplines. With the use of technology now, there are so many ways in which we can make things bilingual.

The question is, what went wrong? Are we now saying, "How do we fit three languages on the ID card that we have designed?" What we should say is, "How do we design an ID card to fit three languages?" I say three languages because the rule is that we need two EU languages. Whereas my passport has English and French, and my driving licence Welsh and English, we will need three languages on the ID card. That is not impossible because there is a number by the words "name" or "address" and then there is a key. On the back of my driving licence there is not only English and Welsh, but a lot of little pictures of various vehicles. I am sure that on an ID card there could be room for a third language. On my passport, I have a key, and I can see that my passport was issued in 2002. At that time, 12 official EU languages were listed. Therefore, it does not seem to be a great deal to ask that we should get three languages on the ID card. I hope that the Minister will arrange for that to happen as soon as possible.

Mark Williams (Ceredigion) (LD): I very much agree with the hon. Lady. She is a former teacher, and she expressed concisely and clearly her frustrations at the inability to get the issue of languages addressed on the cards. Does she share my concern about the timetable and the assertion that we will not hear from the Minister until 2011? We have heard some warm, encouraging words from the Minister about her intention to pursue the issue, but should we wait until 2011? Does the hon. Lady share my regret that, as part of the roll-out of the voluntary ID card system, young people and students will be offered ID cards in 2010 without any provision for the Welsh language?

Nia Griffith: Indeed I do, which is why I asked why we had to think about fitting something on to the card when we could have designed the card to fit the purpose. I share the hon. Gentleman's disappointment, but I look forward to better things in future.

1.11 pm

Albert Owen (Ynys Môn) (Lab): It is a great pleasure to follow my hon. Friend the Member for Llanelli (Nia Griffith) and I congratulate her on securing this important debate. As she indicated, we follow two very important figures not only in Welsh politics, but in British politics: Jim Griffiths, a former deputy leader of the Labour party and the Minister who introduced national insurance; and Cledwyn Hughes, a predecessor of mine, the second Secretary of State for Wales—he followed Jim Griffiths into the office—who introduced the Welsh Language Act 1967, which was the first such Act. I am proud to follow my hon. Friend, and it is fitting that I do so.

Jim Griffiths and Cledwyn Hughes believed in a Welsh identity in a British context. They believed that they could be proud to be British and proud to be Welsh, and saw no contradiction in those things. Both men were instrumental in promoting the legal status of the Welsh language through the 1967 Act. My hon. Friend alluded to some of the provisions, including the right to have forms in the Welsh language. The Act set that important precedent.

Jim Griffiths and Cledwyn Hughes were pragmatists. They understood that problems of this nature had to be dealt with incrementally, so that people could catch up with the changes. They understood both what was practical and what could be achieved. It is important to refer to those very important parliamentarians—they graced Westminster and were well thought of for their Welsh identity, and for the way in which they represented Welshness in British politics.

It will be no shock to the Minister that I am not a fan of ID cards per se, but the debate has moved on, and we are now looking at the practical elements and asking how to move forward. We should do so by introducing a Welsh text on to the ID card. Welsh identity is important. To many Welsh people, that identity is partly expressed through the Welsh language, along with history, culture, heritage, and a sense of belonging.

I welcome the early attention that the Minister has given to Welsh text and bilingualism, and the discussions that she has had with me and other parliamentary colleagues. It is important to have such a dialogue. In the few minutes that I have to speak, I intend to say what I think is the practical way forward, so that our aspirations can be met.

I am mindful of the debacle that surrounded the 2001 census—a Welsh box was not on the original forms—which rightly caused uproar. People in Wales felt that their identity was being sidelined. That situation will be rectified by the 2011 census, but if there had been greater consultation and dialogue prior to the database being set up, the debacle could have been avoided. There is no problem with it now, but there would have been no problem at all had there been such consultation. I thank the Minister for having such an open dialogue and, indeed, the Home Office for consulting more widely. As many of us in Wales say, the Welsh language does not belong to any one group, and certainly not to any one political party: it belongs to the people of Wales.

Mark Williams: I am very pleased to hear that. Does the hon. Gentleman agree with the hon. Member for Llanelli (Nia Griffith) that the Welsh learners—the people who have moved to Wales and feel passionately about the language—are a very important lobby that needs to be considered? It is important to take into account the confidence and passion of those who wish to feel a sense of belonging.

Albert Owen: On a personal note, I had to learn Welsh. My mother came from the capital of north Wales—Liverpool—and the language spoken at home was English. I missed out somewhat, but my mother contributed a great deal to Welsh society. She could not speak Welsh fluently but could write it and Latin and a

[Albert Owen]

number of other languages, and used to help to translate letters from Welsh into English. Non-Welsh-speaking people can contribute to Welsh society in many ways, but the Welsh language is part of the sense of belonging and identity so it is important that we develop and use it in practical ways.

I urge the Minister, as part of her consultation, to talk to such august bodies as the Welsh Language Board, which was established under the 1967 Act. The board has had many people as its chair who have all taken it forward. I also urge the Minister to talk to local authorities as they often produce literature and cards in both Welsh and English. Reference has been made to the DVLA, which has overcome various problems to include data on driving licences.

Yesterday was an historic day for the Welsh language, with the publication of the legislative competence order which will further enhance the Welsh language. It will be debated in this House and we hope it will give Welsh and English equal status. The term "equal status" expresses the hope that Welsh and non-Welsh speakers will be on an equal footing in a confident, bilingual Wales.

Like Jim Griffiths and Cledwyn Hughes and my hon. Friend the Member for Llanelli, I am proud to be both Welsh and British. The United Kingdom is a diverse country and reflects its nations and the regions. I think it appropriate openly to express our identity, and one way of doing so would be to have the Welsh text on any identity card. My friend and near neighbour, the great linguist Professor David Crystal, never tires of saying that Welsh is one of the only minority languages to have grown over the past 50 years; many have declined. He talks about that at great length. That growth has been allowed to happen because of measures passed at Westminster, such as the 1967 Act and the Welsh Language Act 1993. The LCO will be an important addition to them.

The people of Wales understand that there are practical difficulties, but I think that including the Welsh text is a reasonable request. Some problems have been identified—for example, the limited space available on the data cards, the collation of information, and the costs involved—but they can be overcome, as has happened with various other Welsh cards. Databases and software can be made to cope, as we have seen with other EU languages.

There has been a leap forward in that Welsh has been used at EU level. I think that the inclusion of the Welsh text on the ID cards will marry well with that development and the fact that the LCO will promote equal status. I say again that I think inclusion of the Welsh text is a reasonable request and I believe the Minister to be a reasonable person. I also believe that people at the Home Office are reasonable and will have understood that the people of Wales want to express their Welsh identity in their unique way. Including Welsh on the ID card will be a great advantage in promoting the diversity of the United Kingdom, allowing Welshness to be expressed in that way. Who knows? I may even grow to like ID cards.

Mr. Mike Hancock (in the Chair): With that amount of flattery, Mr. Owen, you cannot but win.

1.20 pm

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): It is a pleasure, as ever, to serve under your chairmanship, Mr. Hancock.

I am grateful to my hon. Friend the Member for Llanelli (Nia Griffith) for securing this debate on the important issue of the inclusion of Welsh text on UK identity cards. It is fitting that we are having the debate today after what was a historic day yesterday in the history of the Welsh language, with the introduction of the Welsh language LCO by the Welsh Assembly. As hon. Members have eloquently described it, we are on a mission and a journey for the Welsh language, whether or not we are Welsh ourselves. As a UK Minister, I regard it as being very much part of my responsibilities to represent the whole of the UK and to be sensitive to the issues that matter in different nations and regions of the UK.

It is important that identity cards are introduced in a way that ensures that they are as convenient to use as possible for members of the public across the United Kingdom and that the individual's identity is reflected as well as it can be. The Government recognise that, in Wales, the Welsh language is an important part of the identity of people who live in that nation, particularly those who have a Welsh linguistic and cultural heritage.

As my hon. Friend the Member for Ynys Môn (Albert Owen) has suggested, I have had conversations with a number of colleagues in Parliament about the issue, particularly with my hon. Friend himself and my hon. Friends the Members for Llanelli and for Conwy (Mrs. Williams), who have been very vocal on the issue. What has been interesting is that a lot of English-speaking Welsh MPs who represent English-speaking parts of Wales have also come up to me and made a point of stressing their support for that measure. I am always keen to talk to all hon. Members who represent Welsh constituencies about their concerns and about other issues relating to that subject.

I am very supportive in principle, as my hon. Friends are aware, of doing what we can to provide an option of having Welsh language on identity cards. We still have to determine exactly how that can be done—it is not as straightforward as it may seem, as I will go on to explain—but I can give a commitment that we will make a final decision well in advance of the high-volume roll-out of identity cards that will start in Wales, as in the rest of the United Kingdom, in 2011 or 2012.

I will go into that timetable a little more later. However, I just want to explain the timetable that has applied so far. As my hon. Friend the Member for Ynys Môn has said, ID cards are here. The Act creating them was passed in 2005, it became law in 2006 and at the end of last year we began introducing cards for foreign nationals; 25 November 2008 was when the scheme went live. From the end of this year, airport workers in Manchester and London City airports will receive the first identity cards for British citizens, along with a few volunteers who are keen to take up the cards early. From next year, young people in certain parts of the country will be issued with cards. I will go into that in a little more detail shortly, for the benefit of the hon. Member for Ceredigion (Mark Williams), to explain how that will work and why young people in Wales are probably

unlikely to be affected at that point. From then on, everyone will have the opportunity to get either a passport, an identity card, or both.

I must stress why the national identity card scheme is important. It is important that we have strong safeguards to protect our identity and to protect us from those who would hurt us, our families and our communities. The identity card scheme is one way that we can help to do that across the piece.

The cards that are being issued to foreign nationals may go to some people who currently live in Wales. However, as those cards are only issued to foreign nationals and must meet a common standard throughout the United Kingdom, they do not include the Welsh language. We are bound, quite rightly, by certain European rules on how we can frame the card. In order for the cards to be useful, it is important that they are recognisable across the whole of Europe.

As I have said, the first British citizens to receive identity cards will be those who are working in airports. The first airports that we are working with are Manchester and London City, and we do not have any immediate plans to issue identity cards to airside workers at airports in Wales. However, if any hon. Member wishes to raise with me the issue of an airport in Wales engaging in that part of the scheme, we would be very keen to talk to them. It may be a little late, at this point, for Welsh airports to participate in that first wave, but we are incrementally rolling out identity cards and we expect that they will go to Wales in due course.

At that point, we will also issue the first identity cards for British citizens to a limited number of volunteers who will have pre-registered their interest, which will happen in certain areas of the country. The precise locations of those people and of the young people who will get the cards from next year have yet to be identified. My right hon. Friend the Home Secretary was in Manchester last week, and local authorities and other key partners there have expressed some interest in it becoming one of the first areas of the country to have the cards for young people, but no final decisions have been made. The discussions on cities and regions to start issuing identity cards to young people have focused so far on cities and regions in England and not yet Wales. However, as I said, I am keen to talk to hon. Members. If they would like to promote this interest in an area of that nation, we would be keen to discuss that with them.

I have always maintained that it makes sense to implement identity cards incrementally, not in a one big bang approach. However, from 2012, the cards will be issued on a voluntary basis—it is not a compulsory scheme—to British citizens in all parts of the United Kingdom. That will be alongside the issue of 5 million to 6 million British passports every year.

We currently have Welsh language on passports, but it is worth stressing the difference between a passport and an identity card. If hon. Members look at their passports, what is on the page with their photograph is broadly what will be on an identity card, but it is twice the size of an identity card. On that part of the passport, no Welsh language appears; the Welsh language on passports appears in the explanatory notes. Under EU rules, we have to have two full European languages on them. Welsh is now considered a minority European language. It is not one that would qualify to appear in place of the French that we choose to put on the British passport and the language that we will put on identity cards.

Another challenge is the length of words in the Welsh language. We would have difficulty in fitting the same words on to a very small identity card. However, I can reassure my hon. Friend the Member for Ynys Môn and other hon. Members that we are sensitive to these issues. The Identity and Passport Service is in regular contact with the Welsh Language Board and the Welsh Assembly Government. We are considering how best to meet the expectations of people in Wales. I welcome the suggestion of liaison with local authorities. Across the UK as a whole, I and the Home Office generally will be doing more of that to discuss the roll-out of identity cards.

However, we are not able to introduce Welsh on the initial identity cards, as I have explained. We are considering options for doing so when we move to the introduction of the second generation card in line with the upgraded passports. We have to tackle the issue sensibly and I appreciate the suggestions that we do that practically. We are looking to issue cards in a process that is along the lines of the current process for driving licences, whereby anyone with a Welsh postcode is issued with a card with headings in Welsh as well as English. As I have highlighted, there are technical and space issues that we need to resolve, but where there is a will, there is a way, and we need to find a viable option.

Albert Owen: I appreciate the Minister's saying that she is willing to consult local authorities and examine what they are doing. Will she agree to meet me and colleagues from Wales and the Welsh Language Board to see how those early cards for driving licences were introduced?

Meg Hillier: I am certainly happy to do that if we can get it in fairly quickly, but I know that officials are already having discussions. In fact, the issue was first raised with me when I was at a roadshow in Cardiff about what identity cards would mean. People there were very concerned, and since then hon. Members have raised the subject with me persistently. We need to ensure that we do not underestimate the practical difficulties but, as I said, where there is a will, there is a way, and we need to find that. However, we do need to meet the International Civil Aviation Organisation standards and the EU standards. The cards need to be useful. It is no good having Welsh on them if that makes them less functional, so we have to get that balance right, but I do not think that means that we will not have Welsh; it just means that we have to answer those questions.

To avoid confusion, I should stress that when we talk about headings, we are talking about name, date of birth and so on. If someone has a Welsh name, that will obviously be on the card.

I look forward to contributions from hon. Members to the consultation that is under way and that ends at the end of next week on secondary legislation for identity cards. I urge them not only to contribute themselves, but to urge organisations in their constituencies to do so. I am happy to provide information outside this debate.

I hope that today I have reassured hon. Members—on the record, not just in conversations with colleagues separately—that we take this matter very seriously. We

[Meg Hillier]

are considering how best to meet the expectations of people in Wales and to ensure that their identity is properly reflected on a UK identity card when the cards are introduced in high volumes, including to people living in Wales, from 2012.

Tax Credits

1.30 pm

Jo Swinson (East Dunbartonshire) (LD): I am pleased to have secured this debate, and I welcome the opportunity to put concerns to the Minister on behalf of my constituents. However, it is regrettable that so long after the identification of the problems with the tax credit system, mistakes are still occurring and even getting worse.

Difficulties with tax credits cause stress and heartache at the best of times, but in this time of economic hardship, sudden demands for repayment could be enough to push many families over the financial edge. It is therefore more important than ever that the Government act to reduce the misery caused to families across Britain by the maladministration of tax credits.

The fundamental problem with the administration of tax credits is that the system is too complicated. It is not only claimants who find it difficult to understand what their entitlements are; Her Majesty's Revenue and Customs officials have found the system so difficult to administer that an endless catalogue of mistakes has resulted in the loss of more than £14 billion of public money through overpayments, fraud and error since April 2003. If the system is not simplified, that figure will surely continue to rise. In this short debate, I will highlight three major problems with tax credits: overpayments, underpayments and the worrying non-claiming of tax credits by many who are eligible.

In 2006-07, one in five families claiming tax credits was overpaid, which means that some 1.2 million families were overpaid a total of £1.1 billion by HMRC. In the past four years, nearly 2 million families have been overpaid more than once, and some 60,000 have been overpaid three or more times. Although the Government have acknowledged that there is a problem, the figures indicate that it has not been addressed. On the contrary, it has got worse: 400,000 more families were overpaid last year than the year before. The parliamentary ombudsman has referred to the situation as systematic maladministration.

Let us be clear about the situation that people are in. After filling in all the forms and providing all the information requested, their lives are made a little easier by tax credit payments. Then one day, out of the blue, a letter drops through the door demanding the repayment of a large sum. Understandably, many families are shocked and anxious when they read such a letter.

The average overpayment in 2006-07 was £916, which is a considerable amount, especially when one considers that most claimants are families on low incomes. For many families, the overpayment is several thousand pounds, which is an unthinkable sum for a working family to have to find suddenly. Some of my constituents have been in that situation. One constituent wrote to me and said that they were "traumatised". That is an intense word to use, but it describes what people feel when a financial bombshell is suddenly dropped on them. Dealing with the tax credit office can involve many phone calls and letters. A common feeling was summed up by one of my constituents who wrote:

"I am completely frustrated and disillusioned."

Elizabeth O'Brien is a single mother in my constituency. When her son left school in 2005 and she continued to receive tax credits, she immediately contacted the tax

credit office, both by phone and in writing, to check whether she was still eligible. Despite her efforts to keep the tax credit office informed of her situation, she was eventually overpaid £1,982.92.

Mrs. O'Brien was distressed when she came to my surgery and explained that she was having difficulty affording the repayments. She has even had to cancel her monthly £8 union subscription. It is somewhat ironic that the policies of a Labour Government are leaving people unable to afford their union dues. Although the tax credit office was responsible for Mrs. O'Brien's overpayment, it refused to write it off so, at the rate of £25 a month, she will be paying for the tax credit office's mistake until 2015. That is not an isolated case. The need for continual updates to claimants' information has caused huge difficulties. Surely it would be simpler to have a system of payments fixed on a six-monthly basis to reduce the risk of miscalculation.

The system is so complex that even the tax credit office cannot seem to work out how much people are due. Another couple in my constituency, Mr. and Mrs. MacMillan, have received a number of contradictory letters. I have copies of two award notices—from 10 November 2006 and 6 December 2006—that list exactly the same income for the couple, but give different award amounts. On 10 November, the award was £3,026.06, but less than a month later, using exactly the same information, the award was calculated as more than £1,000 lower, at £1,897.66. If the tax credit office cannot decide how much people are due, how on earth can ordinary people be expected to work it out? That, however, is exactly what the Government ask people to do.

It is not uncommon for scanning or input errors at the tax credit office to result in overpayments. My constituent, Mrs. Gallacher, was overpaid almost £5,000 after the tax credit office incorrectly recorded her and her husband's income as £340 rather than the correct amount of about £30,000. Although she had provided accurate information from the start, she did not spot the tax credit office's mistake, and the overpayments continued for more than two years. Mrs. Gallacher is a carer and her husband is a teacher. They have had to remortgage their house and are struggling on their current income, so the repayments demanded by the tax credit office are making life even more difficult for them. Like many others, they are unable to sell their home because of the present market. I wrote to the tax credit office about their case in December, but have so far received no response, and the money continues to be recovered. That couple now face the possible repossession of their home as a result of those problems. I would be grateful if the Minister would agree to look into that particular case and get an answer for my constituents.

More generally, I ask the Minister to offer all claimants a statutory right of appeal against overpayments and to write off overpayments that result from official errors. If nothing else, that might be an incentive for the tax credit office to get things right. In cases in which the tax credit office, not the claimant, has made an error, surely the office should carry the burden of proof, instead of expecting claimants to identify its mistakes.

Another of my constituents, Claire Robertson, was able to resolve problems with an overpayment, but then found, when she went to the cash point one day, that £6,000 had been put into her account with no explanation or warning. Given her past experience, she was understandably suspicious. She said:

"I was yet again left in a state of shock and disbelief. Not being able to obtain any details relating to the transaction until Monday morning I once again had a worrying weekend. It transpired that the money was an automatic pay in from Tax Credits for an amount oustanding! I feel the manner in which this institute deals with people's lives and emotions is disgusting. First of all I am facing legal proceedings with an amount of approximately £10,000 now I receive £6,000 with no explanation or warning. I don't *think my nerves can take much more.*"

These cases demonstrate that whether a mistake has been made by the claimant or the tax credit office, and even when the claimant has diligently contacted the tax credit office to point out its mistakes, the claimant is still made to suffer, often through many years of repayment. At a time when the Government are keen to be seen as cracking down on benefit fraud, this system provides a disincentive to claimants to demonstrate honesty in coming forward when a mistake has been made. More and more families are being taken to court over this issue by HMRC, and the average number of court cases each month in this tax year is nine times higher than that in the previous year. Between April and October 2008, 5,697 families were taken to court to recover money that was lost through overpayments, and all at the expense of the taxpayer. Not only is HMRC so cavalier with taxpayers' money that it pays out too much to more than a million families, but it then compounds its mistakes by starting thousands of costly court actions.

Overpayments are not the only problem—there are also many underpayments. Since 2003, 3.3 million people have been underpaid tax credits; again, those mistakes have often happened multiple times. Some 555,000 families have been underpaid more than once, and 82,000 have been underpaid three times or more. In 2006-07, 135,000 families were underpaid by more than £1,000, and 326,000 families on an annual income of less than £15,000 were underpaid. Missing out on £1,000 of income would be extremely difficult at the best of times, but in the current economic climate, the impact will be felt even more deeply. Hard-pressed families deserve that money and need it to buy basic groceries and children's clothes, and to pay essential household bills.

In 2004-05, HMRC estimated that only 61 per cent. of eligible families claimed working tax credit and that 82 per cent. claimed child tax credit. Some of the people who are not claiming simply do not know that they are eligible, while others say that the claim procedure is too complicated. Perhaps most worryingly, others, including some of my constituents, have claimed tax credits in the past but have decided not to do so again because they had such a bad experience the first time. A system that was meant to help people has proved so frustrating and worrying, and caused so much misery, that people are now reluctant to claim. That is a truly damning indictment of the tax credit system.

In 2001, when the Government announced the introduction of the working tax credit and the child tax credit, the then Paymaster General, the right hon. Member for Bristol, South (Dawn Primarolo), announced in a press release:

"The Government is delivering on its promise to introduce a new streamlined system of tax credits"

and

[Jo Swinson]

"will provide a secure stream of income for children, whether parents are in or out of work".

However, it became clear early on that the system was not as streamlined as promised, and in 2005 the right hon. Lady announced:

"The Government has looked to learn from the early operation of the system and will continue to do so."

The cases I have described and many others like them clearly demonstrate that, more than three years on, the complexity of the tax credit system is still a fundamental flaw. If the Government's objective was to provide a secure income stream for families with children, they have, by their own standards, failed. As the cases I have cited show, claimants feel anything but secure. Why has the application system not been simplified to eradicate the problems that the tax credit office is having in processing them correctly? Given the complexity of a system in which nine out of 10 families are eligible for some means-tested tax credits, would not it be more sensible and cost-effective to use the existing universal benefits system? Will the Minister at least consider an official review of the efficiency and cost-effectiveness of the present system?

I conclude with the words of one of the many people who have suffered at the hands of the tax credit system. After one of my constituents had the particularly harrowing experience of receiving a letter from the tax credit office demanding £17,000, she wrote to me stating:

"I wish I had never received family tax credits and not because I do not think it's a wonderful concept, but because of the way it is implemented. This has to stop."

I quite agree, and I look forward to the Government's response.

1.42 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on securing the debate. She has made several important points and raised some cases from her constituency, and I am concerned to hear what she said about them. If she wants to drop me a line about those, I will certainly investigate for her.

Tax credits provide support to almost 20 million people in this country, in around 6 million families and including 10 million children. In the hon. Lady's constituency the average award is £3,820 a year, which according to the most recent figures is above the national average—by December 2008, 5,700 families and 8,800 children in East Dunbartonshire were benefiting from them. Tax credits have been central to reducing the tax burden on low to middle-income families, helping to ensure that around four families in every 10 in Britain pay no net tax at all.

Tax credits play an important part in helping the unemployed move into work and those who are in work to move up the employment ladder, ensuring that work pays more than welfare. They have also played a key role in reducing child poverty: as a result of all the changes to the personal tax and benefits system since 1997, families with children in the least well-off fifth of the population are now an average £4,100 better off in real terms, and that will rise to £4,400 in the new financial year.

The hon. Lady raised some points about take-up, but the take-up of tax credit is actually very high when compared with all previous in-work family support programmes, and low-income families are the most likely to take up their entitlement. The latest figures show that in 2005-06 the take-up of child tax credit was 82 per cent., with over 90 per cent. of the money available being claimed. Take-up among those with incomes of less than £10,000 a year is now 96 per cent., which is up from 93 per cent. in the first year of tax credits. That is significantly higher than for any previous system of income-related financial support for in-work families. Take-up was 50 per cent. in the early years of the family income supplement, 57 per cent. for family credit and 65 per cent. for the working families tax credit. Of course, we would like the numbers to be even higher, but it is clear from the figures that there is no widespread phenomenon of people having claimed once and choosing not to do so again. I hope that nobody is in that position; at any rate, it is not a widespread problem.

The Government want to ensure that as many families as possible take up the available help. We have set up a taskforce of experts from local authorities and the third sector, which will report in the spring with advice for local authorities on how to improve further the take-up of tax credit and benefits. We are also taking steps to ensure that childless workers claim and receive the support to which they are entitled through working tax credit. In the 2008 pre-Budget report, the Chancellor drew attention to initiatives to increase take-up of such assistance. In particular, Her Majesty's Revenue and Customs has been working in partnership with other organisations to promote working tax credit in new ways. HMRC is extending its marketing of the credit to 44 organisations with 660,000 employees.

In the year ahead, HMRC will aim to increase coverage further, working with employer corporate social responsibility programmes and using the national employment partnership to draw employers' attention to working tax credit and the opportunities for their employees. HMRC will also work alongside Jobcentre Plus to ensure that people who find a job through a jobcentre also get advice on the tax credit support available. A big programme of work is under way to ensure that people take up the help available to them, so that we can increase further the already high rates of take-up of tax credits.

The hon. Lady was right to draw attention to some of the difficulties, especially in the early days of tax credits. However, matters have improved considerably since then and HMRC is generally, but not invariably, providing a good service. I recognise, however—the cases to which she referred underline this—that there is room for further improvement. I am optimistic that the tax credits transformation programme will lead to a substantial improvement. It started in 2006 to improve the services that families receive. Through that programme, HMRC aims to provide the help that tax credit customers need when they need it. It involves a new set of services and communication products tailored to customers' needs. Four new national services have been introduced and the programme is building on this with further pilot projects with a view to implementing them at national level once they have been proved. For example, the first of them will help customers at a difficult time in their

life—during a breakdown of a relationship. That service allows HMRC to take the new claim over the phone in just one call so that the customer can get back into payment with, potentially, no delay.

In last year's Budget, we announced a number of additions to that programme, including: increased proactive support for vulnerable customers renewing their tax credit claims; the roll-out of new services to make claiming tax credits easier and quicker; greater engagement with customers to ensure that they report changes affecting their awards and that could lead to overpayments if not reported; the introduction of more robust identity authentification of tax credit customers; new communications and guidance to ensure that people have more accessible information, allowing them either to take the right action or know where to ask for help to take it, and work with the national network of children's centres set up over the past decade to identify the best way to deliver tax credit advice and services to families with children under five. On that last point, HMRC officers have been going into children's centres—I have spoken to officials at children's centres in my constituency—and finding valuable channels through which to provide the information on tax credits that parents need. A great deal of work is being done to improve the service, although I recognise that there is further scope for improvement. HMRC is committed to making whatever potential for improvement exists into a reality.

End-of-year adjustment leading to overpayment had already fallen very significantly in 2006-07. I think the hon. Lady was referring to 2006-07 when she said that the number of overpayments had gone up, but that is not correct. The number of overpayments fell sharply in the period, by roughly a third, to £1 billion, as a direct result of the successful implementation of a package of measures to improve tax credits announced by my right hon. Friend the Prime Minister, the then Chancellor, at the pre-Budget report in 2005. That might be the package to which the hon. Lady was referring. The current level is less than half what it was in the first year. Overpayments constitute only 5 per cent. of gross spending on tax credits, which is ahead of the projection that was made in 2005 for the fall in overpayments that would follow from the changes that we announced.

The number of families affected by overpayments is down from 1.9 million to 1.3 million, and the average overpayment is down from £827 to £738. In the hon. Lady's constituency, the number of families affected is down from 2,200 in 2003-04 to 1,300, bringing the total amount of money down by more than a half, from £2.1million to £800,000. Of course, she is right that a single overpayment can still cause real problems, but I wanted to underline how significantly lower the number of instances is. We want to do better in future.

The policy on recovering overpayments is set out in HMRC code of practice 26, entitled, "What happens if we've paid you too much tax credit?" which was significantly amended at the start of last year. Previously, the policy was that an overpayment was written off if there was an official error and if it was reasonable for the customer to believe that their award was correct. However, the "reasonable belief" test caused serious concern, particularly because people's views on what is reasonable can vary greatly.

We replaced that test in COP 26 with a much clearer test that sets out HMRC's and customers' responsibilities for checking factual information. In effect, it represents a contract of responsibility. It builds on the existing practice of giving customers the responsibility for checking the factual information that HMRC plays back to them: for example, how many children they have and their income. HMRC also expects customers to check that the amount going into their bank account matches the amount in the award notice.

This is important, and I am keen that hon. Members draw their constituents' attention to it: if people check the accuracy of the information that is obtained from them, which is set out in the award notice that is sent to them, and check that the amount that is paid into their bank account matches the amount set out on the award notice, they have done all that is required of them. There is no expectation that they will know the formula, and they will not be expected to check the calculation. If there is an overpayment as a result of an official error, but the customer has met his or her responsibilities as I described, by checking the accuracy of the information on the award notice, the overpayment will be written off.

The hon. Lady drew to hon. Members' attention, perfectly fairly, a case in her constituency, which I am aware of, where the award notice stated a household income of £340 when it was actually £34,000. If the recipient had informed the tax credit office of that error on the award notice, there would not be a recoverable overpayment. It is important that people check those notices and that if they find a mistake they let the tax credit office know. Once they have done that, their position is protected.

Jo Swinson: The Minister sets out the responsibilities of the recipients of tax credits, but surely the tax credit office has to take some responsibility when accurate information has been provided by people in good faith, after which they receive award notices. For many people, because of the complexity of the system—these are complex documents with lots of different sections—they think that it has all been done properly, having provided accurate information in the first place. So what responsibility does the tax credit office take?

Mr. Timms: Actually, in terms of presenting the information on which the claim is based, the notices that are sent out are pretty straightforward and include how many children are in the family and what the family income is. If your income is £34,000 it is easy to spot a problem with a notice saying that it is £340. All people need do is to inform the tax credit office of that error and then there will not be a recoverable overpayment. That is the checking process. Those award notices are sent out so that people have the opportunity just to check that the numbers are correct, and if they do so their position is protected.

Jo Swinson: Unfortunately, that is not the experience of all my constituents. I have constituents, as I outlined, who have taken the proactive step of trying to inform the tax credit office of changes in their circumstances, by phone and by letter, but because the tax credit office has not acted on those new pieces of information they

[Jo Swinson]

have still found themselves with huge amounts of overpayments. It beggars belief that those people are being made to pay the cost of the tax credit office's mistakes.

Mr. Timms: If the hon. Lady's constituents have informed the tax credit office of errors on the award notice and if those errors have led to an overpayment, that overpayment is not recoverable. If she would like to draw my attention to any examples of that kind, that would be the outcome.

The new code of practice has gone further. HMRC now has a time limit to process reported changes of circumstances, which is, at most, 30 days. In addition, where HMRC makes an error, any overpayment will be remitted if a customer reports the error within 30 days of receiving the award notice. HMRC will remit all overpayments arising following a report from a customer of an error by HMRC. That change will mean a fairer balance of responsibilities between the customer and HMRC. I agree with the hon. Lady that it is important that there should be fairness in that relationship.

It is intended that overpayments should be recovered in a way that does not cause hardship. HMRC restricts recovery from ongoing awards to 10 per cent. for those on the maximum award, and to 25 per cent. for those on the first income taper. A 12-monthly instalment arrangement is available for those no longer receiving an award, with longer payback periods where appropriate. But if even those slow rates of recovery cause hardship, people can contact HMRC, which will consider operating a slower rate of recovery or even, sometimes, writing off overpayments if the circumstances are exceptional.

The hon. Lady asked about underpayments. I am not sure that that is necessarily a problem. In the case of an underpayment, a lump sum top-up would be paid at the end of the year, when families confirm their income and other circumstances to HMRC, if it turned out that they were due an additional sum. The sooner they renew, the sooner they will get their top-up. I would have thought that, on the whole, that is good news for those families. I do not think that that reflects errors in the system. Underpayments are a helpful part of a responsive system; they mean that there is an arrangement through which, if people's circumstances change and their income falls, the system is able to respond quickly and provide extra help to them. That is a great strength of our flexible system of tax credits, which would be lost if we were to adopt the less flexible system that the hon. Lady suggested.

I shall mention the benefits of the tax credit system in respect of reducing child poverty, including the fall, by 600,000, in the number of children growing up below the poverty line over the last few years.

Mr. Mike Hancock (in the Chair): Unfortunately, Mr. Timms, we will have to wait until another day for that information.

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 4 February 2009

[MR. ERIC ILLSLEY *in the Chair*]

Community Land Trusts

Motion made, and Question proposed, That the sitting be now adjourned.—*(Barbara Keeley.)*

9.30 am

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): As the House will be aware, there is a growing interest in my constituency and up and down the country in the potential contribution of community land trusts to increasing the supply of affordable housing. The Government have encouraged the development of policy on CLTs in the past two years by funding, through the Housing Corporation, which is now the Homes and Communities Agency, the national pilot study of 14 CLT projects.

My hon. Friend the Minister has made his interest in the potential of CLTs clear by issuing a consultation paper. The deadline for responses was the end of December, and I hope that when he replies to the debate, he can announce when the Government's response to submissions will be published.

In my constituency and elsewhere, interest in CLTs has been stimulated by the growing demand for access to a decent, affordable home. CLTs are means by which communities can come together and work to find ways of securing land and other property as community-owned assets to help sustain them. Meeting affordable housing need within a community is a common driving motivation for establishing a CLT.

Although housing is central, it is not the sole motivation or interest: sustainability embraces social, economic and environmental dimensions. That is shown in the Devonport CLT, which is in my constituency and that of my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck). The trust is as much motivated by the need for premises where new businesses can start up as by the need to increase the supply of affordable housing.

David Taylor (North-West Leicestershire) (Lab/Co-op): It is good to see so many Co-op MPs in the Chamber today, because the co-operative model underpins the working of CLTs and, indeed, other social enterprises. I represent a former coalfield seat. Three of the larger villages in my constituency have had community enterprises with an economic brief for quite some time. Does my hon. Friend agree that it is crucial to have a professional, paid person at the heart of a CLT, alongside an array of volunteers? I hope that the Government recognise that, and ensure that there is appropriate training and models that CLTs can draw on to be successful when the brief is widened—rightly—to affordable housing, as she described.

Linda Gilroy: My hon. Friend makes a good point that will sit well with the work of the new Homes and Communities Agency, which is looking not only at housing regeneration but at the management of jobs and everything that goes to make a sustainable community.

I want to pay tribute to David Rodgers. He works with the Co-operative party nationally, but he has made his expertise available to me and others in Plymouth over the past few years as we sought to understand what is happening in housing and the innovative models that are available to address the growing challenges we have been facing. My hon. Friend the Member for Stroud (Mr. Drew) has also worked with David Rodgers, who has had a career in co-operative housing since 1972. Since 1979 he has been executive director of CDS Co-operatives, which is now the largest secondary housing co-operative in England—it manages some 3,000 homes. As befits someone steeped in the co-operative movement, David Rodgers—in addition to his experience on the board of governors of the Co-operative college and a track record in the Co-operative Housing Finance Society, of which he was a founding member in 1997—has international strings to his bow. He is the UK's representative on the housing board of the International Co-operative Alliance, and is recognised as an international expert on community ownership and residence control.

I have been following the evolution of David Rodgers's advocacy of CLTs for a good few years. The Co-op party pamphlet, "New foundations: unlocking the potential for affordable homes", which was launched last week, takes the thinking on the subject in an innovative direction. That thinking could help the Government to rise to the challenge of restoring lending and trust to a banking system that is beset with uncertainty, and a lack of trust and confidence, stemming from the "ninja"—no income, no jobs, no assets—mortgages in the American sub-prime market. That has been like a pandemic disease.

Alison Seabeck (Plymouth, Devonport) (Lab): I congratulate my hon. Friend on securing this debate—she is an expert on the subject in her own right. Does she accept that it is right to consider the CLT option, which keeps land in collective ownership and supports and sustains business, in the current economic climate? We should encourage the Government and the HCA to give it full support.

Linda Gilroy: I agree with my hon. Friend. The time of the CLT model of housing has come. The ideas that are espoused in the Co-op pamphlet—David Rodgers is its prime mover—deserve serious and urgent attention, and I hope that this debate will play a small part in counteracting the pandemic with a dose of co-operative common sense and values.

I acknowledge the work of the hon. Member for Truro and St. Austell (Matthew Taylor) who last year published a report entitled, "Living Working Countryside". I believe that he saw a role for CLTs in addressing rural housing needs. Recommendation 21 of the report, which was commissioned by the Prime Minister, states:

> "The Government should anticipate increased interest in Community Land Trusts...as a model for affordable housing delivery and draw up guidance on how best to implement this model".

The Campaign to Protect Rural England, in its submission to the Minister's consultation, also makes the case for CLTs in rural settings. It says that in seeking to meet the aspirations for a decent home and a sustainable community, it is crucial to engage local communities in developing constructive solutions, and to take into account the capacity of the environment to accommodate development.

Mr. Oliver Letwin (West Dorset) (Con): One of the best features of CLTs is that they command the confidence of people on both sides of the House and all parties. On the hon. Lady's last point, CLTs offer the potential for communities to welcome housing, rather than setting up machine gun nests to prevent it.

Linda Gilroy: The right hon. Gentleman makes a good point. I hope to make some remarks on that aspect of the CLT model.

Shelter published an excellent pamphlet last December entitled, "Building Blocks". It promotes debate on solutions to maintaining the momentum on affordable housing generally, and mentions the potential of the CLT model. It states that the model has the capacity to capture the

"value of public investment, philanthropic gifts, charitable endowments, legacies or development gain...in perpetuity, underpinning the sustainable development of a defined locality or community".

I am pleased that the Conservatives are developing their interest in CLTs and their potential to contribute to the supply of affordable housing. I understand that the hon. Member for Welwyn Hatfield (Grant Shapps) recently established a community land taskforce—it had its first meeting last week. I look forward to hearing his views in this debate, and when the taskforce concludes its deliberations later this year.

What is a community land trust? Through the wisdom of the Government accepting an amendment tabled in another place by my noble Friend, the Labour and Co-operative peer, Lord Graham of Edmonton, we now have a legal definition of section 79 of the Housing and Regeneration Act 2008. It defines a community land trust as a corporate body

"established for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets in order—

(a) to provide a benefit to the local community, and

(b) to ensure that the assets are not sold or developed except in a manner which the trust's members think benefits the local community",

and

"established under arrangements which are expressly designed to ensure that—

(a) any profits from its activities will be used to benefit the local community (otherwise than by being paid directly to members),

(b) individuals who live or work in the specified area have the opportunity to become members of the trust (whether or not others can also become members), and

(c) the members of the trust control it."

David Taylor: Where CLTs are set up in rural areas, it is likely that already elected parish councillors will be responsible for the community. It seems inevitable that in some cases the views, hopes and plans of the parish council will not necessarily be in accord with those of the community land trust. There could be tensions; let us not shy away from that. How does my hon. Friend think those problems can be overcome and those tensions removed from an important area of parish life?

Linda Gilroy: Again, my hon. Friend makes a good point. Community land trusts have been seen as part of the answer to rural housing. Representing an urban constituency as I do, I believe that they are also a part of that, and I am sure that the tensions that he discussed will show themselves as we go forward. However, community land trusts have the capacity to involve their members. I hope that through the learning process of managing, the Homes and Communities Agency, to which I referred earlier, will develop national vocational qualifications that will help the people involved. It is the old co-operative ideal of education. I hope that it will help them to foresee things and relate to their communities appropriately.

My interest in the potential of community land trusts was given fresh impetus by a housing inquiry that I carried out in Plymouth last year and the report that came out of it, "Homes for the Future: 21st-Century Solutions for Plymouth—Putting rungs back on the bottom of the housing ladder". That inquiry started as a result of my meeting a constituent with a young family who had been asked to move five times in five years by a number of different private landlords. She was not a bad tenant, just the victim of insecure short-term housing. Some of her neighbours had other housing challenges that I wanted to understand, as I realised how much the housing market in my city was changing.

I had two specific aims in the housing inquiry. The first was to ensure that we in Plymouth go as far and as fast as we can to provide housing that meets demand, especially in respect of affordability. The second was to inform continuing development of national policy legislation and regulation. My inquiry resulted in several specific recommendations, all of which are directed at maximising the availability of housing across all tenures in Plymouth. The advent of the Homes and Communities Agency, set up under the Housing and Regeneration Act 2008, has created an environment in which many of those recommendations can be pursued. Many of the provisions in the Local Democracy, Economic Development and Construction Bill announced in the Queen's Speech will also help to carry forward improvements, particularly in the rented sector.

One of the key findings of my housing inquiry was that there was a significant gap in housing supply and affordability between those housed by the city council, by housing associations or by registered social landlords because of priority housing needs, and those who find their own housing through renting from private landlords or buying on the open housing market. Of course it is important that private landlords are encouraged to provide good-quality, well-managed homes for rent in the private sector, and my inquiry report outlined how that sector might be encouraged and improved further, but for many in housing need, neither the private rented sector nor buying on the open market is an affordable option. My report concluded that we need to put rungs back on the bottom of the housing ladder.

Since last summer, when my report was published, there have been significant falls in the housing market. Even so, the ratio between house prices and average earnings in Plymouth, which was one of the worst in the country, remains high. In 2008, the average house price in the city of Plymouth was eight times average earnings. Notwithstanding the downturn in the housing market, the national housing and planning advice unit predicts that affordability in Plymouth and the south-west will continue to worsen until 2026 unless there is an increase of affordable housing supply to meet the demand arising, as we know, from demographic changes affecting the UK and the rest of the developed world. Supply is out of kilter with demand.

To many, of course, the fall in house prices is welcome, as it brings the possibility of buying or part-buying a home within reach. However, I am advised that house prices in Plymouth would have to drop by more than 50 per cent. before many hard-working households aspiring to home ownership could fulfil their dreams. Heaven forbid that that should happen, as it would bring all sorts of other mayhem in train, but the pressure on social housing and the private rented sector will remain great and must be addressed.

That reality led to two of the report's key recommendations. There is a pressing need to restore some rungs at the bottom of the housing ladder by creating a supply of permanently affordable housing in the intermediate housing market. A permanently available supply of homes at a price between the cost of social rented housing and open market purchased housing is desperately needed to create a greater range of affordable housing choices for those in need of a decent home.

It is desirable in Plymouth to develop, in addition to current homebuy products, a range of affordable intermediate housing market products that will remain permanently affordable. That will help to create communities that are sustainable in the longer term, as it will enable many households currently excluded from the open market to finance part of the value of their homes and to own a property asset. That will allow them to do that in a way that will remain affordable from one generation of occupants to the next.

Community land trusts could play a large part in responding to those conclusions. They can take land out of the market, capture the uplift in value for a local community and harness that community's talents through an openly governed and accountable democratic organisation. That contributes to increasing housing supply in a way designed to be permanently affordable and sustainable. CLTs can do so on their own or, as I recommended in my report, in partnership with a local housing company.

A partnership being developed in Plymouth between the local housing company and the local community through a community land trust could help to ensure that the additional homes produced by the local housing company are not sub-market with the potential to become unaffordable and destined to move quickly into the open market, but are genuinely affordable, in compliance with the definition of affordable housing set out in the Government's supplementary guidance to planning authorities in planning policy statement 3.

Developing new forms of permanently affordable intermediate market housing is not easy. It is never easy to float new ideas, particularly at a time when the global economy is facing major challenges due to the volatility in the financial markets, but it is precisely because we face major challenges that new ways of increasing the supply of affordable housing and maintaining activity in the construction sector of the economy are needed.

Last week, the Co-operative party, of which I am proud to be a member, launched a pamphlet in its "Politics for People" series that made the case for a new form of co-operative intermediate market tenure. The pamphlet is entitled "New Foundations: unlocking the potential for affordable homes". It proposes the development of mutual home ownership on land owned by community land trusts. As in a unit mutual property trust, members of the mutual own equity shares in the property in which they live. The more they earn, the more rent they pay and the more equity shares they own.

The Co-operative party's case is based on three central propositions. The first is that the global financial crisis has fundamentally changed the world in which we must work to meet the affordable housing needs of our nation. Gone are the days when mortgage finance from high street lenders was readily available. The loss of £1,800 billion—there would be nine noughts after the 1,800 if the figure were put out in full—in the global financial crisis means that, for the foreseeable future, mortgage finance will be in shorter supply. Commercial lenders will, of necessity, return to the old canons, lending to low-risk borrowers buying on the open market, who can afford a deposit of at least 15 per cent. of the property's value. I was talking to someone who works in that sector at a Federation of Small Businesses dinner last night and he suggested that buyers could be more commonly asked to provide a deposit of 25 to 27 per cent. of the property's value.

Secondly, because of the financial crisis, if we are to meet the demand for affordable homes and to maintain activity in the house building sector of the economy, including the associated manufacturing industries and their skills bases, we need to find new sources of finance for affordable housing development. The Co-operative party's pamphlet explains how co-operative mutual home ownership has the unique potential to be an attractive investment for pension funds. That is because it can be structured to guarantee long-term investors a fixed annual yield on their investment to match their liabilities and it is also designed to remain permanently affordable, from one generation of occupants to the next.

Thirdly, mutual home ownership treats a home not as a speculative investment but as a consumer durable. Like a car or a washing machine, a home has a value that is consumed over its useful life. In the case of a house, I am told that that useful life is about 65 to 70 years. The view expressed in the Co-operative party's pamphlet is that one of the consequences of the global financial crisis is that the days of speculative house inflation, driven by unwise and badly regulated lending practices along with easily available cheap loans, have passed.

Adopting the Co-operative party's proposals in "New foundations: Unlocking the potential for affordable homes", which provide the basis for co-operative mutual home ownership on land owned by community land trusts would be a win for the Government, because it would increase the supply of affordable housing and maintain activity in the construction sector of the economy. It would be a win for pension funds and other long-term investors, because it would offer them a fixed annual yield on their investments, irrespective of inflation and secured on the value of the housing that they invest in. It would also be a win for communities in need of affordable housing, giving them an opportunity to contribute their energies and efforts to secure its provision. Finally, it would be a win for the environment, because environmentally sustainable elements of design and construction can be financed over the full 60-year term of the investment in the mutual homes, rather than needing to generate a short-term return for each individual owner.

[Linda Gilroy]

There is a growing body of evidence showing the success of co-operatives and of other forms of mutual ownership. It is a common form of ownership in other countries, such as Sweden, Norway, Germany, Austria, Canada and elsewhere around the globe. In addition, research commissioned by the recently established Commission on Co-operative and Mutual Housing, which is independently chaired by Adrian Coles, the director general of the Building Societies Association, has shown how co-operatives and mutual forms of tenure promote social, environmental and sustainable communities, which is just what my hon. Friend the Minister, who is responsible for the Homes and Communities Agency, is looking for.

I urge the Minister to look at the evidence from the Commission on Co-operative and Mutual Housing and to consider the case made by the Co-operative party in its new pamphlet. I ask that he responds positively to the representations made to his consultation paper on community land trusts by the experts working with local communities, to remove the barriers to the development of community land trusts. In particular, there is a need to reform the leasehold enfranchisement provisions in the Leasehold Reform Act 1967, so that homes built on land owned by community land trusts can remain affordable in perpetuity, putting those vital rungs back at the bottom of the housing ladder.

I also ask the Minister to proceed as a matter of urgency with the exemplar community land trust and mutual home ownership pilot projects, to demonstrate their potential. Finding ways of assessing the value for money of permanently affordable housing in the intermediate housing market would be helpful, if it were done on the basis of cost per affordable housing year rather than the crude capital subsidy cost per unit. That would reflect the value to Her Majesty's Government of having such a stock of permanently affordable housing. I also ask him to ensure that Government policies for community land trusts empower local communities to use them as a means of meeting their needs for affordable housing and other needs.

Finally, I ask the Minister to work with the co-operative movement to put in place arrangements that will encourage long-term institutional investors to invest in mutual home ownership and, in particular, to consider underwriting a national insurance fund to guarantee such long-term investment in affordable homes, which would be controlled and owned by the communities that they serve.

In the time that we are privileged to serve our constituents in this place, many ideas come to our attention and demand our advocacy. Of all the things that have come to my attention in the 12 years that I have been the MP for Plymouth, Sutton that might change my constituents' lives for the better, community land trusts must be one of the most significant. We desperately need something that will halt the slow-down in house building that was set in train by the credit crunch, which was inspired by the American sub-prime crisis. We need the homes and also the work that is associated with building homes, selling them, moving into them and furnishing them. We need the money that was speculative and created a bubble—a bubble that was bound to burst and has now gone forever—to be replaced, at least in part, by new, different and more trustworthy sources of money that can flow into the housing market, particularly into the affordable housing sector, which will be competing for loans in a more crowded space and from more risk-adverse lenders. Similarly, pension funds and insurance funds are looking for safe and sustainable places to invest their funds, which will guarantee steady yields.

Community land trusts have a unique role to play in putting those two pieces of the jigsaw together, in a way that would begin to build the picture that people are crying out to see. It would be a picture that shows that there are new ways out of this nosedive, led by trustworthy sources, and that shows there is a bit of ethically-based competition to the banks in some of their traditional stamping grounds.

Just as we are looking to innovation to create the jobs of the future, I urge the Minister and the other Ministers in the Department for Communities and Local Government not to be risk-adverse but to be innovative, and to make those two needs match up to address one of the greatest challenges that we face in constituencies the length and breadth of the United Kingdom and, indeed, further afield too.

9.57 am

Mr. Oliver Letwin (West Dorset) (Con): I congratulate the hon. Member for Plymouth, Sutton (Linda Gilroy) on securing this debate. I agreed with much of what she had to say. I want to add a number of points. The first is that in my constituency, in the village of Buckland Newton, where we have had experience for some years now of trying to develop a community land trust, some features of the scene have emerged. Some of those features have been alluded to in the debate so far, and we all need to attend to them.

The first of those features of community land trusts is the difficulty of ensuring that there is sufficient professional help to take these projects from conception to realisation. The great virtue of the community land trust is that it is a community idea; it springs from the bottom up. However, the great difficulty when things spring from the bottom up is that a cadre of professionals are not necessarily available to help turn the very good ideas into reality. The experience of Buckland Newton clearly shows that we need to work on that.

The second feature that has emerged is the contrast between that small village in my constituency and the towns in my constituency; no doubt that contrast also exists between that village and cities in other constituencies, although I do not have any cities in my constituency. Buckland Newton benefits from having a development boundary and therefore from having the potential for exception sites that lie outside the development boundary, which can be exploited by a community land trust to provide cheap land and to make the housing built on that land intrinsically more affordable. Not very far from that village in my constituency is the town of Lyme Regis. Because Lyme Regis happens to exceed a certain size, it does not have the potential for an exception site and therefore the same economic dynamics do not work there. So, as I say, the second feature that has emerged for me is that we need to attend to the question of how we enable community land trusts from lower land values than are charged to private developers.

A third feature has become evident, to which I referred in my intervention, and on which I think the hon. Lady and I agree. My attention was engaged by a remarkable phenomenon some years back, and since then I have been besieged by people asking me to represent them in their efforts to prevent housing from being built in their areas. I am sure that a poll of all Members who represent rural and suburban constituencies, and perhaps even urban ones, would show that they have had a similar experience, so my situation is not unique.

I suspect that local councillors all over the country have been elected on the presumption that they will help to prevent new housing in their areas. However, those local councillors, as well as we Members of Parliament and successive Ministers and Administrations, have all accepted that there is a huge need for housing in the UK on a trend basis. I accept that there is not a huge demand for housing at the moment, other than social rented housing, for obvious reasons, but we will get through this situation eventually, and then we will be back to the trend of having an excess of demand over supply.

We all recognise the bizarre tension between what we know in the aggregate and what we experience in the microcosm. What was remarkable about Buckland Newton was that, because it sprang from the bottom up, the village came together and the very same people who I am pretty sure would otherwise have been at a large meeting objecting to the houses in prospect, were demanding that they be built. That offers the potential to unlock something that the present and previous Governments have desperately sought to unlock—as, no doubt, will future Governments: the ability actually to build houses, rather than merely have targets but find that no more houses are built. I know that the hon. Member for Truro and St. Austell (Matthew Taylor), who produced the recent report, has focused on that issue.

I really believe that a bottom-up approach can liberate us from the ghastly tension of local feeling versus national need, because people in villages, towns and city neighbourhoods, who feel that a community land trust will be useful to their relatives, children and grandchildren, will have a different feeling about the houses that are then built. They will see the social utility of those homes directly, and will therefore vote for them.

The last point I want to make about the Buckland Newton experience is one that the hon. Member for North-West Leicestershire (David Taylor) made in an intervention on the hon. Lady about the connection between community land trusts and parish councils in villages, or the new urban parish councils in urban settings. It is absolutely vital that there should not be the tension that he described, but a coalescence of the two sides. Unless the democratically elected representatives of a location are in tune with the efforts of the CLT, we will not unlock the potential of this movement. This approach should bring people together, not force them apart.

Those of us who represent rural constituencies will have come across cases in which the village hall committee is locked in mortal combat with the parish council, which is unproductive. It is when the two come together that the village hall is renewed. The same is bound to be true of CLTs. We have to bring them into some kind of symbiosis with locally elected representatives. My hon. Friend the Member for Welwyn Hatfield (Grant Shapps), who speaks for the Conservative party on this issue, has had discussions with me and others about this issue for some time, and I suspect that it will be one of the main subjects that his admirable taskforce will cover. We need to find a way of putting those things together, and I am sure that this can also become a matter of political consensus.

I should also like to approach this issue from the national point of view, rather than in relation to my Buckland Newton experience. It is absolutely clear that as a result of the amendment that was accepted in what became the Housing and Regeneration Act 2008—as a small dose of partisanship, I must say that my hon. Friend and the Conservative party in the House of Commons probably had quite a lot to do with that, although the hon. Lady very skilfully put it in a different way—the Homes and Communities Agency is starting to take on board the idea of community land trusts. I welcome that enormously.

It is also clear that this issue is to some degree counter-cultural, by which I do not mean that Ministers are anything other than enthusiastic about it. I suspect that down there, through the spreading bureaucracies over which Ministers preside from an Olympian height, there is still quite a lot of doubt and hesitation about this newfangled idea. They are sort of used to registered social landlords, and it is inevitably the case under any Administration that large bureaucracies will like to deal with large bureaucracies because they are used to large things. These small, bottom-up enterprises pose certain difficulties for bureaucracy, and it will require a certain amount of political will—in the sense not of party politics but of elected politicians—to get the bureaucracy as a whole to recognise that CLTs are not a marginal, interesting and rather terrifying development, but part of the wave of the future.

My last point is that we are not just being nice when we talk about community land trusts, which are of the essence and are not a point of dispute between the three major parties. CLTs will not survive, prosper and multiply, or become an enormous feature on the scene, if they are like the nationalisation and privatisation of steelworks, coming and going with Administrations as they favour or disfavour them; the approach has to be persistent across time. We have a wonderful opportunity to put together something that will last, although it will no doubt vary over time, and that can be sustained because it has combined political will on both sides of the House.

However, a danger of which we all need to be aware lurks in that magnificent consensus. The two worst pieces of legislation for which a previous Conservative Administration were responsible are the Child Support Act 1991 and the Dangerous Dogs Act 1991, which were passed without opposition, and there is an uncanny connection here. If everyone is enthusiastic about the idea, as we all are, no one adopts the position of sceptic, and there is then a danger that we will move in directions that have not been sufficiently inquired into. I hope that while we exhibit all the enthusiasm that we need to exhibit, we will also retain our sense of proportion and accept that there will be all sorts of difficulties on the way. We need to maintain our critical faculties and ensure that we develop this idea in a way that is robust and that allows for the possibility of objections and changes rather than simply assuming that it will be plain sailing because we all agree on the essence of the idea.

[Mr. Oliver Letwin]

It is perfectly possible to combine consensus and appropriate, constructive scepticism, but it requires an effort of will. That is one reason why I welcome so strongly the taskforce that my hon. Friend has set up, and the pilots in which the Government are engaging. Pilots, taskforces and inquiries—and, indeed, the reports of the hon. Lady and the hon. Member for Truro and St. Austell—are very useful devices. We need to open this subject up and get people to comment on it. This must not become a private event inside the House of Commons that gets steamrollered through because we all agree on it. We need to do things in a way that is open, debated and discussed. There will then be a real prospect that in 20 years' time we shall regard this as the moment when we began a process that transformed the housing landscape of Britain.

10.7 am

Mr. David Drew (Stroud) (Lab/Co-op): It is a delight to take part in this debate. I am aware that the hon. Member for Truro and St. Austell (Matthew Taylor) wants to speak, so I shall keep my remarks as brief as possible, particularly as he was very helpful to me when he listened to my plaintive pleas on behalf of community land trusts in rural Britain.

Let me pay my respects to my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy), a fellow "Co-operator" who is a doughty campaigner in this area. It is important to give credit for the work that she does locally and nationally. We could argue about who tried to get CLTs into law, but they are now in the law, and we welcome the fact that that definition of them now exists. I pay due regard to the hon. Member for Welwyn Hatfield (Grant Shapps), who has visited Cashes Green, which, without making any understatement, I intend to speak largely about. My hon. Friend the Minister has also been, and remains, very helpful. He keeps a weather eye on that site, which I shall not describe as bedevilled, although there are some problems with it. I hope that my comments will help to take the debate forward. I do not demur from what my hon. Friend the Member for Plymouth, Sutton has said about the wider context of CLTs, and I pay particular respect to David Rodgers, who has been so helpful to me in trying to get the Cashes Green community land trust under way.

Why do I spend so much time on the Cashes Green site? Not only is it in my constituency, but it is an important model that we have to deliver because of all the ramifications that there will be if we do not. I am pleased that the hon. Gentleman has visited the site and has spoken to Gloucestershire Land for People. I pay due regard to those who have driven GLP forward: the two Martins—Martin Large and Martin Alder—Max Comfort and Jan Bayley. However, others have also played a part.

Why is it so important that we are able to deliver the Cashes Green community land trust? As the Minister knows better than me, there are 14 community land trusts, including at least one in his constituency. He therefore has a practical handle on what is going on. I believe that Cashes Green is still the largest initiative being introduced, and I have seen it from its infancy. When the then Minister for Housing, my right hon. Friend the Member for Streatham (Keith Hill), was looking for sites to move from the NHS to English Partnerships, which was the ownership body, I persuaded him to include Cashes Green—I, among others, claim ownership of that idea.

Cashes Green was a classic site. It was disused and difficult to develop and it therefore seemed sensible to consider its being used in this new form. From the outset, I stress that Cashes Green is in the more urban part of my constituency, so it is not a truly village concept. However, if the initiative can work in Cashes Green, it can work in many of the villages across the country, as the right hon. Member for West Dorset (Mr. Letwin) rightly alluded to.

I shall quickly go through some of the issues that the Cashes Green initiative has unearthed, and hopefully the Minister will consider them—even if he does not do so today. There are ongoing problems that have to be resolved. As I said, it was pleasing that Cashes Green was considered to become one of the community land trust pilots. In 2006, we completed the project feasibility study on behalf of GLP and submitted it to English Partnerships, which is, of course, now part of the Homes and Communities Agency. After initial support for Cashes Green being a pilot CLT on the mutual home ownership model—to which my hon. Friend the Member for Plymouth, Sutton has alluded—sadly, in mid-2007 English Partnerships advised GLP that it could not proceed with the project as planned because it did not offer value for money. The way in which that has been measured is debatable and, as land prices have crashed, has become even more so.

The problem has been that although there are those of us who see the scheme as an excellent form of intermediate housing market provision, English Partnerships compared it with other forms of low-cost home ownership, principally New Build HomeBuy. It measured value for money according to the full site value. That was about £3 million, as opposed to what English Partnerships paid to the NHS, which was £1 million. Site values have of course fallen and that might be helpful, but the value for money calculation currently being used is very simplistic, if not crude.

In comparison with the open market value of the site, which would deliver 30 per cent. of the units as affordable under a section 106 planning agreement, the GLP proposals would produce an additional 27 affordable homes. English Partnerships calculated the cost for the additional affordable homes provided by dividing the site value—some £3 million—by the 27 units. Surprisingly, it came up with the figure of £111,111 as being the cost of this form of model. Both David Rodgers and I feel that that is highly simplistic and has been a pall over this site. It has made it difficult to deliver the mutual home ownership model for our community land trust.

We believe that a real cost assessment has not been made and that the real cost should be nearer to £60,000, which was in the original proposal. No one was pretending that this site was going to be given for free; that would be illogical and would not help future community land trusts. We know that there has to be a land subsidy, because that is the way in which we bring community land trusts forward, and that is what we are asking of the private sector. We are asking private landowners to accept that these sites would not necessarily come forward otherwise. They should therefore bring them forward on the basis that they would take something of a hit on

the site value that they are helping to deliver. That is the nature of our criticism and so far we have not been able to resolve the matter.

Linda Gilroy: In my speech, I referred to the concept, which has come out of a recent conversation with some people in housing finance and David Rodgers, of looking at a cost per affordable housing year. Does my hon. Friend think that that might help to resolve the dilemma that he is describing?

Mr. Drew: That is helpful because, of course, the proposal from David Rodgers in his pamphlet will go some way toward looking at how we can bridge the gap between public and other forms of finance.

I return to the key point. We are looking at a false comparison: one that has derived a value for money calculation that we think is unfair. In addition, CLTs have been compared with other forms of affordable housing, principally the grant-giving process regarding housing associations. To do so is at best illusory.

Matthew Taylor (Truro and St. Austell) (LD): My report was obviously about rural areas, where exception sites can, in principle, allow the bringing forward of land at low value because that is the only use it might have. In the urban setting, particularly where there is a form of public sector land, I wonder whether there might not be a reverse exception process whereby the exception is that the land is only available for certain kinds of uses and therefore does not carry an open-market use. That is not available in planning at the moment, but it might be a useful reversal of the rural situation.

Mr. Drew: I am sure that the hon. Gentleman will talk more about that when I shut up shortly, when he will have a chance to build on his argument. His point is exactly right. I will not use the word "subsidise", but this is a lower-cost form of land access. That is the way in which we are able to kick the process off.

The case I am really making is that mutual home ownership has many benefits, the best of which is that the ownership of the land is locked in perpetuity. That is what makes it distinct both from other models that the Government are continuing to pilot and from a housing association, through which the grant is invested initially and there may be subsequent problems. This is an exciting opportunity, but it has been somewhat curtailed because of the way in which the calculations have been done.

As the Minister knows, we have argued this case for about 18 months. I hope that we can resolve the situation because, rather than the whole site being made available, we are now talking about between a third and half of the site. I understand why GLP is looking at a twin-track approach. It is talking to the HCA about the proposal that it is putting forward, which is being worked on by the consultancy firm ikon. I would like the whole site to be made available so that we can look at larger developments, which are different from the other pilots that are mostly smaller developments in rural areas. However, I am not sure whether I can talk about the Minister's area. I hope that we will look again at what is being proposed by the original mutual home ownership model; we are talking about a 77-unit development in totality being derived, according to the mutual home ownership form of community land trust.

At the start of the month, I went to a presentation of the 'Enquiry by Design' proposal, which, although disappointing, had some merit. I am not saying that work has not been done, but at that presentation, which was done by the agents GVA Grimleys, there was no mention of community land trusts. Certainly, the constituents who went along, many of whom are older and have views on what they would like to see come out of the site—including community provision—were somewhat confused about why they were presented with just a housing development. That is sad and is not the way to do it. I am not criticising Grimleys or HCA, but we need proper consultation and to badge this for what it is: a different form of housing provision. It was wrong not to do that, and I had to mount a defence regarding whether we could deliver the site for the things that we wanted to do.

I make a plea to the Minister to look in detail at what the mutual home ownership model provides in terms of community land trusts. Ikon has come up with six different models for Cashes Green and Plymouth, and it would be useful to put them in the public domain, so that we can argue about them, look at their strengths and weaknesses and know where we are going. The debate is largely consensual and one on which Members from all parties can move forward, but we must look at how we can deliver the programme quickly. That is my big concern, because if Cashes Green is indicative, we are stuck in the detail and not delivering what we want: low-cost, affordable housing through locking the housing in perpetuity into mutual ownership and allowing people to climb the staircase by obtaining some equity value, if and when their incomes increase.

10.21 am

Matthew Taylor (Truro and St. Austell) (LD): I welcome the comments of everyone who has spoken, and I congratulate the hon. Member for Plymouth, Sutton (Linda Gilroy) on initiating the debate. I am glad to have a few minutes to address the issues.

My principal concern is about rural communities. If the papers are to be believed, there will be a formal response to my report relatively soon. If so, the debate is well timed on two grounds: first, it may influence the response; and secondly, it may nudge the response so that it is made sooner rather than later. As the right hon. Member for West Dorset (Mr. Letwin) said, there is a time to move from finding that we all agree on the issue to taking some action, and the present economic circumstances have, to a degree, taken the matter off the boil in the press, because some believe that falling house prices mean "problem solved". The truth, however, is that it is problem worsened—in three key respects.

First, if people think that the issue is no longer important, action is less likely to take place and will be diverted, because the Government have to address big issues that, to some extent, displace the issue before us. Secondly, need is rising. There are more people on lower incomes, and more people losing their jobs and unable to afford housing on the open market. One might think that that would be addressed by falling house prices, but because the issue is about a credit crunch and the availability of mortgages, the demands for deposits make buying even more unaffordable for people at the margins. Although they might have struggled to pay a monthly mortgage before, the rates available to them

[Matthew Taylor]

have not fallen in line with the Bank of England rate; broadly, they have stuck at 5 per cent., and people who have small deposits are being asked to pay 6, 7 per cent., and in one recent constituency case 9 per cent., on a self-build exception site. The costs of getting into the market are higher than ever before.

Thirdly, the really big issue is that the private sector is no longer developing. I was at a meeting last week of a large number of developers, lawyers and those who are involved in the industry, and they were discussing who still had cranes up, because they were pulling out of any scheme that was not heading to completion—where they were not so committed that they could not get out. The great majority of affordable homes are delivered as a quota on the back of private sector schemes, but that is not happening now. In every possible respect, the situation is worse now than when I reported, even though the detail may have become more complex and a little different.

I shall focus on the 16,000 communities with fewer than 3,000 people in this country. In such communities, there are two groups of people. There are the relatively wealthy, who may be incomers or local but can afford the homes and have benefited from the price rises, certainly as an investment. The majority of people say that they would like to move to a little village in the countryside, so the demand on such communities from people looking to buy is absolutely enormous. However, the other group of people in those communities—the people who work in them, the farm labourers, the tradespeople, the people in the shop or the pub and those who provide support as care workers for the elderly rich who have retired there—are being priced out. At best, such people end up having to commute from the poorer part of town to the rural areas, which makes no sense from a sustainability viewpoint; at worst, many of the facilities close—the shop and the pub no longer run.

We are just at the beginning of the cycle, because 20 or 30 years ago those people could still afford a home, or find a rented place or council house. However, the council houses were sold, the rented places have been turned into holiday lets or retirement cottages and the new generation is being priced out.

Linda Gilroy: The hon. Gentleman is much more of an expert on the rural situation; I tend to look at the issue in an urban setting. But did he find, or is he concerned about, what I found in my housing inquiry: that more than 40 per cent. of working households in the age group that would aspire to buy their own houses, at about 30 to 35 years old, are unable to get a mortgage? Although house prices will have brought that percentage down, that is the figure behind the demand and supply situation, and it is completely out of kilter.

Matthew Taylor: I agree, and I do not want to take anything away from the urban problems, because they exist, too. We worry about an ageing population and how it will be supported if there are not enough people in work to provide facilities, but we are experimenting that situation in our rural villages right now, because it is already happening there, not because there are no young people, but because they are being priced out of the communities. What do we about it? Nobody in this place believes that we should tear up the planning rules and build all over the countryside, despite the fact that when the issue is debated in the press, that is often how it is described. We all agree that that is not the appropriate way forward. I do not have time to go through all the reasons, but to most people they are self-evident. We need to provide a route for people who work in such communities but cannot afford a home there. Interestingly, they are often working people who, even if there is council housing, will not get any because they are not high enough up the need scale. They can afford the bricks and mortar but not the excessive land values.

The solution is partly in place: the exception site process, which provides affordable homes in perpetuity to people with local need and connections in such communities. There is a fundamental problem, however. First, some local authorities do not apply the policy. It does not apply universally, and its application is discretionary for the local authority. Even in those local authorities that have such a policy, however, it may be applied only in certain villages that meet criteria of "sustainability". The smaller communities are allowed to die or wither and lose their services on the grounds that there is no bus stop; that they do not have a boundary, because we allow the policy only where there is a defined boundary; or that there is no suitable site, because the planners can be restrictive. The wording states that it should adjoin the existing community, but some interpret that as "right bang up against the nearest 20 properties," which may be the very place where there is most resistance. Another, more flexible site may not be miles away from the village; indeed, it may have a connection to it, which is the way that properties used to be developed. Not every property used to be bang up against the next, and those sites may be available and attract support, but planners say no.

I raise the issue because it is the nub of what not only CLTs, but registered social landlords and even, in some cases, the private sector seek to do. I feel passionately that there is a role for the private sector, provided the development has a section 106 planning agreement, is affordable in perpetuity or has a local connection. There are various routes, but we need to turn exception site policy from something that is exceptional to something that we do in communities where there is housing need but where we would not allow open-market housing, which would almost certainly be sold to people moving into the community anyway.

So what do we need to do? We need to say to all the authorities that they need to have this policy in place if there is not an alternative supply of housing. Houses will not be allowed to go on to the open market, and the process must be allowed to take place, subject to key criteria. There must be community support—not absolute support, as there will always be some opposition, but if the community itself says that it wants a development to take place, the role of the local authority should not be that of a gatekeeper, refusing it on technicalities, but that of an enabler, supporting it.

The right hon. Member for West Dorset was right to say that there needs to be support because communities themselves do not always have expertise. They need help with the process, which begins with identification of need in the community. Agreement around need opens

the door to finding a site, talking to Farmer Joe and Lord Whatsit to find somebody who is willing to make a site available. We know that sites become available if people understand that the houses will genuinely be affordable in perpetuity for the local community. "For the local community" is a key criterion, as is "affordable in perpetuity," not least because no one will part with land at low cost if they think they could part with it at a higher value for an open-market development. They also do not want someone else to make a profit from it. No landowner will make land available if they think that a few years down the road the houses will be sold off as the council houses were and someone else will make the money. Therefore, "affordable in perpetuity" is important.

Another criterion, of course, is evidence of housing need. There is no point in doing this if there are not people with a local connection in genuine need who will be part of the mix of the community. The development must be of appropriate scale and style and be well designed, but as I said, it need not be on the one piece of green open space at the centre of the village on which all the opposition is focused. There needs to be flexibility about the site.

The key thing with the CLT model is that it brilliantly pulls all those criteria together. It gives the community surety on all those points because they appropriately hold the value of the site. That is why the model has support not just from Shelter, the Country Land and Business Association and the National Housing Federation but from organisations such as the Campaign to Protect Rural England. A point that I always make to those who say that we are talking about ploughing up the countryside is that the last organisation in the country to support ploughing up and concreting over the countryside is the CPRE, but it is behind this kind of proposal.

It is time to move from words to action, and I hope that is exactly what the Government are about to do.

10.32 am

Sarah Teather (Brent, East) (LD): This interesting debate has been different from the kind of debate that the hon. Member for Welwyn Hatfield (Grant Shapps), the Minister and I usually engage in on Wednesday mornings, which is when we regularly debate housing. I congratulate the hon. Member for Plymouth, Sutton (Linda Gilroy) on securing this debate. I want to acknowledge from the outset her report and the report of my hon. Friend the Member for Truro and St. Austell (Matthew Taylor), which are helpful additions to the debate.

Liberal Democrats have been championing community land trusts for a long time—long before others became so keen on them—and I am absolutely delighted that there is now cross-party support for them. I was relieved when the Government agreed to cross-party representations to have them added to the Housing and Regeneration Act 2008, and I acknowledge the contribution of the hon. Lady in ensuring that that happened.

The hon. Lady clearly laid out the issue around need. She spoke about the case in her constituency that provoked her to begin work on her report. Both she and my hon. Friend the Member for Truro and St. Austell spoke about house prices. The fact is that falling house prices have not actually increased affordability for many of my constituents and many people around the country, because the issue is affordability of credit. The hon. Lady made the point very well that we would require a substantial drop in house prices in many areas for affordability to become a reality.

The real danger is that if we do not keep pace with house building during this period when credit is drying up, we may experience hyperinflation later. Need does not go away just because mortgages dry up. People still want to be able to buy or rent houses, and the fact that they are finding it difficult to access credit does not mean that need disappears. The danger is that when lending comes back on stream, we will get back into another housing bubble and then, of course, another bust later.

Another point that the hon. Lady made very well was about the need for intermediate housing, which is often overlooked when we debate these issues. We talk a great deal about the need for social housing and home ownership, but the particular thing that CLTs offer is intermediate housing for people who fall between two nets: they cannot afford to buy but have too much income, are too wealthy or are not deemed to be in priority need and so are unable to access social housing.

The Co-operative party pamphlet, "New foundations—Unlocking the potential for affordable homes" is particularly helpful in laying out how CLTs may deliver an innovative model during economic downturn. It is a helpful addition to the debate, and I hope the Minister recognises that and will respond to it in his summation. Housing associations' ability to deliver housing has been based on a model of cross-subsidy through private sales, which of course is now failing, whereas this innovative model of mutual home ownership offers an opportunity to deliver housing in a different way.

The hon. Lady spoke about mutual home ownership being an attractive investment for life and pension fund investors. It would be far less risky than investing funds in shares, asset-based securities, derivatives or hedge funds on global markets. It is an attractive model for investors but also an attractive model for people who are looking for some form of home ownership because there is far less risk that they will fall into negative equity. If mutual home owners do fall on hard times, they could sell some of their equity shares to others or freeze their equity and convert to a rental tenancy, which would not be possible in other situations.

Linda Gilroy: The hon. Lady highlights an important feature of the model. In addition, there is the Co-operative's track record of low debt: people do not build up debt and are able to pay their mortgage or rent.

Sarah Teather: I agree with the hon. Lady and thank her for making that point.

The right hon. Member for West Dorset (Mr. Letwin), who is no longer in his place, made an interesting point about the potential for CLTs to get around the nimbyism that we often see when we encourage communities to build more houses. There is always tension between the Government's targets for house building and people's fears about loss of lifestyle and change to the nature of

[Sarah Teather]

the local community. The point of CLTs is that they get around that problem because they come from the ground up. People have a stake in the development—they feel that they or their children may benefit from it. That makes CLTs particularly attractive for rural areas, which is the point that my hon. Friend the Member for Truro and St. Austell made here and elsewhere, although not in his report. However, the importance of CLTs extends beyond rural areas. The model is gaining a great deal of interest in London as well. The sense that people have that there is some possibility of accessing the development overcomes crucial fears. The right hon. Member for West Dorset also discussed the need for professional help and the importance of the relationship with parish councils and housing associations.

I shall conclude with a few questions for the Minister, which pick up on some of the points made by the hon. Member for Stroud (Mr. Drew). Of course there will be areas where separating the price of land from property will not, on its own, bring homes into an affordable range. What guidance has the Minister given to the Homes and Communities Agency on subsidies that it may make available for this kind of development? What has his response been to representations from CLTs that the Leasehold Reform Act 1967 should be amended to ensure that affordability is locked in?

A number of hon. Members mentioned value for money. I am interested in the idea of valuing a site based on the cost per year of affordable housing. The point about the current system for valuing a development being simplistic was well made. I wonder how the Government will ensure that we also take account of social value and social benefit to a community.

Having made those points, I remind the Minister that this matter has cross-party support, if he had not already gathered that from the debate. I hope that he will not just make it possible for community land trusts to exist, which is what the amendment to the Housing and Regeneration Bill did, but will positively enable CLTs, because this important, innovative idea may offer a solution at a time when many of the other models that we have for housing development are failing.

10.40 am

Grant Shapps (Welwyn Hatfield) (Con): I will try to be brief. First, I congratulate the hon. Member for Plymouth, Sutton (Linda Gilroy) not only on securing the debate, but on her excellent paper, "Homes for the Future", which sets out many of the principles behind today's debate and the future of housing. I also thank the Minister for his phone call to me, during which he said that, having voted twice against our new clause on community land trusts, he had decided, under some persistent and welcome pressure from hon. Members in this Chamber and others beyond, to accept in the House of Lords an amendment that looked remarkably similar and which, for the first time, defined community land trusts in law.

There is a huge amount of agreement and perhaps even co-operation on CLTs, as is fitting for such an idea. The hon. Lady has already mentioned the community land trust taskforce, which met for the first time last week. I set up that taskforce to produce a report that will, I hope, provide the recommendations that need to be put in place to encourage CLTs into action—to make them happen, as it were. Many of the eminent names that have already been mentioned this morning—such as David Rodgers and Martin Large—sit on that panel, so we know that we are getting expertise from the best sources. The taskforce is chaired by Dr. Karl Dayson of the university of Salford, who has spent a large amount of time, academically, studying this subject.

Some of the problems that CLTs face are questions of culture and misunderstanding. I enjoyed my visit to the CLT project in the constituency of the hon. Member for Stroud (Mr. Drew). I was struck by the story of a community coming together and doing all the background work, including studying and consulting the local community and working up the plan that the hon. Gentleman mentioned in great detail, only to meet English Partnerships, which insists on redoing all the work at a cost of £160,000, as I recall. That is nonsense and is contrary to the principles that we are all trying to establish for CLTs. I have taken that specific example up with the chief executive of the Homes and Communities Agency, Sir Bob Kerslake, who promises to investigate.

Last week I sat on a panel with Sir Bob Kerslake at the *Guardian* "Future of Housing" conference and one of the questions that came in was about what could be done to speed up CLTs. His response was, "Look, I'd just like to see any of these actually go ahead." There are many trials now—I have been round the country and have seen many or most of them—but they all suffer from problems of understanding or misunderstanding. People do not quite understand what they are about.

We are now in a position to do something with cross-party support and I hope that the Minister, in his last year or so, can get this scheme moving. There is a really pressing need, which has been brilliantly outlined by many, including the hon. Member for Truro and St. Austell (Matthew Taylor) in his report and the hon. Lady in hers, and in the Co-operative report of last week.

I was struck at the first meeting of our community land taskforce last week, here in Westminster, when, in response to the question, "This is a great new idea, but how are we going to get it going?" one panel member said, "I saw this idea in *Estates Gazette* 20 years ago and ever since then I have spent my life trying to get the thing going." The time has come. Minister, we look to you to provide the guidance.

10.45 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I welcome you to the Chair, Mr. Illsley. I congratulate my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) on securing this debate. As has been said throughout the debate, my hon. Friend is a huge champion of the whole idea of housing and her report is excellent. I like the concept of housing for the benefit of the whole community and she has been a strong champion of community land trusts for some time now. She has rightly and successfully held the Government to account on the matter of community land trusts, particularly on the definition of them. Let me spoil the consensual

cross-party thing that we have had throughout this debate by saying that it is thanks to her efforts and those of my hon. Friend the Member for Stroud (Mr. Drew) that we were able to accept an amendment to the Housing and Regeneration Bill on the definition of CLTs.

This has been a professional, high-calibre debate, reflecting the importance of the concept of CLTs. My hon. Friend the Member for Plymouth, Sutton mentioned that there is a growing interest in the potential for CLTs. I agree. She beat me to it in saying that the time has come for CLTs—I had already written that phrase down—but, again, I believe passionately in them and agree strongly with her about that.

Let me declare an interest at this point. My hon. Friend the Member for Stroud has already mentioned it, but hon. Members will be aware of the 14 CLT pilot areas—seven in urban areas and seven in rural areas—which the university of Salford is helping to run. Hartlepool, my constituency, is the location for one of the seven urban area pilots. Progress has been slow so far, but I take a strong interest in the concept of CLTs, particularly because I have a constituency as well as a ministerial interest.

We in the Government feel strongly about putting power back in the hands of communities. That theme is repeated across the range of public services, with a stronger voice and more direct involvement for people throughout the health and education sectors and local democracy, so services improve and quality is raised. There is no reason why we cannot do the same thing in respect of housing and planning. At the same time, we know that the lack of affordable housing is a major concern for people throughout the country. One of the strong themes of the report by my hon. Friend the Member for Plymouth, Sutton is the need for affordable housing. The hon. Member for Truro and St. Austell (Matthew Taylor) has also produced a strong report that we will respond to shortly.

Yesterday in the Department, we had a presentation on the affordability of housing. We saw a map of the country showing the pressures on affordability, and the least affordable places to live were represented in red. As hon. Members would expect, London was bright red. However, I was struck by the fact, which will be of interest to the hon. Member for Truro and St. Austell and to my hon. Friends the Members for Plymouth, Sutton and for Stroud, that the south-west was burning red. In both the urban and the rural areas of the south-west, there is a real affordability issue. We should ensure that we build more houses to a model that helps to provide them in perpetuity. How to provide affordable housing for today's generation and the next generation is a long-term concern for all hon. Members.

The Government are keen to back the aspirations of people who want the chance to own a home of their own. The hon. Member for Truro and St. Austell is strong on that in his report and in his comments in this debate. Future household growth projections, the fact that we have an ageing population and the current short-term difficulties with regard to the global economy underline the need for us to go further and faster to help more people to realise their aspiration for affordable housing. That was a strong theme in the debate.

We are doing our bit. The Government are investing £8 billion in affordable housing—for both social rent and low-cost home ownership—through the new Homes and Communities Agency throughout the next comprehensive spending review period. That represents a £3 billion increase compared with the previous three years. We have never seen in this country the investment in housing that we will see in the next three years.

Grant Shapps: It has not been spent.

Mr. Wright: That is simply not true. We have responded quickly and decisively to the current economic difficulties. We have brought forward future years' spending—about £550 million—for the HCA precisely to allow housing associations and RSLs to bring forward spend, not only to help to ensure that we have affordable housing for our people, but to ensure that we can stimulate economic activity and help the construction industry at what everyone acknowledges is an extraordinarily difficult time.

Grant Shapps: I do not want to lead the debate off the subject, but I want to get to the facts. I met Sir Bob Kerslake just before Christmas and he made it clear that although money has been allocated, only about £600 million of the budget has been spent to date.

Mr. Wright: To be fair, this is something that we look at closely with Sir Bob and the HCA and, in the two months that the HCA has been up and running, to be able to spend £600 million is not a bad state of affairs. We consider this issue very closely. It is extraordinarily important. We need to ensure that we have the homes that this country needs. I have already mentioned the affordability issues. The hon. Member for Truro and St. Austell was right when he mentioned the evaporation of lending capability, which is putting acute affordability pressures on young families. We need to ensure that we build the homes that people need and that we stimulate the construction industry to help to do that.

The market is struggling, leading to sharp falls in house prices, and developers are finding it harder to sell new homes. That is why we have brought forward money to allow the HCA to go to RSLs and councils to buy unbought stock from private developers. In central Government, our focus is on proactively responding and intervening to address those difficulties, helping to restore stability by rebuilding confidence and reassuring consumers that there is practical support where that is needed. The Government have a key role to play and we have stepped up to the plate to help to achieve what I have set out.

Mr. Drew: Unsurprisingly, I shall return to the value-for-money calculations. I would be happy for this to take place outside the orbit of this discussion, but it would be useful for the Government to examine value for money, to help the HCA, and then to come back and discuss it with those of us who are trying to move things forward, because that is the crux of the problem that some of us are facing at the moment.

Mr. Wright: My hon. Friend mentioned value for money during his excellent speech. It is an important point. I will spend some time talking about the role of the HCA, because that is important, but I want to respond to that intervention in two ways. First, I recognise the point about value for money. Community land trusts can provide additional albeit somewhat intangible

[Mr. Iain Wright]

benefits, whether that relates to community cohesion, building capacity in the community or strengthening the sense of ownership. During the passage of the Bill that became the Housing and Regeneration Act 2008, the hon. Member for Welwyn Hatfield (Grant Shapps) and I debated at length how land can be sold for less than market value for a wider social good. That is an important point. My hon. Friend the Member for Plymouth, Sutton mentioned the consultation exercise on CLTs that I launched in October. That closed on 31 December. A key issue that we were considering in the consultation was how to get the concept of value for money into this process—how we can assess value for money when considering community-led development. Again, that is an important point.

Secondly, given the economic difficulties that we face, the evaporation of mortgages and the business model for RSLs being inappropriate in the current market with regard to private money helping to fund socially rented stock, we have to be as flexible as possible. That is the key point and I think that it is what Sir Bob Kerslake would champion. The HCA has to be as flexible as possible in responding to the current difficulties.

I have mentioned the role that central Government have to play, but I return time and again—this point was reiterated throughout the debate—to the power of the community itself. In my experience and, I know, in the experience of hon. Members on both sides of the House, there are few problems that communities cannot solve for themselves. If their talent and ingenuity are unlocked, they can work wonders. Change goes deeper when people have ownership and can take control of things themselves, rather than having them imposed on them. I strongly oppose the idea of public services being provided at people, rather than for people and with people. That is a disgrace. Working together and shaping public services according to specific local needs is the way we need to go.

It is in the context of community empowerment with regard to housing—including long-term concerns about affordable housing, about the evaporation of mortgages and about how our children and grandchildren will get on to the property ladder—that CLTs can play a key role. That is why I and a number of other hon. Members have said that their time has come. CLTs are about engaging, galvanising and mobilising the community. They are about bringing communities together to improve the quality of their local environment, the services that they receive and the facilities available to them.

The Government's firm aim is to see CLTs that are well managed and have the capacity to take on development. I am mindful of points raised in the debate about support and training for communities. The point has been made that a bottom-up approach is not sufficient; people need professional help in this regard. We recognise that and, in response, have commissioned research to review the availability of and access to technical expertise and information for community organisations to enable them successfully to manage their own assets. Community transfer of assets, community ownership and how those things are achieved on the ground practically and technically are important points.

Matthew Taylor: I am sure that the Minister is right on that, but I think that he will also accept that, if the planning officers see themselves as gamekeepers whose job is to say no to much of this development, to apply very strict criteria or to say that a community is already unsustainable, and they will not allow anything to happen there, what ought to be quite quick and simple loses its certainty and gets bogged down in ridiculous planning arguments. That is the experience of community groups. Even when communities start in favour, they too often run into a brick wall. We need to move from these schemes being seen as exceptional to their being seen as what people do in the community.

Mr. Wright: The hon. Gentleman makes a fair point. I would certainly be against the "Computer says no" philosophy and in favour of the idea that people should be helping to enable and facilitate. Central Government have a role to play in that in providing resources, but local agencies also have a role. A strength of the HCA is the can-do attitude stemming from Sir Bob Kerslake downwards. That is about saying, "How can we help you in your local community? How can we ensure that you have the tools to do the job and realise your ambition on the ground?"

Linda Gilroy: Will the Minister be sure to let us know when we can expect to hear the response to the CLT consultation?

Mr. Wright: I will get that on the record now because I know it concerns my hon. Friend. As I said, we launched the consultation in October and it ended on 31 December. We received 63 responses—very in-depth, professional, high-quality responses, including one from my hon. Friend. I am currently reviewing and assessing those and I hope to be able to respond fairly shortly.

Grant Shapps: When?

Mr. Wright: I am not able to give a firm date. I am sorry to disappoint hon. Members on that. I am keen to do the work as quickly, but as thoroughly as I can, taking the whole House with me to ensure that we have cross-party support.

It is a disappointment that the right hon. Member for West Dorset (Mr. Letwin) did not have the courtesy to stay for the winding-up speeches, because he made a very perceptive and intelligent point about development often being seen as negative when it should be seen as positive, as something that helps a community to realise its ambitions and aspirations. I do not want that nimby attitude to exist in planning and development. I want development to be seen as a positive thing that helps to engage people. Community land trusts can be a vehicle to achieve that and, with cross-party support, we can move from talking to delivery and action.

Global Population Growth

11 am

Mr. David Kidney (Stafford) (Lab): It is a pleasure to see you in the Chair, Mr. Illsley, and I know that as usual you will be firm but fair in chairing the proceedings. It is also a pleasure to see the Under-Secretary of State for International Development, my hon. Friend the Member for Bury, South (Mr. Lewis), in his place to respond to the debate. I have followed his career with great pride and joy and am pleased that he has been so successful. I wish him well in his new job in Government, which is an exciting but difficult one.

The local council in Stafford is today unveiling its proposals for a consultation on its next local development framework. The Conservative-controlled Stafford borough council will be explaining why it has agreed to a Labour Government plan for a growth point at Stafford, because it has agreed to take 20 per cent. more new housing over the next 20 years than it would have had to take under a normal calculation. I am sure that there will be great controversy locally about why we must have all that house building in Stafford in the next 20 years. When people such as myself explain that it is because of the growing population and the need for housing, people ask me where that growing population comes from and why we have to have it.

There are many explanations of our need for more housing, but much of that need relates to demographic change and not necessarily to immigration change. Those questions illustrate on a small scale in one place in this country the population growth going on around the world, which should concern people but does not get the airing and debate that it should receive.

After I secured the debate, I suddenly started to see the topic attracting comment and attention in the media. Last week, George Monbiot wrote in *The Guardian* about population growth being a serious concern, and argued that we should blame not the poor for having children, but the rich for hogging more than their fair share of the world's resources. This week Sir Jonathon Porritt was reported in the *Telegraph* headlines for saying that there should be a two-child limit in future on the size of families. He referred to irresponsible parents who have more than two children and green campaigners who betray their membership by not debating that important issue. I would very much like to dissociate myself from his comments, particularly as I am one of four boys born to my very successful mother and father, who are both sadly dead. My approach is different, and I would like to explain it this morning.

It is important that we focus on the part that population growth will play as a more general issue in sustainable development. The population of this country has now passed 60 million and is forecast to reach 77 million by the middle of the century. The world's population has passed 6 billion and is forecast to reach 9 billion over the same time scale. That would mean an increase in the world's population of 6 million every month, which is a staggering statistic.

I am drawn to the debate on population because of my initial concerns for the environment and the urgency of our task to combat climate change. The Climate Change Act 2008 was a world first in setting a binding target for cutting carbon emissions by at least 80 per cent. by 2050. I took part in the debates as we crafted that Act. We of course have to mitigate by reducing our emissions of greenhouse gases and adapt by preparing for rising sea levels, warmer summers, wetter winters and more unpredictable weather events, but as I asked on Second Reading, where is the discussion about the effect on all our plans of the level of population we will be working with?

My approach is very different from that of Sir Jonathon Porritt. I do not think that society should interfere in the free choices people make about having children, and I want the world community to discuss all aspects of sustainable development, including population size. In this debate, I want to focus on two points that arise as a result of a growing population. First, given that there will be a larger population in the future, how can we manage the world's resources to meet their needs? Secondly, can we agree that, on balance, the world will be a safer place if we can stabilise the population at a lower level than currently forecast, and if so, what can we do to achieve that stability?

I will look first at the resources for a larger world population. Currently, over 1 billion people—about one sixth of the population—live on an income lower than $1 a day. The balance between those living rural or urban lives shifted last year: for the first time, more of us are urban dwellers. As the population grows and land use continues to shift towards urban living, we will need smarter ways of providing water for drinking, washing and irrigation and of farming to produce enough food for everyone. As we know from our plans in the UK for cutting carbon emissions, we will have to replace much of our carbon-based energy with renewable sources.

I shall now discuss the implications for water. One in three people in the world already face water shortages, and there are significant areas of water stress now. The Pentagon produced a risk assessment a while ago that identified competition for limited water supplies as potentially a major cause of future conflicts, and we can anticipate migration away from areas of water shortage. Also, we can see that rising sea levels will create too much water in some areas, which will cause flooding, wash away people's homes and again trigger migration. The forecast rise in global population means that, by 2030, we can expect demand for water to be 30 per cent. higher than today. In some developing countries, as much as 70 per cent. of fresh water is currently used for agriculture, so we simply have to focus agricultural research and development on global public goods such as developments to support sustainable water and land use, and that brings me to food.

We saw last year that prices rise when food is scarce, often beyond the reach of local people, and we witnessed serious riots around the world due to food shortages and unaffordable prices. It was certainly a wake-up call for the international community and our own Government and food producers that food security is even more basic than energy security. The forecast rise in the global population means that demand for food is expected to rise by 50 per cent. by 2030, so we need the agricultural research and development I have mentioned to stimulate agricultural production in all parts of the world. It is a big ask: more food from less land. There will be less land because of the urbanisation I have described. At home and abroad, it is essential that our Government promote long-term investment in research, science and technology to support farmers everywhere.

[Mr. David Kidney]

I chair the all-party group on science and technology in agriculture, which incidentally is not some entry group for pushing genetic modification. It looks at the research, some of which has already demonstrated what works somewhere in the world. Some science is about efficient land management, plant breeding and the right tools for the job. Some technology is actually quite low-tech and uncontroversial. In some developing countries, for example, there is potential to treble or quadruple existing crop yields by straightforward steps such as investment in infrastructure, quality seeds, education and measures to reduce wastage and post-harvest losses.

In the UK, climate change will pose questions about which crops will be most suitable for our conditions and whether a changing climate will bring new pest and disease challenges for our crops and livestock. However, we cannot shut our eyes to evidence of additional new ways to help feed the world's growing population. I expect biotechnology will offer some solutions—for example, crops with enhanced tolerance to drought, heat and stress. The important point is to allow the scientific research to take place so that we can then consider the evidence and decide which farming methods to adopt or reject.

It is important that the Minister acknowledges the need for us to support research and development in the long term, with a joined-up, strategic approach. That means that every Government Department must be involved, not just the Department for International Development. The Department for Environment, Food and Rural Affairs clearly has an interest, and the Department for Innovation, Universities and Skills and the Treasury will have an interest in ensuring that we have a coherent, joined-up approach to that kind of research.

In the UK, we have efforts to achieve that kind of approach. DEFRA has formed its new Food Policy Council and Professor Beddington, the Government's chief scientific adviser, has set up a foresight initiative to consider long-term food security issues. The Royal Society is conducting its own inquiry into biological approaches to boosting production. Through the all-party group on science and technology in agriculture, I am supporting calls for an integrated food research strategy. Internationally, we have opportunities to set the same approach through EU discussions about reform of the common agricultural policy, the Doha round of trade talks and efforts to boost international research and development so that we increase global food production in socially and environmentally sustainable ways.

I shall turn to the third of those three limbs about meeting people's future energy needs. Similarly, the case for research and development in new renewable energy technologies is essential. The forecast population growth means that demand for energy is expected to rise by 50 per cent. by 2030. We must not meet that demand by burning more carbon, because of the climate change threat. In any event, the finite sources of carbon-based fuels might not stand the strain, as anyone who follows the peak oil debate will testify. Like the food debate, we face challenges of price rises and security of supply. It is urgent, therefore, that we develop a diverse range of renewable energy technologies capable of deployment in all parts of the world and of meeting the predicted increased energy demand. There are, of course, consequential considerations in all the three areas that have to be addressed. For example, we need effective regulation, but not over-regulation. We need translational research to ensure that the basic science is carried through into practical and beneficial outcomes. It is very important that we do not take our eye off the ball in ensuring that we have enough people with the right skills for such ways of working.

I now turn to the population side of the equation. People who rely on large families to combat the fear of childhood deaths and poverty need to be reassured that health care and wealth can be had. We must all agree that education, family planning and health services should be universal rights. I do not necessarily sign up to the objectives of the Optimum Population Trust, but I find its work helpful in informing the debate. When asked about the population solution, it responds:

"GLOBALLY: reduce birth rates. NATIONALLY: reduce or keep birth rates low and/or balance migration to prevent population increase. All countries need environmentally sustainable population policies to underpin other green policies. PERSONALLY: have fewer children and work a few more years before retiring."

I throw that policy solution into the mix for consideration without endorsing its particular approach.

I know that the Minister has read the report on the hearings by the all-party group on population, development and reproductive health called, "Return of the Population Growth Factor: its impact upon the Millennium Developments Goals", which was published in January 2007. The instigator and chair of the inquiry, and publisher of the report, the hon. Member for Croydon, South (Richard Ottaway), is with us today. I look forward to hearing from him in a moment. The report reminds us that in 2000 the United Nations set eight goals for global development, to be achieved by 2015, known as the millennium development goals. Strikingly, the original goals made no reference to population growth and gave no recognition of its impact. The UN has since agreed to add a specific goal calling for universal access to reproductive health care by 2015. Mostly, the countries with the greatest levels of poverty and greatest need to achieve the goals also have high birth rates and rapidly growing populations. The report says:

"Improved access to family planning is one of the most cost-effective ways of reducing infant and maternal mortality. Slower population growth offers a demographic dividend, which opens the door to economic progress and permits a country to invest in education and health".

I have been following this debate through other means. The International Planned Parenthood Federation argues that any debate about population should be framed around people's rights. The federation believes that

"women, men and young people everywhere should have control over their own bodies",

that

"they should be free to choose parenthood or not",

that they should

"be free to decide how many children they will have and when"

and that they should

"be free to pursue healthy sexual lives without fear of unwanted pregnancies and sexually transmitted infections, including HIV."

I agree with those conclusions. However, we cannot discuss tackling climate change, environmental degradation, resource efficiency and population levels in isolation. Each issue has a bearing on all the others. Every crisis,

whether social, economic or environmental, will be affected by resource consumption patterns, inequities in trade, the distribution of wealth and societal changes. We need policies that place people at the centre of all that we seek to achieve in terms of sustainable development and peaceful coexistence. We must consider much more than just birth rates—we must also consider mortality, spatial distribution, migration and urbanisation.

I endorse the following quote by Robert Engelman, of the environmental group Worldwatch:

"Differences in future population growth can't by themselves determine whether we stabilise the climate or improve human well-being. But by imagining a global climate framework based on both equity and sustainability, we can see that slowing population growth is crucial to the goal of climate stability. So clear does the relationship become that special vigilance in defence of reproductive rights may be needed in a world of still-growing populations ever more worried about the future of the climate".

I agree so much with that quote, and asked for this debate, because as people grow more concerned about what the future holds—some things look grim, given those statistics on population growth, energy consumption, food, water and so on—they will start to worry and look for easy solutions. It is important that we place the debate on population growth in the context of sustainable development, so that we can resist the more extremist causes that might come.

Many worrying trends in today's world are causing stresses and strains already. It is urgent that global efforts are made to ensure a sustainable future for our planet and succeeding generations and to ensure that they have popular understanding and support. With consent will come the public backing on all the social, economic and environmental fronts that we need. That will include an easing in the forecast global population growth and an eventual stabilising of the world's population. As we debate local development frameworks in the coming weeks, I will have to explain to my constituents that migration is not the only cause of population growth. It is great that in the developed world people are living longer, and I expect that this demographic trend will extend to more and more countries in the future. However, it means that even with voluntary, popular support for more effective family planning, any gains in reducing population growth will be achingly slow.

I set the Minister a number of challenges: to confirm our intention to keep the UK at the forefront of global efforts to reduce greenhouse gases and to tackle climate change; to ensure that, at home and abroad, we contribute fully to finding the appropriate solutions to ensure that a growing world population will have enough water, food and energy to meet our needs, and to ensure that the world community understands and accepts that a stable population will contribute to future development that is fair and sustainable. It is not much, Minister. How can you do it?

11.17 am

Richard Ottaway (Croydon, South) (Con): We have just heard a tremendous contribution to a very important subject. I congratulate the hon. Member for Stafford (Mr. Kidney) on securing this debate. His remarks were sharp, relevant and very much to the point, and I hope that the Department for International Development will take them seriously. He kindly mentioned the all-party report. He will be interested to know that it is working on an update to the report, which we hope to publish around Easter. The report concluded that the millennium development goals would not be reached with the current levels of population growth in the areas where the goals are most pertinent.

People usually respond to this debate by saying, "Well, economic development is the best contraceptive. It does not need a ministerial push." In truth—this is a key conclusion in the report—in the 20th century, no country has got itself out of poverty without first addressing population growth. Whether the chicken or the egg comes first, the message from the evidence is clear. I hope that the Minister and his Department, which responded very well to the report—I congratulate it on its response—will focus on the unmet demand for contraception. The hon. Member for Stafford mentioned the need for good family planning services, about which he is absolutely right. In Africa there are hundreds of millions of people who want contraception but cannot get it. Addressing that alone will make a huge difference. With a proper programme we can have sustainable development, which will address the points made by the hon. Gentleman.

11.19 am

The Parliamentary Under-Secretary of State for International Development (Mr. Ivan Lewis): I congratulate my hon. Friend the Member for Stafford (Mr. Kidney) on securing this incredibly important debate. I, too, have followed his career with great interest; he is one of the most thoughtful, intelligent and passionate Members of the House. The people of Stafford are incredibly fortunate to have him advocating on their behalf on a range of issues. I am delighted, therefore, to be able to respond to this debate.

As my hon. Friend pointed out, population growth is both a global and a local issue, which must be tackled honestly in every situation. It is all too easy to pander to populism. What we need is a balanced, responsible and grown-up debate. I know that my hon. Friend will lead such a debate in his own community in the period ahead.

Let me congratulate the hon. Member for Croydon, South (Richard Ottaway) on the pioneering work that he has done in this area. I have to say in all honesty that I have not read his report; it would be totally disingenuous of me not to put that on the record. However, I commit to reading the updated report when the hon. Gentleman produces it later this year, and also to offering to meet him and hon. Friends, should that be appropriate.

We all agree that tackling global population growth is inextricably linked to our capacity to achieve many of our commitments in the developing world. We cannot divorce it from issues such as economic growth, alleviating poverty and improving health and education. It is a core that runs through all of those aspirations and objectives for the developing world.

Global population growth has been referred to as one of the unfinished agendas of our time, yet it has become a subject that many agencies hesitate to discuss in case they are accused of removing free choice or forcing individuals to have fewer children. The UK Government do not support programmes that coerce individuals and couples to have fewer children, but we want population growth issues to be actively debated. As my hon. Friend

[Mr. Ivan Lewis]

said, every Government must have a coherent policy, particularly those in countries that have rapid population growth.

The key statistics have been mentioned already, but they always bear repeating. The UN estimates that the world's population will increase to 9.2 billion by 2050. It says that a staggering 99 per cent. of that growth will occur in the developing countries. Why is that a problem? As my hon. Friend said, it is because rapid growth will place a massive strain on Governments to deliver to their people basic services, such as education, health, water and sanitation. Such services are needed to achieve and sustain the progress envisaged by the millennium development goals.

As an example, it is worth considering one country in sub-Saharan Africa and the pressures that it will face in the areas of schools and health. Tanzania has a comparatively low population growth rate of 2.6 per cent., but its population will nearly double—to around 71 million people—between now and 2035. The number of students in Tanzania will more than double to 16 million. The country will need to recruit and train 350,000 teachers, up from just 135,000, and will need more than 50,000 nurses, up from under 3,000. The challenge will be immense.

Not only basic services will feel the strain of rapid population growth. As my hon. Friend said, natural resources such as water, fuel, wood and land for growing food will all come under increasing pressure, and the poor, those most reliant on the natural environment for their basic survival, will feel the greatest impact. Climate change, which is driven by the emissions from countries in the developed world, is also reshaping the environment on which poor people depend. Increased rainfall variability and water scarcity, increased drylands but also increased flooding, and changing patterns of pests and disease will all increase the pressures.

We are committed to helping poor countries in a number of ways. First, to develop in a cleaner, "greener" way, secondly, to prepare for the impacts of climate change, and thirdly, to get a fair deal from any global climate change agreements now and in the future. We are spending £800 million through the Environmental Transformation Fund to help fight climate change and poverty. We are also providing £5 million to improve scientific understanding of climate change in Africa.

DFID has a long history of supporting research into the best use of natural resources. Current DFID initiatives to improve farmers' access to technologies include supporting the African Agricultural Technology Foundation to enable African farmers to gain access to privately owned and patented agricultural technologies such as striga-resistant maize. Such changes, combined with the effects of rapid population growth, can only increase competition for natural resources and accelerate the pressures brought about by climate change.

The demographers also tell us that rapid population growth can often lead to a "youth bulge"—a high proportion of young people aged between 15 and 29. If developing country economies are unable to offer meaningful training and employment, there will be increasing numbers of socially excluded people, particularly unemployed males, which may lead to increasing conflict, instability, violence and extremism. Therefore, we must tackle the issue for a variety of reasons.

Can we be optimistic that the world is ready to tackle such major issues? It is important to say that the UK Government have always played a leading role in getting the world to face up to such challenges. That has been as a consequence both of Government policy and of a commitment by parliamentarians in all parts of the House.

Four steps have been shown to have an impact on population growth. First, increasing access to sexual and reproductive health services will have a real and lasting impact and will eventually lead to a stabilising of population growth. Secondly, working with couples and individuals to reduce current high levels of fertility, encouraging choice and increasing confidence that children already born will survive into adulthood, through supporting gender equality and women and girls' empowerment, and improved health, water and sanitation services. Thirdly, addressing the large and growing demand for family planning services—the hon. Gentleman made that point, too. There will be temporary methods for those who want to delay or space pregnancy, and safe permanent methods for those who have decided not to have any more children. The United Nations Population Fund has estimated that 137 million couples worldwide do not have access to family planning, and a further 64 million are forced to use unreliable traditional methods. DFID has recently allocated £100 million over five years to UNFPA to address that specific issue. I know that the hon. Gentleman will be interested to hear that.

We also know the potential power of the new American Administration's change of position on such issues within the first 48 hours of President Obama's taking office. That could have a profound impact on our capacity to tackle the problem in a most effective way, based on science and on what we know works. It is incredibly important that the United States provides a leadership role both with regard to its individual role in the developing world and with regard to its capacity to influence multilateral and international institutions. The change in policy is welcome. It was desperately required, and we now look forward to engaging with the new Administration to ensure that it can lead to rapid and meaningful change on the ground in many countries.

Political leadership in all countries is essential. If I am frank, this issue has been kept in the "too difficult" box for too long, with many senior leaders avoiding it entirely. Rapid population growth must be openly discussed and sensitively tackled, with the provision of support for those Governments who are already concerned and ready to take action. I am delighted that DFID has been at the leading edge of action in four areas. We have embedded and integrated policies on reproductive health and rights within all relevant policies and strategies. My hon. Friend said that we must have a joined-up approach; he is absolutely right. We have a long history of making substantial investments in countries to help them improve their sexual and reproductive health and rights programmes. We have had country programmes in Ethiopia, Mozambique and Zimbabwe. We have provided £250 million for India's nationwide reproductive and child health programme, made a £8.5 million annual grant to the international planned parenthood programme and provided £100 million for UNFPA's global programme for reproductive health commodities security.

The UK has been a strong and sometimes lonely voice for reproductive health and rights. We have sought to give political leadership on the issue at key international forums over many decades. We welcome the fact that the international climate—please excuse the pun—is changing in every respect in relation to such issues, but we still have a long way to go. If we reflect on the fact that the MDG that is the most off target and that should cause us the most concern is maternal mortality, that should demonstrate the absolute importance of the issue. Maternal mortality leads to the death of many women who have so much to offer their countries, and leaves many children without parents.

11.30 am

Sitting suspended.

NHS Appointments

2.30 pm

Andrew Stunell (Hazel Grove) (LD): I am pleased to have the opportunity to bring this important issue to the House and look forward to the Minister's response. It has affected the medical histories of many of my constituents.

The system has been a problem for me and my constituents ever since it started. In turn, I have been in touch with the local foundation trust, the primary care trust and NHS Direct, and I have asked parliamentary questions—in fact, because my December question was too long, Mr. Speaker kindly offered an Adjournment debate. I shall try to do the issue some justice.

After I was told last week of the time of the debate, entirely serendipitously, the British Medical Association produced a report entitled, "Choose and Book: learning lessons from local experience". I am not so arrogant as to think that my probing put the BMA up to it, but the report is interesting, and I hope the Minister addresses it when he responds to the debate. It talks about learning lessons from local experience, and I want the Minister to learn from my constituents' local experience.

I will start with a disclaimer: MPs hear of the worst cases. Nobody writes to me and says, "I had a brilliant experience of choose and book" or indeed of public transport or any other public service. The scheme provides a comparatively easy route to medical care and treatment, but there is a significant minority for whom it is a major problem. I want to bring the cases of a number of my constituents to the Minister's attention, and to draw one or two national lessons from them.

My worst case illustrates many of the features of choose and book that drive patients to distraction. Mr. I was first sent to choose and book on 19 July 2007, and first contacted me on 9 August 2007. Nine and a half months later, after much correspondence in many directions, he wrote to me again on 12 May 2008 and said:

"Me, I'm giving up but if you wish to carry on the saga be my guest!!!"

I suppose that the debate is me being Mr. I's guest. I spoke to him yesterday, and I can report that he received his treatment last month. For him, the saga that started with a doctor's diagnosis in July 2007 has now been completed with treatment in January 2009.

As I said, Mr. I is my worst case. What happened? On 19 July 2007, his general practitioner referred him to choose and book, gave him the telephone number, the address of the website and the password, and told him what to do. When he phoned the number, he was told that he should phone again because of a high volume of calls. He repeated that experience many times. He was referred to the website, but it did not respond to him. He did what many patients do, much to the irritation of their doctors: in frustration, he went back to his GP, because he thought that he might have got the number or password wrong. Having established that they were correct—he had a letter of confirmation from the system in due course—he tried again. Once again he was told that he should try the website because of a high volume of calls.

He eventually got on to the website, but it told him that no bookings were available for the period he had chosen, and that he should try again and seek another

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date. He did not want to make it hard for choose and book, so he did not try to make an appointment for the week after; instead, he tried to make an appointment for three months after his first choice. Anyone who knows choose and book knows what that means. The system would not give him an appointment because the date he selected was beyond the 18-week period in which it will accept an appointment.

Mr. I is articulate and persistent. After that trouble, he went to his GP for a third time. His GP said, "I'll tell you what. Why don't you phone up NHS HealthSpace?" That sounded like something to do, so Mr. I did it. What did it tell him? It told him that no appointments were available.

On 1 August, he got the first of his letters from the Appointments Line criticising him for failing to book a choose and book appointment—that was when he first wrote to me. He told me that he wanted to tell Appointments Line that he had been trying to book, but he could not do so because the standard letter from Appointments Line has no address on it—he showed me a copy of the letter to prove it. The only way in which a patient can contact the Appointments Line was by phoning the number that tells them that they cannot get through. It is absolutely ridiculous.

Patients might not be able to write to the Appointments Line, but MPs can. I now know that it is run by NHS Direct. The chief executive of NHS Direct, Mr. Matt Tee—that is not an abbreviation—sent me a letter. He invited me to comment on the application of NHS Direct for trust status. I told him in no uncertain terms that until he sorted out Appointments Line, it would not be sensible to give it such status. The letter he wrote back to me is interesting in many ways, but I like this bit:

"The Appointments Line takes over 280,000 calls a month and at present receives 0.56 complaints for every 10,000 calls."

I thought that that was an interesting way of expressing things, but I marvel at how half a complaint managed to sneak through. How would the Appointments Line know that people wanted to complain if they cannot write or phone? There is no address to write to. People have to know that it is run by NHS Direct before they can get anywhere.

I also marvelled at another part of the letter that delightfully passes the buck for the problem:

"I agree that services should be user friendly and less bureaucratic and will do all I can both to ensure that this is the case for the services I control (such as The Appointments Line) and to encourage others to do so with the services that I do not control (such as the national Choose and Book system)."

I thought that that was a pretty neat sidestep from my constituent's concerns. Who runs the national choose and book system? Mr. Tee said:

"We are working closely with colleagues both in the Department of Health and (specifically) in Connecting for Health, to promote improvements to the systems and software associated with Choose and Book".

So it is not his problem; in his view, it seems to be the problem of the Department of Health, NHS Connecting for Health and the software manufacturers. Evidently, choose and book has nothing to do with the Appointments Line and everything to do with everybody else.

I would not want the Minister to think that, because I started with a case from 2007, he can respond by saying, "Yes, there were some initial teething difficulties, but everything is fine nowadays." It is no better now. Calls still go unanswered, appointments are still unavailable and infuriating reminder letters are still sent. Unanswered calls are a problem for my constituents.

Last November, my hon. Friend the Member for North Norfolk (Norman Lamb) asked a parliamentary question and received a briefing in the Minister's reply saying that last October, 338,000 callers tried to access the Appointments Line. According to the figures in the reply, 27,000 were not answered. One must read the small print carefully to find out that 17,000 callers found the line engaged and 10,000 found it playing Vivaldi. One in 16 calls made to the Appointments Line is unsuccessful. That is from the Minister's own figures for last October, which show 27,000 calls not answered last October. That works out at 324,000 missed calls a year. A third of a million calls, according to his own figures, fail to get through to the Appointments Line.

The astonishing thing is that the Appointments Line met all its key performance indicators. I do not know whether any other call centre in the country, commercial or public, would meet all its key performance indicators if it left out a third of a million callers a year. If so, I hope that the Minister will brief us on which one it is. I suggest to him that the key performance indicators for the Appointments Line are not sufficiently rigorous. He is not getting his money's worth.

The second big problem is that appointments are not available when people do get through. There are two causes for that. Well, there may be more than two causes—the BMA report suggests quite a range of them—but I will focus on just two. The first, and perhaps the one that the Minister could most easily do something about, is the 18-week waiting period, which creates a black hole beyond 18 weeks when appointments are not taken. If appointments cannot be booked more than 18 weeks ahead, when a particular clinic or consultant is fully booked, they are taken off the list of appointments available. They do not even appear. Of course, at the call centre, they cannot say, "Well, that's because they're booked up for the first 18 weeks"; what they say is, "They're not on the system." They disappear into a black hole.

Norman Lamb (North Norfolk) (LD): Does my hon. Friend agree that if a particular hospital or clinic disappears from the list because the waiting time is more than 18 weeks, that restricts choice rather than enhancing it?

Andrew Stunell: My hon. Friend makes a good point. My constituency is adjacent to the local district general hospital, Stepping Hill hospital, which is run by the Stockport NHS Foundation Trust. I would say that more than 90 per cent. of my constituents—probably more than 95 per cent.—would expect that if they were referred from primary care to secondary care, they would be referred to Stepping Hill hospital, as it is an option more or less on their doorstep. It is in Stockport, as the name suggests. A referral to Preston, Bolton or somewhere similar is very much a second choice unless there is a specific reason to see a particular specialist. The expectation is that appointments would be booked at the local district general hospital.

Mark Hunter (Cheadle) (LD): My hon. Friend is articulating the frustration of many constituents who come up against the system. Does he agree that one of the fundamental problems, particularly in certain sections of society, is that people do not understand why the Government are so keen to force that system upon us? An elderly couple recently came to visit me, bringing with them all the literature sent out as a matter of course. It included an expensively produced colour booklet, letters and an information pack. There was a lot of detail for them to go through. They said, "Mark, all we did was ask for a referral from the GP to go to Stepping Hill. Why are we being offered an appointment in Bolton?"—or Wigan, or wherever it was. Those places are part of the Greater Manchester conurbation, but they are too far away for many of our constituents to travel to.

Andrew Stunell: I agree absolutely with my hon. Friend. The 18-week event horizon—that is what they call it when a black hole occurs and radiation cannot get in or out—means, perhaps not surprisingly, that the local district general hospitals' clinicians and consultants tend, on the whole, to be fully booked first. Then they disappear. It does not make a lot of sense for people to be referred to distant places.

The Minister needs to have a look at the 5 per cent. tolerance rule. Everybody in the health service has to meet the 18-week rule, but one of the things that I learned from reading the BMA report is that the Government allow a 5 per cent. tolerance rule, as I understand it, in case somebody does not turn up. There needs to be flexibility for choose and book to book appointments well beyond the 18-week event horizon at the patient's request. That does not seem difficult.

Mark Simmonds (Boston and Skegness) (Con): The hon. Gentleman is making an interesting case, drawing upon experiences with constituents that I suspect all of us, as constituency Members of Parliament, have had. Is Tee correct in highlighting the fact that the problems of not being able to book an appointment through the choose and book system after 18 weeks are a good example of the centrally driven target culture distorting clinical priorities?

Andrew Stunell: That is true, of course. It is also interesting to see the decisions taken about which medical procedures should be included in the 18-week limit and which should not. We could have another interesting debate about that. As somebody who recently acquired a pair of hearing aids, I happen to know that hearing is not included in the 18 weeks.

However, I do not want to go there; I return to the point made by my hon. Friend the Member for Cheadle (Mark Hunter). People who go to their GP and are referred for a medical procedure will not necessarily be rocket scientists. What they get with choose and book is a complicated way of getting in touch that involves passwords and so on. I have a letter, which I will not quote, saying, "I'm going to go and have my hip replaced. They've given me a password. Surely nobody else wants my hip?" There is a lack of comprehension about what the system is designed to do and why it is being done in that way.

Apart from the 18-week event horizon, there is a second factor that leads to a shortage of appointments on the system: some appointments are never put on the central database in the first place. At least one of the reasons for that is the failure of choose and book to engage the medical profession fully and the profession's lack of confidence in it.

I would like to take the example of Stockport. When my hon. Friend the Member for Romsey (Sandra Gidley) asked a parliamentary question in November, she established that only 60 per cent. of bookings for secondary care in Stockport are made through the choose and book system; 40 per cent. are made on pre-existing manual systems of one sort or another. Because hospitals, clinics, GPs and consultants are so fed up with choose and book, they are using the old "steam" system in many parts of the country. The same parliamentary question established that take-up ranged widely in different primary care trust areas; 60 per cent. was somewhere near the norm. As a result, appointment times never get on to the system and are held back for the manual appointments to be made. The BMA has some interesting comments on that situation. Perhaps the Minister would like to come back on that point when he responds.

Therefore, not only can someone not book after the 18-week period, but many appointment times are never there to be booked in the first place. Why is that? Why do GPs not think that choose and book is the best thing since sliced bread? One of the reasons is illustrated by the case of Mr. I, who had his consultation with the GP but had to go back twice to try to establish how he could make his appointment through the system. I do not know how many people in Westminster Hall have had a referral through the choose and book system. My GP, who had no particular knowledge of my interest in the system or concern about it, did not even ask me to book through it. What he said to me was, "They'll be sending you a letter, but in the meantime I'll get you booked in anyway". That was an example of a GP bypassing choose and book, because he did not want me to come back moaning that I could never get through on the phone to make the booking.

Of course, there are also the infuriating reminder letters; it is not necessarily the case that just one is sent. I actually received an apology from my PCT. If I quote from the letter that I received in September 2008 from the chief executive of my PCT, everyone will get the drift, because it is a contemporary example of the problem:

"As you will be aware, the Choose & Book is an automated system and part of the process is for reminder letters to be sent out to any patient where a referral had been made, but the appointment not yet booked. In the case...I understand that she"—

that is, my constituent—

"received at least three letters, and that on each occasion she then telephoned in an attempt to book the appointment, but was then told that there were no available slots to book her into. I can appreciate the frustration this would cause and I would ask that you pass on my most sincere apologies, on behalf of the Trust."

The question that I suppose the Minister might be asking himself is, "Well, has he just got a couple of nutters writing in green ink, or is this something which is widespread?" I can say that it is widespread. There is the case of Mrs. M, who said:

"I was somewhat dismayed when my recent appointment came through under a different consultant and involved a very basic procedure. I realised that I was being treated as an entirely new

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patient, despite the very clear letter of referral that my G.P. had sent. I queried matters with the 'choose and book' administration and was told that my usual consultant would not be able to see me within the target time, so I would have to start all over again with a new consultant, even if it were inappropriate to do so."

There is also the case of Mrs. H, who required a consultation with a neurosurgeon but was told that no appointment could be made within the next three months as all the appointments were taken. However, as no appointments could be made beyond the next three months, no progress could be made with the appointment at that stage.

I have a letter from Mr. B, who said:

"If patients have to chase their follow-up appointments, it suggests that either too much money has been wasted on inadequate computers or someone isn't doing their job properly - or both? There seems to be an over-emphasis on computer technology at the expense of employing personnel needed to deliver a front line service."

I thought of offering Mr. B a job in this debate.

Then there is the case of Mr. P, who has spinal problems that require regular injections. He needs to see a neurosurgeon too. A specific consultant was recommended but the new choose and book system would not allow direct referral.

Sometimes we get lucky and I have had a follow-up letter from Mr. P, which says:

"I would like to thank you for the enquiries you made on my behalf, it's amazing what an MP's letter can do!!"

Given that there are about 338,000 failed inquiries a year, I do not think that MPs can plug all the gaps in this particular system.

I want to round off with a quote from a patient who is a constituent of my hon. Friend the Member for Somerton and Frome (Mr. Heath), who contacted me when she saw that I was having this debate. She is Miss G and she wrote to me to say:

"My experience is that this is a totally pointless exercise. I recently had to book two hospital appointments in Somerset. For both of them, I received letters with a list of the hospitals where I could book my consultation and promised I could do this through the Choose and Book line but when I phoned, in both instances I was given the telephone numbers for phoning the hospitals direct to make a booking. Why did they not put those telephone numbers in the letter, saving me time and the NHS money in employing someone to give out the phone numbers?"

I have described choose and book as the NHS's version of air traffic control. If all the landing slots are full, then the aircraft are just kept circling and kept waiting until there is clearance. That is exactly what is happening with patients, time after time after time.

Everybody knows that there is a serious problem with choose and book, but nobody wants to take responsibility. The Appointments Line says that it is not responsible, the Minister said very clearly in answer to my question in December that he was not responsible, and the PCT says that it is not responsible either.

I want the Minister to answer a few straight questions. What will he do to tackle the 330,000 or so missed calls each year to the Appointments Line? What will he do about the 18-week waiting period "black hole"? What will he do about the fact that only 60 per cent. of appointments in Stockport are made through choose and book? Whether he goes forwards or backwards, can he at least ensure that all the appointments are on the computer screen? What will he do about the duplication and expense involved? There is the expense of appointments line itself; the duplication of a manual system and of a choose and book system; the wastage of multiple automated letters, complete with postage, even when the fault is on the side of the Appointments Line itself; and of course the retention of parallel paperwork systems, when all the information is supposed to be on the computer.

There is a lot of frustration and annoyance among patients. They face a system that is designed for robots, not people. It denies local choice and blocks opportunities. I do not want my constituents' concerns to be brushed over with a load of sloppy departmental whitewash. I want some clear, hard answers.

We have now got well past the "teething problems" excuse. We have got past the "waiting for it to get better" stage. We are right up to the "putting it right" stage, and I want to hear from the Minister today exactly how he proposes to put the choose and book system right.

2.59 pm

Mark Hunter (Cheadle) (LD): It is a pleasure to contribute to the debate under your chairmanship, Mrs. Dean. I thank my constituency neighbour, my hon. Friend the Member for Hazel Grove (Andrew Stunell), for securing a debate on what all hon. Members will agree is a very important subject, certainly if our postbags are anything to judge by.

This is not the first time that I have spoken in such a debate or the first time that I have raised this issue. It is a matter of record that in Health questions last November I asked the Minister if he might agree that there is a need to review the choose and book system in the light of the many complaints that we have been receiving and the significant difficulties that it has caused, the likes of which have been so well chronicled today by my hon. Friend. The Minister replied that choose and book is

"one of the great success stories of the national programme for IT."—[*Official Report*, 4 November 2008; Vol. 482, c. 102.]

I hope that my colleagues, whatever party they are in, will agree that the Minister's response to that question showed a failure to understand the real frustration that so many of our constituents feel.

My constituents have contacted me to complain about the system and about what they perceive to be complacency in dealing with the problems that it is helping to create rather than to resolve. If the Minister would term the system a great success—that term is lifted directly from his answer to my question—I sincerely hope, for all our sakes, that we never find out what he would consider to be a failure. It is evident that the choose and book system is an unnecessary, expensive and inefficient IT and administrative system that serves only to divert money away from much-needed improvements to local health services. When one asks local people what they would prefer that money to be spent on—I am sure that many hon. Members on both sides of the House have done that—they say that they want their local surgery or hospital to be improved. They do not want money to be spent on another ridiculous and badly performing Government IT system.

My constituents want to be offered appointments at their local hospital. My hon. Friend and I share a local hospital at Stepping Hill in Stockport. People want to

be offered appointments in a local hospital that is within easy travelling distance from their homes, with the best consultant to deal with their problem. They want to get their appointments quickly and to be treated well when they attend. The choose and book system is making that harder, because people are unable to get through to make appointments, as we have heard in so much detail from my hon. Friend. In some cases, when people do get through, they are told that no appointments are available at their local hospital, sometimes because those places are being booked up by people from outside the area. That is a form of madness.

With the best will in the world, and given the regard that I hold the Minister in, I think that he is being put in the position of having to defend the indefensible. I hope that he is able to respond positively to this debate. All we are asking for at this stage is a review of the system's operational efficiency. Surely, anyone would accept, on the weight of the evidence, that there are good reasons for asking for such a review, and surely the Minister does not want to defend good money going after bad into a system that is patently failing patients.

It is not only politicians who criticise the system. The British Medical Association and local doctors do not think that it works. Indeed, many have gone on record as saying that it is getting in the way of choice. GPs want to refer patients to the specialists whom they feel are best suited to deal with their patients' specific problems, but in many areas they cannot do that because the system allows them to make appointments only with departments, not with particular specialists.

This is not a party political issue. All of us in this place, regardless of party affiliation, want to have the best possible health service for our constituents, whom we have the privilege of representing in Parliament. Will the Minister rethink the system, which is failing the very people whom it was set up to serve? It is undoubtedly an expensive system, and the bureaucracy attached to it, with pamphlets and reminder letters being sent out, is relentless and expensive. The system confuses many people and has already proved inefficient and ineffective. Perhaps it is time for a review, so that we can consider using the money that we spend on choose and book, which has patently failed to operate properly, on improving local services instead. I am sure that we would all agree to that. I hope that the Minister will take that message firmly on board today.

3.5 pm

Norman Lamb (North Norfolk) (LD): Let me start by congratulating my hon. Friend the Member for Hazel Grove (Andrew Stunell) on securing this important debate. I congratulate also my hon. Friend the Member for Cheadle (Mark Hunter) on his contribution, which was also important to the debate.

Choose and book is part of the national programme for IT. It seems to me, and to most people who have looked into this issue, that the Government are in complete denial regarding the scale of the problems with that programme. The Minister is a reasonable man, and I suggest that he should take this opportunity to accept the problems that the programme has experienced. He is not responsible for instituting the system, as he has inherited this nightmare, and everyone would welcome his acceptance of the massive challenges that the national programme faces.

My hon. Friend the Member for Hazel Grove has described the experiences of his individual constituents. I am sure that the Minister will agree that the situation in the first case that my hon. Friend described, that of Mr. I, is intolerable. We cannot accept a situation in which someone who experiences anxiety about hospital referrals has to go through such an experience. It should be incumbent on us all to realise that that is not acceptable and to find ways of changing things for the better.

The national programme was centrally flawed from the start. I went to a fascinating seminar at which someone who has been heavily involved in the national programme spoke candidly about its whole design. He said that there had been no systems review at the start, which means that there had been no process by which the different people who were building and buying the system reached agreement with those who would be using it about what they were trying to achieve. He explained that although such a review is of fundamental importance to any IT project, it had been missed from that project because of the political imperative to drive it forward. He also said that we do not have sufficient skills in the UK to deliver the programme as it was originally designed.

Many other people have made the absolutely valid point that it is stupid and wrong centrally to impose a system on a highly diverse health system without getting buy-in from the clinicians who are to use it. A small number of providers are involved: at first there were four, and now there are only two because the other two have deserted the project. Smaller IT providers, which have historically provided all the innovation, have been excluded from the project, and we now have the highly vulnerable situation in which the whole system depends on just two providers because the other two have left. We are told in a report in *The Times* this week that one of those that has left—Fujitsu—is pursuing a claim for some £600 million against the Government. I would be grateful if the Minister responded to that report and confirmed whether it is true.

The national programme for IT is years behind schedule. We were told by the National Audit Office that completion was expected around 2014, but that now appears to be in doubt; it looks as if the time scale will be even longer. We also know that the whole programme is billions of pounds over budget. In a response to a parliamentary question that I recently tabled, it has been revealed that the number of severe faults in NHS computer systems has almost doubled in the past three years. That potentially puts patients and their care at risk. We have to take that matter very seriously.

There are two particular problem areas in the national programme for IT. The first is the national care records system, which is the national database of all of our patient records. In this day and age, I do not know who on earth would trust the Government to look after sensitive patient records—I certainly do not. In its report this week, the Public Accounts Committee has highlighted its serious concerns about the scale of the crisis that the national care records system now faces.

This debate is on the other matter that has caused real concern: choose and book. I want to start the analysis of where we are going wrong with choose and book by establishing some principles. First, I fully accept that the concept of electronic booking and someone being able to sit with their GP or someone else in the

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practice and make a booking—for example, for the Stepping Hill hospital in Stockport—is an attractive proposition. For the patient to know that an appointment has been booked when they leave the GP practice is a good concept and we should not lose sight of that.

The second principle, which I absolutely support, is the concept of enabling patients to choose the clinician whom they want to see. Critically, that should be done on the advice of a person's GP, because they will often be guiding us in the decisions that we make. As my hon. Friend pointed out, in the vast majority of cases the individual patient will want to choose their local hospital. However, there might sometimes be a good reason why someone does not want to choose their local hospital—for example, it could be that an elderly person wants to stay with a son or daughter somewhere else in the country, or that someone's local hospital has a poor record on hospital-acquired infections. There could be all sorts of reasons why an individual might choose to go elsewhere, and people should have the right to do so.

Andrew Stunell: Does my hon. Friend agree that the choice that people want to exercise is to balance convenience against the timing of the appointment? If it is a question of going to Stepping Hill in two months' time or somewhere further away in one month's time, they should have that choice. There should not be a black hole preventing them from exercising that choice.

Norman Lamb: I agree with that point, which I was going to come on to. Critically, when we talk about choice, we must be clear about what we mean and have a clear idea about what is a good thing for patients to have a say on. It is not just a matter of patients being able to choose hospital buildings; it is about patients having a central involvement with the clinician to whom they are referred. As my hon. Friend pointed out, the system is not good at enabling someone to choose a particular specialist or consultant. I understand that the system is theoretically capable of doing that, but in most cases the way in which it is used does not provide that choice—people are simply presented with a list of hospital buildings. People should also, of course, have a central say in the treatment options that might be available.

As my hon. Friend pointed out, there are a whole load of unacceptable practical problems with the system that individual patients, their GPs and, indeed, the people at the other end of the link—the clinicians in the hospital—are experiencing. It is worth pointing out that this problem is not peculiar to Stockport and Cheadle; I have had to take up concerns about it in Norfolk. When I raised the issue with the local hospital and primary care trust, their response was, "Yes, we agree. We're having problems with the choose and book regional office down in Milton Keynes." They accepted that there were problems with the operation of the system in the east of England.

We have had complaints that the system is slow. GPs get totally frustrated at the fact that it takes a long time to open up attachments and so on, so the temptation is not to use it. The system is unreliable and we are told that it crashes when people try to open attachments. The telephone system is a complete nightmare and a third of a million calls were unanswered in a year, which is completely unacceptable. When one hears the experience of Mr I, one is left with the sense that, far from personalising care—a concept that we all ought to be able to sign up to—the system is making it far more impersonal. People try their best to book an appointment but keep getting rebuffed. They then receive a letter complaining that they have not booked an appointment, and when they try to respond, they find there is no address to which to respond. This is driving people crazy, and it ought not to be necessary for Members of Parliament to intervene. Whenever people go to their MP to sort out problems, one always has the sense that there are a whole load of other people out there who may not have the wherewithal to go to their MP. Such people are left unable to get their hospital appointment booked up. That is completely unacceptable.

Another problem with choose and book relates to the central issue of choice. The great paradox of this system is that it actually constrains choice. The Government's great claim is that the system is the central feature of offering choice to patients, but if someone happens to want to see a consultant because their GP has recommended that consultant to them, and the waiting list for that consultant is longer than 18 weeks, that choice is removed—even if it is for a speciality where a wait of 18 weeks is not damaging to someone's health. For example, someone might want an appointment for orthopaedics and be prepared to wait a little longer, albeit in pain, because they want to go to a particular consultant. However, as my hon. Friend has pointed out, if that wait is longer than 18 weeks the choice disappears. This is centrally constrained choice. The truth is that the system has more to do with managing the 18-week target than with offering real, genuine choice for patients. If the system was about the latter, I should have the right to wait longer than 18 weeks if I wish to see a particular consultant.

I completely support the principle of informed choice guided and supported by someone's GP, but because so many GPs are frustrated with dealing with a slow system, they refer bookings to the practice administrator. The recent British Medical Association report makes the point that the system is working reasonably well when an administrator is doing the booking. However, that administrator will not always make the right judgment. The clinicians at the hospital end of the divide often find that the wrong booking has been made—for example, for a general clinic rather than a specialist clinic. The patient then has to be referred somewhere else. I have had reports of patients being confronted by two appointments that clash. They are then left to make a judgment themselves about which appointment to take and which to cancel, and they may well make the wrong decision.

Professor Wendy Currie, head of information systems and management at the Warwick business school—it is part of Warwick university—has studied the national programme, including choose and book. She says that the software for choose and book started life as a billing system in the United States. It was then developed into an electronic booking system—a simple system for booking appointments from the GP's surgery. It was nothing to do with choice or with presenting the GP and the patient with a list of four different hospitals; it was just a system for booking appointments—very sensible, as I said at the start of my remarks. The previous Secretary

of State then morphed the UK system, Professor Currie says, into the central plank of the Government's "choice" strategy. She also says that we need to get the function and technical specification right at the start. However, the software was designed for one purpose but it is being used for a different one, and all the evidence suggests that it is not sufficiently robust to cope with the demands that it faces; and this is when, nationally, only 50 per cent. of appointments are booked using the system.

Andrew Stunell: Does my hon. Friend acknowledge that when the chief executive of NHS Direct reports software problems, and when the software is on version 4.6 after only three years, there is clear evidence that the IT system is not robust enough for the job that it has been asked to do?

Norman Lamb: Absolutely. There is clear and mounting evidence of the software's inadequacy to live up to expectations. Returning to the point that I made to the Minister earlier, I hope he will concede that, for those of us who believe both in empowering patients to make decisions about which clinician to be referred to, which hospital to go to, the treatment options and so on, and in booking appointments electronically, the system does not provide patients with real choice. It causes immense frustration for clinicians who are already under enormous time pressure.

Professor Currie argues for de-scoping the contract and returning it to what it was originally intended to be: a straightforward electronic booking system. There is enormous merit in that. We may eventually get there, but it would be an enormous help if the Government conceded the scale of the problems—the monumental mess that we face. We need, first, Government recognition of the problems for clinicians and, critically, for patients, many of whom are vulnerable; secondly, as my hon. Friend the Member for Cheadle said, we need a thorough review, which the Government must act on; thirdly, we need to learn the lesson that grandiose, centrally imposed systems that are ill-thought through and do not get buy-in from clinicians are doomed to failure.

3.22 pm

Mark Simmonds (Boston and Skegness) (Con): It is a pleasure to serve under your guidance, Mrs. Dean—for the first time, I think. I congratulate the hon. Member for Hazel Grove (Andrew Stunell) on securing the debate and on the excellent way in which he highlighted, in considerable detail, the concerns of many of his constituents. I suspect that he highlighted only the worst cases, and that if he had had more time he could have brought many more cases to our attention. I have had similar issues in my constituency in Lincolnshire, so they are clearly not limited to a particular part of the country. Indeed, I know that the hon. Member for North Norfolk (Norman Lamb) has had similar problems in Norfolk, across the Wash from my constituency.

The hon. Member for Hazel Grove was right to highlight the significant problems. He emphasised the telephone aspect of choose and book, but from GPs whom I have met in my constituency and in my Front-Bench role, travelling around the country, I can assure him that the problem is pertinent to GPs who try to book appointments online, too. However, he should be aware—I am sure the Minister will mention this in his closing remarks—that there is a vast range of opinion about choose and book, and some GPs find it an asset to patient care, so there is no uniform animosity towards the system. Having said that, I realise that there are significant problems.

The hon. Gentleman highlighted the 18-week problem, which I shall return to later, and the peculiarity of the complaints procedure, which seems completely unacceptable. It is not surprising that the body responsible for collating the number of complaints has very few to report, because there is no mechanism for people to express their disappointment and to complain about the procedure. He also gave some staggering and astonishing figures on unanswered calls, and the Minister must address that point urgently.

I got the feeling that the hon. Gentleman and the hon. Member for Cheadle (Mark Hunter) were suggesting trying to remove patient choice, but in an intervention on the hon. Member for North Norfolk, the hon. Member for Hazel Grove seemed to contradict what he had said earlier. Indeed, I noted that the hon. Member for North Norfolk, who is the Liberal Democrat Front-Bench spokesman, did not reiterate the idea of potentially removing patient choice. It is a key part of any patient-centric national health service.

Mark Hunter: I thank the hon. Gentleman for giving way, because that is an important point. He is right to appreciate that we were not seeking to remove choice in any way. I referred to it by saying that people should not have choice forced upon them, as the Government seek to. If one's area is well served by the local hospital, as ours is, most people will want a referral to that hospital, not to one on the other side of the conurbation.

Mark Simmonds: I am grateful for the hon. Gentleman's clarification of his earlier point. Ultimately, the decision should be the patient's to make, with advice from the general practitioner, but under the current system that is not the case.

Andrew Stunell: May I reinforce the point that my hon. Friend the Member for Cheadle (Mark Hunter) made about the choice being the patient's? If the patient wants to go to the local hospital and its appointment system is booked for the next 18 weeks, he or she is not offered that choice by the system. That is the flaw when it comes to choice. The fundamental choice for most patients is to be able to go somewhere near, and if choose and book cuts out that choice it is a failure.

Mark Simmonds: I agree. The 18-week target covers roughly only one third of activity in the acute sector of the health service anyway, but from the evidence that the hon. Gentleman and his hon. Friends have put before the House today, and from other evidence throughout the country, there is absolutely no doubt that the 18-week target not only constrains and limits choice but distorts clinical priorities. That must be fundamentally wrong.

The hon. Member for Cheadle made an interesting point by highlighting the Minister's response to his question at Health questions in November. However, I suspect that the Minister was right: compared with what else is going on in the NHS IT system, choose and book is a relatively successful scheme, and at least it works in part. In the context of the complete shambles and mess that is the over-budget, behind-schedule totality of the NHS system, choose and book is probably a

[Mark Simmonds]

small ray of hope. However, the hon. Member for Cheadle was also right to highlight patients' inability to choose a consultant. It is one of the main concerns in my constituency in Lincolnshire, particularly for elderly people and people who have historically been referred to a specific consultant—where a consultant-GP relationship has existed. The operation of the choose and book system does not seem to be able to cope with that.

The contribution from the hon. Member for North Norfolk was, as always, considered and calm, and he is absolutely right that the Minister before us is not responsible for initiating this mess; he has inherited big and significant problems. Accepting and acknowledging that a significant problem must be addressed would be a start, however. It would enable the Minister to put in place a review, which we, as the Conservative party, have done, to consider the very issues that have been highlighted today—not just choose and book, but the entire remit of the NHS IT structure. Although I do not wish to make any statements about the direction of our review, I must say that we are very uncomfortable, as is the hon. Member for North Norfolk, about centrally imposing an IT system without the consultation or agreement of those who have to implement it. There must be a different answer, and there have been fundamental flaws in the system right from the start.

Having said all that, we recognise that technology is a vital part of the NHS, and in some parts there has been praise for choose and book. It has enabled doctors to provide patients with an appointment on the spot, when the patient is in the surgery, and in some cases it has allowed for greater control over appointments and enabled clinicians to track referrals and share confidential information, which is an important part of the system. There is a whole range of issues, some of which have already been raised. Instead of going into the detail of those, I shall raise some additional ones that I think need to be considered.

Choose and book does not offer choice. Of those who used it in August 2008, 66 per cent. reported not being given a choice of appointment date, 66 per cent. reported not being given a choice of appointment time and 86 per cent. reported being given a choice of fewer than four hospitals, which is supposedly the utopian position. Thirty-two per cent. reported not being given any choice of hospital at all. Part of that may be that people are determined to use their local hospital, but they should be given a choice of alternatives, not a forced appointment that may or may not be convenient for them. There is growing evidence to suggest that appointments made through choose and book are increasing the number who do not attend. University hospital, Lewisham has recently done some research and found that 18 per cent. more people did not attend appointments if the appointment was made through choose and book, as opposed to 12 per cent. for traditional GP referrals. That is a growing problem.

Another problem is that the system does not seem to be able to cope adequately with complex referrals. This needs to be looked at to ensure a simple process, not added administrative layers. Other Members referred to technical problems with the system. It crashes, then takes a long time to reboot. By the time the GP can access it, the patient is no longer sitting in front of them so they have no choice but to use the telephone system, in which case they get into the problems that were highlighted by the hon. Member for Hazel Grove.

We spoke earlier about GPs not being able to refer to a specific consultant, which is of great concern and certainly needs to be addressed. It is clear that insufficient appropriate appointments are accessible to the choose and book system. Trusts do not currently put all the available appointments on the system. They hold many back for paper referrals and some for tertiary referrals, and some trusts do not make any appointments available after the 18-week limit that was discussed earlier. There is also inaccurate information. GPs are unable to find the clinic they want to refer a patient to—it might not be on the system, or it is not where the doctor expects it to be. Such problems should reduce over time, but they have been going on for a significant time without getting much better. I am sure the Minister is aware of the dummy appointments problem: in order to meet waiting time targets, trusts tell people that they must accept dummy appointments and then not turn up. That is completely unacceptable.

Another challenge is exactly how the system has helped consultants. The explosion of administration and bureaucracy seems to have had very little positive impact on their working practices. There is absolutely no doubt that patients are being sent to the wrong clinics and consultants. Consultants then have to re-refer patients who should never have been referred to them to specialists in sub-groups. That may be a function of the system or of non-clinical input to the computer system.

The British Medical Association criticised choose and book in a recent report, but it is not the only organisation that has been critical. The Royal College of Surgeons said that choose and book is "detrimental to patient care". That is a significant statement from such an august body. Not all GPs have signed up to choose and book. I was shown a press release from a newspaper in Norfolk in which the hon. Members for North Norfolk and for Norwich, North (Dr. Gibson) were extremely critical of the impact of choose and book on their constituents in Norfolk. Indeed, some GP practices are not using it at all, as they see it as such a problem in terms of patient care.

The concerns go much wider than choose and book. There are significant problems with NHS IT systems. A Public Accounts Committee report published on 27 January was heavily critical of the Department's IT programme and referred to unacceptable confidentiality agreements. The Committee was "unconvinced" by the programme's centralised contracts, and said that they had not provided the taxpayer with value for money. There is a significant way to go to put the situation right.

I reiterate the point made by the hon. Member for North Norfolk about the abandoned Fujitsu contract for the southern area, which poses serious risks. The programme's new deadline of 2015 is unlikely to be met—the original programme was supposed to be completed by 2010. It would be helpful if the Minister could give us some indication of the compensation—is it £600 million or some other figure?—that Fujitsu wants. If he cannot give specific numbers, it would certainly be a help if he could tell the House the stage that the process has reached.

The Minister will be aware, as other hon. Members may be, of the concern that the Public Accounts Committee

raised about the number of suppliers providing IT going down to two—BT and Computer Sciences Corporation—and the impact that that may have on the future of IT contracts.

I shall conclude with some questions for the Minister. If he does not have time to reply to them today, perhaps he could do so in writing subsequently and place a copy of his letter in the Library. It would be interesting to know how much the Department has spent to date on implementing choose and book. When does the Minister expect to reach his March 2007 target of 90 per cent. delivery of referrals through choose and book? I believe that the current figure is just below 50 per cent. Clearly, the Government are significantly off the timeline that they originally envisaged.

Could the Minister tell us what evidence he has that patient outcomes are better from using choose and book, and what analysis his Department is doing to try to prove that such systems enhance patient care and outcomes? What steps is he taking to ensure that patient choice is not constrained by trusts attempting to meet 18-week targets? Could he give his estimate of the number of GPs and GP practices that are not using the system at all? What will he do about that?

Finally, will the Minister publish impact assessments for choose and book, particularly in respect of the elderly, who often find the system difficult to navigate? Some do not have access to the internet, and run into the problems with the telephone system that were so well articulated by the hon. Member for Hazel Grove.

3.38 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I congratulate the hon. Member for Hazel Grove (Andrew Stunell) on securing this debate.

I believe hon. Members on both sides of the House appreciate that modern health care is a complex service. There are in the NHS more than 170 acute care hospitals and some 150 independent providers. Each one offers a wide and increasingly specialised set of clinical services. On any given day, every one of England's 36,000 GPs will refer, on average, one patient to a hospital for some form of elective treatment. It is clearly not possible for a GP to know of every consultant in every specialism in every hospital in the country. I believe that there is consensus in Westminster Hall today that the old paper-based system would be completely unable to cope with the complexity and speed of modern health care, or to fulfil the right of the patient to choose, which I believe most of us accept.

The paper-based system was far more cumbersome and much more expensive. For decades, the NHS creaked and groaned under the weight of millions of letters booking, confirming and rearranging appointments. Letters were lost, misdirected or misfiled. If a GP referred a patient to a hospital consultant—one of their choice, not the patient's—the patient would leave the practice and enter a state of limbo. They would not have a clue when their appointment would be. They would find out just before it was due, when the hospital would send a letter. The appointment, which would be at a time convenient to the hospital, was made without any consideration of the patient's needs. In summary, the old system assumed that the patient was the passive recipient of care, not an engaged participant.

Just last week, the British social attitudes survey reported that 95 per cent. of people say that they want some degree of choice over which hospital they attend and the kind of treatment that they receive. Of course, from 1 April this year a patient's choice of elective care will become a legal right through the NHS constitution. *Since choose and book was initiated, more than 10 million* people have been referred through it. As of November last year, more than half of all out-patient referrals used choose and book and the latest figures that we have, those for January, show that that figure is up, at 57 per cent. In January, more than 600,000 patients used the system, with more than 30,000 referrals made in a single day last week. Usage has doubled over the last year. Last week, 90 per cent. of GP practices used choose and book.

I acknowledge that sometimes the system has been slow and that occasionally there have been problems with system availability, but virtually all the problems that hon. Members have raised today are problems not with the national choose and book system, but with how individual primary care trusts, hospitals and GPs have implemented it or engaged with it.

I have been advised by the PCT in the hon. Gentleman's constituency that he raised three specific cases with it relating to choose and book between February and December 2007. I think that the case of Mr. I—the hon. Gentleman will correct me if I am wrong—was the second of those cases, which the PCT tells me it heard about from him in November 2007. Clearly, the case as outlined by the hon. Gentleman is unacceptable. It is difficult to know where the fault lies without hearing more details about individual cases, although it seems, from what he says, to lay mainly with the telephone booking service.

I am informed by the PCT that it tried to contact the patient that the hon. Gentleman mentioned to investigate his case, but did not receive any response, and that it further tried to contact the patient but was unsuccessful. However, in the last letter that the patient sent to the PCT, he stated that he did not wish to pursue the case further. Obviously, if there is still a problem relating to Mr. I's case—or with any of the other individual cases that the hon. Gentleman raises—I should be happy to look into it.

The hon. Gentleman mentioned the case of another patient, whom he did not identify, saying that they were referred to hospital during 2008 but told that it was unable to take referrals because it needed to meet its 18-week target. We picked that matter up last year, when it was raised by another hon. Member whose patients use Stockport hospital and, with the intervention of the chief executive of the strategic health authority, the foundation trust in Stockport was told in no uncertain terms that that was not acceptable behaviour. The hospital responded by reopening its referrals and those referrals remain open now.

Norman Lamb: I am encouraged to hear that, but we hear time and again of hospitals where the wait would be longer than 18 weeks automatically disappearing off the list of choices. Is the Minister saying that that will no longer be the case and that, even if the wait would be 20 or 25 weeks, the patient will have the right to choose that option?

Mr. Bradshaw: I will come on to that in a bit more detail in a moment. The basic principle is that patient choice is paramount. However, providers and individual surgeons should not be able to use that excuse not to meet the 18-week target.

As I have already mentioned, some GPs do not use choose and book because they might have heard bad things about it a year ago and they have not tried since. GPs need to take the time to get to grips with that system and really understand how it can benefit their patients, which will mean working with their PCT to address problems that might frustrate them. Similarly, many PCTs have set up their IT systems to make the most of choose and book and others have not and, as hon. Members have acknowledged, there is wide variation in performance among PCTs. Some PCTs do not train their staff, including their GPs, in how to make the best use of the system, some do not agree with their local providers how services should be displayed and some do not use the clear provisions in their contracts with providers to enable referrals to flow freely through choose and book. We are pressing PCTs to work closely with their GPs, and providers to resolve these issues.

Stockport PCT is performing above average. Although the hon. Member for Hazel Grove has come to me with a number of individual cases, the latest performance of his PCT is at about 64 per cent. However, the one in Staffordshire, which the hon. Member for Cheadle (Mark Hunter) mentioned, which straddles areas is not performing quite as well. Of course, Norfolk is one of the poorest performers in the country.

Andrew Stunell: I appreciate the Minister giving way. I did acknowledge that Stockport was about average, with the 60 per cent. figure being mentioned in the recent figures that he published in a parliamentary answer. I notice that Devon is at 73 per cent., Norfolk at 33 per cent. and Lincolnshire, for what it's worth, at 42 per cent. There is a wide variety of figures, as he says, but there is still the need to get to grips with a system that denies patients the choice of appointments that they need.

Mr. Bradshaw: I will come on to that in a moment.

Mark Hunter: For the Minister's benefit, can I just confirm that Cheadle comes under the PCT for Stockport, Greater Manchester, not the one in Staffordshire?

I want to clarify one of the Minister's responses that he made a moment or two ago. He seemed to suggest—I want to be careful not to put words into his mouth—that the responsibility for the problems might lie with the PCT, rather than with the system itself. In the cases mentioned by hon. Members, it is of course systematic failure that is endemic in the structure that has been built up. Will he clarify that response and say just how much of the responsibility for this lies with the individual PCTs, since, as he has already said, Stockport PCT is generally a high-performing one.

Mr. Bradshaw: It is above average: the latest figure is 64 per cent. for Stockport and the latest average figure is 57 per cent. Forgive me. I tried to inquire with officials exactly which PCT area Cheadle constituency straddled and I was told it straddled another one as well; it would simplify matters if it were just Stockport. However, Stockport is an above-average performer. The range of performance, from 95 per cent. by one of the best PCTs to down in double figures, still, for some of the worst, shows that where the PCTs grip the scheme, implement it properly and engage with their GPs and providers, the system can work.

The simple answer to the hon. Gentleman's question is that it is the responsibility of PCTs. I am being urged on by hon. Members, who usually urge Ministers not to interfere so much from the centre in local issues and local implementation. I am happy to take away individual concerns raised by hon. Members, but I am afraid that it is not—I do not think that they are suggesting it—a Minister's job to micro-manage the implementation of every single PCT's choose and book system. It is the PCT's responsibility to do it on behalf of their patients.

Mark Hunter: The Minister is generous in giving way again. I personally sought clarification because, frankly, I suspect that when, as hon. Members, we go back and have our regular meetings with our local PCTs, as most of us do, we will find that the PCT will be astounded by the Minister's replying that the responsibility for these problems lies largely with them and is not down to systematic failure, as we believe.

Mr. Bradshaw: I talked to the chief executive of the hon. Gentleman's PCT yesterday and he assured me that he was happy with the system and that it was not a systematic problem, as the hon. Gentleman is implying. It is a problem in some cases of GPs not engaging with it and in other cases of the PCT's system not working properly. It is also sometimes due to providers not putting information up and not using the system as it should be used, which I am coming on to.

As I was saying, some PCTs do not use the clear provisions in their contracts with providers to ensure that referrals flow freely through the system. PCTs need to work with their GPs and providers to resolve that issue. Some hospitals pay too little attention to how their services are displayed on choose and book and they ignore the instances of patients not being able to book appointments for their services. Strategic health authorities—the regional bodies—are working closely with PCTs and providers to tackle that.

The most important ingredient in all this is local leadership. How choose and book is used in Barnsley and in Leeds is a good example. Those two health communities are separated only by the M1 motorway. The system is no less available in Leeds than in Barnsley. In Barnsley, choose and book utilisation has been in excess of 95 per cent. for several months, but across the motorway in Leeds, utilisation is yet to rise above a percentage rate in the mid-20s. Why? The critical factor is the leadership in Barnsley, where the acute trust has really engaged and got behind choose and book.

I am sure that hon. Members who have spoken in this debate would like me to look into the individual cases that they have mentioned and I will certainly do that, but if they are having problems, as a first port of call they should go to their PCTs. If they have a problem with their PCTs, they may, by all means, come back to me.

The hon. Member for North Norfolk (Norman Lamb), in his comments on the speech made by the hon. Member for Hazel Grove, said that some of his constituents had

complained—perhaps he was making a national point here—that they could not see particular consultants because they cannot choose to wait to be referred to a consultant owing to the 18-week target. Such practice is totally unacceptable. If a patient wishes to wait longer to see a specific consultant, they are perfectly entitled to do so. The point that I was making after the hon. Gentleman's earlier intervention was that we must not allow individual consultants or trusts to claim that they are so popular that there is no way in which they can meet the 18-week-maximum target. Hospitals are obliged to accept all referrals to the services listed on choose and book that are clinically appropriate. They cannot turn referrals away even if they are struggling to meet waiting time targets. It is important that we stick to the principle that patients choose the hospital, not the other way round.

Norman Lamb: What the Minister is saying is encouraging, but we are told that, time and again, hospitals where the wait is longer than 18 weeks are being "greyed out"—that is the phrase. The option disappears from the list available on choose and book. That is what is happening. If the Minister says that it is unacceptable, what steps will he take to address it?

Mr. Bradshaw: I shall come on to that in a second, but yes, it is unacceptable. I want to take up a point made by the hon. Member for Hazel Grove about the 5 per cent. tolerance level for the 18-week waiting target. He was not right to say that that includes people who do not turn up. The 5 per cent. tolerance is for people who choose, for whatever reason, to delay their treatment, or for cases in which there is a clinical reason to delay the treatment. They may need to get their blood pressure down, for example. It would not be right to penalise a provider in respect of the 18-week performance target just because people did not turn up. I wanted to disabuse the hon. Gentleman of that impression.

Sometimes the hospital that a patient wants will have no appointment slots available on choose and book at the time they want to book. That should not mean that they have to go elsewhere. If a patient cannot book an appointment, their details should be sent to the hospital of their choice, so that that choice is honoured. There are many places where that problem has been resolved and appointments on the choose and book system are almost always available. Where that is not happening, it is important that we hear about it and that strategic health authorities hear about it and work closely with the primary care trusts and the trusts to resolve the problem everywhere.

The hon. Gentleman asked three specific questions. First, he asked about missed calls. The information that I have is that the performance of the national Appointments Line is carefully monitored and is generally considered good. Where it falls below accepted standards, it incurs financial penalties. Since April 2007, 95 per cent. of calls have been answered within 30 seconds, and the key performance indicator relating to the busy tone has been met 86 per cent. of the time. I think that the hon. Gentleman was referring to patients who chose not to complete their call. That would be registered as a call that was not connected. It is perfectly possible—indeed, it is quite likely—that they called back and their calls were answered. However, we regularly review the performance of the Appointments Line against the call standards and I would be happy to write to him in more detail about that if he would like me to do so.

Secondly, the hon. Gentleman referred to the 18-week black hole, which I have just dealt with. Patients should be able to choose to wait longer than 18 weeks if they want to do so, but we must not let hospitals off the hook about bringing down waiting times, which all patients appreciate. Thirdly, the hon. Gentleman wanted me to ensure that all appointments are on the screen. We are targeting the trusts that have a high rate of unavailable slots appearing on the screen. Many hospitals have tackled the problem effectively. We want to ensure that they all do.

Andrew Stunell: I want to come back to the Appointments Line question—it seems to be an orphan. The figures that I cited were drawn directly from a parliamentary reply that the Minister gave my hon. Friend the Member for North Norfolk (Norman Lamb) in January. That showed clearly that a large number of people could not get through, a large number of people were "Vivaldi-ed" and simply gave up after 30 seconds or more of the call. I advise the Minister to read the small print of his answer. That gives us a total of 330,000 calls in a year that are not being responded to. Whether people give up because they cannot stand the music any more or because the line is engaged, they still give up.

Mr. Bradshaw: Yes, but the hon. Gentleman is ignoring the fact that those people may have rung back on another occasion and got their appointments. If it will be helpful, I will write to him to give him the clarification that he seeks.

To begin with, choose and book provided a choice of only four or five providers. As I am sure hon. Members will be aware, however, last April, after a major upgrade, we gave patients the ability to choose at referral whichever service would meet their needs. The new system also made it easier for GPs and their patients to navigate through the options available. It is interesting to note that following a peak between April and July last year, the Department has been receiving significantly fewer letters from the public making complaints about choose and book.

A decade ago, people could wait up to two years for a hospital appointment, but thanks to the investment and reform and the introduction of systems such as choose and book, that is no longer the case. Now, the average wait from GP referral to treatment is just eight weeks and no one need wait more than 18 weeks unless they choose to do so. In June this year, further enhancements will be made to the choose and book system that will help hospitals to give their services standardised and accurate names. That will give GPs an experience much more like using Google and information that is far more accurate, enabling them to help their patients in the best way possible.

Hon. Members referred to the recent BMA report. Although that report makes constructive suggestions on how the system can be improved, it clearly shows that the system can work when local engagement, particularly with clinicians, is effective. Its conclusion—section 4—states that the problems encountered were

"not due to the functionality of the system but due to broader issues such as...processes in place and capacity issues...The clinicians

[Mr. Bradshaw]

interviewed felt that Choose and Book could potentially bring benefits and that a paper chase of referrals letters between GPs and around the hospital is not best practice."

The hon. Member for Boston and Skegness (Mark Simmonds) referred to the recent Lewisham report, which was published, I think, today. Although we are still looking into that, because it landed on my desk only yesterday, we were rather surprised by the findings at Lewisham that seemed to suggest that choose and book increased the rate of did-not-attends. All the other evidence suggests that choose and book significantly reduces did-not-attends. It is logical that if a patient is actively involved in decisions about their care, their attendance is likely to improve.

We understand that further research is being undertaken in Lewisham on those findings to find an explanation for them. Three previous pieces of research—at Ashford and St. Peter's Hospitals NHS Trust, at Kettering general hospital and at Doncaster and Bassetlaw hospitals—found a reduction in do-not-attend rates of 32, 33 and 60 per cent. respectively, so there seems to be a conflict with the findings in Lewisham. I point out that Lewisham is an even poorer performer than Norfolk on choose and book. It may be that there is a more general problem, in that Lewisham has not embraced the system, rather than a particular problem with the system itself.

I have spoken about the importance of choice—a concept that most of us believe in and support. The issue that we are debating today is about GPs, primary care trusts and NHS and independent sector hospitals making a choice—making a choice to work with, understand and use choose and book properly, or to ignore it and wonder why it does not work. For their patients' sake, and with the help of hon. Members, I hope that they choose the former.

Thalassaemia Patients

3.58 pm

Mr. David Burrowes (Enfield, Southgate) (Con): It is a pleasure to have secured the debate and to speak under your chairmanship, Mrs. Dean. I understand that this is the first time that a debate has taken place in the House on the important issue of the care of thalassaemia patients. Thalassaemia is the name of a group of serious genetic blood disorders that inhibit the normal production of haemoglobin—the part of red blood cells that supplies oxygen to the body.

In one sense, my interest in this issue is local, as the UK Thalassaemia Society is based in my constituency, in Southgate, but my interest goes wider than that, given that there are about 1,000 patients with thalassaemia in the UK requiring regular transfusion treatment for their condition and that more than 200,000 people in the UK carry the beta thalassaemia gene. The overwhelming majority of thalassaemia patients come from ethnic minority communities, particular those of Mediterranean and south Asian origin, and many of them already suffer significant health disadvantages. There are several patients in my constituency.

Thalassaemia remains a little-known condition, which is why I particularly welcome the opportunity to raise the issue in the House today. There are wide variations in treatment and care across primary care and hospital trusts, particularly in areas with low numbers of patients. I have secured the debate in order to highlight the variations in care and the health inequalities to which they contribute and to ask the Minister to consider what can be done to improve the lives of those with thalassaemia in the UK.

People with severe forms of thalassaemia, of which there are about 1,000, do not produce enough healthy, mature red blood cells, and if left untreated, the patient would be expected to die in the first 10 years of life. Thankfully, all pregnant women are now screened for the carrier state through the national screening programme. That is welcome because it makes the identification of patients and earlier medical intervention possible. Happily, the past few decades have seen welcome medical advances that mean that patients with thalassaemia can live long and productive lives if they receive the treatment and care they require.

Medical treatment takes the form of blood transfusions, which the patient typically receives every three to four weeks. One of the problems that thalassaemia patients face is a lack of flexibility from the NHS on receiving those life-saving blood transfusions. Patient choice is lauded loudly by the Government in their vision of the NHS, but the reality for patients with thalassaemia is that they have little or no choice of where or when they receive blood transfusions. That unnecessarily affects their education and employment prospects as they are forced to take frequent and often unpredictable leaves of absence from work or school to receive treatment.

Another issue in the treatment of thalassaemia patients, in which we see a wide postcode lottery of provision, is iron chelation therapy. As blood contains large amounts of iron that cannot be excreted from the body naturally, treatment is required to remove the excess iron that builds up as a result of regular blood transfusions. The process of removing excess iron is called iron chelation,

and without it, iron deposits would eventually compromise the vital organs and lead to death, usually from cardiac complications.

The standard chelation therapy is for desferoxamine—Desferal—to be given as a subcutaneous infusion via a needle placed, often painfully, under the skin, usually on the abdomen. The treatment lasts for approximately 12 hours and is administered five to seven times a week. As is obvious from that description, the treatment can cause significant distress and impacts on aspects of daily life such as sleeping and the ability to socialise. I have spoken to several patients with thalassaemia within my constituency about the practical impact of that infusion. The drug is also a strong irritant and often causes pain and swelling at the injection sites. The parents of small children with thalassaemia have to administer those injections to their children, which as one can understand is very distressing to both parent and child. Although the treatment is life-saving, because of its painful and time-consuming nature, the rate of non-adherence to treatment is high. In fact, non-adherence to the treatment is the main cause of death among thalassaemic patients in the UK today.

Fortunately, there is hope of improvement in the administering of the treatment. Recent years have seen the introduction of oral chelating drugs that can transform a patient's quality of life—the difference between taking the drug as a drink or tablets and having a needle under the skin for 12 hours out of every 24 need hardly be emphasised. The UK Thalassaemia Society wants those oral iron chelating drugs, when clinically indicated, to be available to all patients. Sadly, that is not the case due to the wider discrepancy of provision across the NHS. Therefore, many children and adults with thalassaemia must undergo hours of needless suffering every day.

The process of applying for oral iron chelating drugs in England is often through exceptional case procedures within individual primary care trusts. Those procedures are often time consuming and lead to unnecessary suffering for patients, many of whom are small children. The stress and trauma to parents and carers is immense, and the process requires additional time from doctors who often have other taxing requirements to make those detailed funding applications.

I appreciate that the Minister will say that she cannot direct that application process and that it is for individual PCTs to deal with them, but I hope that she will join me in encouraging PCTs in areas where the prevalence of thalassaemia is high, as in my own PCT in Enfield, to consider putting in place a standardised policy with regard to the provision of oral iron chelators to prevent such delays in funding and, crucially, to avoid the distress and frustration for patients and clinicians.

I have talked about treatment and would like to move on to the matter of curing thalassaemia, which I hope the Minister will agree should be a long-term aim of the health system. The most common method for curing thalassaemia is by bone marrow transplants. The success rate of that method varies considerably, depending on various factors. The alternative to bone marrow transplants is umbilical cord blood transfusion. The Minister will remember that the last time I secured a health-related debate I spoke about the merits of umbilical cord blood. I have insufficient time today to describe the details of umbilical cord blood and the hopes for it as a future treatment. Nevertheless, it is important to make the point that cord blood is a rich source of stem cells, which could be tapped into without the complications that accompany bone marrow transplants.

To date, the number of cord blood transfusions for thalassaemia has been sadly limited, but one small study placed the success rate at 79 per cent. Does the Minister agree that cord blood holds out the prospect of promising future treatments for not only thalassaemia, but other blood-related disorders? Will she ensure that the necessary cord blood banking is available to reach the ethnic communities who need it most? I look forward to her colleague, the Minister of State, Department of Health, the right hon. Member for Bristol, South (Dawn Primarolo), meeting with the all-party group on umbilical cord blood and adult stem cells, which was recently launched to discuss the outcome of the cord blood review.

So much for the future, but with regard to the care for thalassaemia patients now, access to psychological support and community and social care is also needed. There is a real need, and indeed call, for the Department of Health to work with local government, social services and education services to provide thalassaemia patients with a care package that addresses those holistically—I know that that term is often bandied about, but in this case it is truly needed—and deals with the social, psychological and educational needs of the patient alongside their medical treatment.

The issues that I have raised reflect a wider problem, as thalassaemia is in many respects a forgotten condition, and that is perhaps shown by the fact that this is the first time we have had a debate on thalassaemia. It is now forgotten within the health service, but hopefully not in the House. Although there are several committed specialists, to whom I pay tribute, dedicated to the treatment of thalassaemia and similar conditions that should be given a proper mention, such as sickle cell disease, there is a general lack of training and funding for posts in the haemoglobinopathies for both doctors and nurse specialists. Most haematologists deal mainly with white cell haematology, such as leukaemia and other malignancies, and red cell medicine is very much the poor relation when it comes to the research grants and training available.

Also reflecting the low profile of thalassaemia in the medical world is the fact that many GPs are not properly aware of the condition. More needs to be done to educate GPs on the causes and symptoms of thalassaemia to ensure that patients are passed on to appropriate specialists as soon as possible.

Perhaps one of the reasons why the condition has not received as much attention as other rare diseases is, sadly, the population it affects. As I have mentioned, thalassaemia overwhelmingly affects people of south Asian and Mediterranean origin.

Those communities often face social and economic disadvantages, and in the past many have struggled to find a voice within the health service. English is not the first language of many parents of children born with thalassaemia, which makes access difficult. Often families have to navigate the complications in the health and education systems. The lack of access to appropriate treatment and care for thalassaemia patients can contribute to the health and social inequalities that many patients and communities already face. This ethnic profile makes the spread of thalassaemia patients across the country

[Mr. David Burrowes]

uneven, which means that primary care trusts in certain areas, such as London, Birmingham and Manchester, face a disproportionate number of thalassaemia patients. That creates a number of problems with the burden on resources among PCTs with a high prevalence of thalassaemia. For low-prevalence PCTs, the cost is lessened, but patient access to specialist services is often patchy. They are required to travel long distances to access services.

To overcome problems of disparity in care in other conditions, particularly where patient numbers are relatively low and patients require a package of specialist care, the NHS has responded by developing managed clinical networks with the aim of improving cross-boundary working between health professionals and organisations in order to achieve the desired equitable provision of high-quality, clinically effective services. The UK Thalassaemia Society has produced guidelines on the standards of care for the treatment of thalassaemia patients, with the assistance of leading clinicians. Central to achieving those standards and improving outcomes is the establishment of clinical networks. Clinicians hope that if those clinical networks are established, the service for patients will improve. I understand that for the past two years the Government have been developing clinical networks for thalassaemia and sickle cell, but sadly there is no evidence that they are functioning and delivering the desired service. I would appreciate it, therefore, if the Minister outlined a time scale for the implementation of her Government's plans for clinical networks.

Variations in treatment and care between PCTs and hospital trusts come particularly to the fore in the provision of certain drugs. This is a familiar theme that no doubt has been the subject of other Adjournment debates secured by other hon. Members. The case of thalassaemia is different and particularly pertinent because it affects the whole package of specialised services, the provision of which varies widely between different PCTs. There is not just a disparity in drug treatment; the whole service is often lacking. Patient numbers are low, but unlike many other conditions the ethnic profile of the people affected means that prevalence is not evenly spread through the population, and often patients must contend with the other inequalities that I have mentioned already.

Furthermore, mechanisms such as clinical networks and specialised commissioning, which exist in the NHS to deal with other conditions, as I have pointed out, requiring similar levels of specialised services for smaller numbers of patients, are undeveloped for thalassaemia and other haemoglobinopathies. Will the Minister explain why thalassaemia remains a poor relation to other genetic conditions, such as cystic fibrosis, in terms of funding for specialist drugs, the provision of services and general recognition? Will she explain when the Government will implement the clinical networks for thalassaemia to improve care and reduce variation in provision? What will the Government do to ensure that oral iron chelation treatment is made available to all patients?

The Minister will be aware of the forthcoming prescription charges review for patients with long-term conditions being undertaken by Professor Ian Gilmore, the president of the Royal College of Physicians. Thalassaemia patients commonly have as many as eight prescriptions per month. Patients with other chronic conditions, such as diabetes, are exempt from paying prescription charges. However, thalassaemia patients bear the financial burden of repeat prescriptions. Given the manifold challenges faced by thalassaemia patients, which I have only just touched on, does the Minister agree that it is unfair and inequitable that they have to pay these charges when patients with other chronic conditions are exempt?

I look forward to hearing the Minister's response, either today or in correspondence, if further details arise. I pay tribute to the UK Thalassaemia Society not only for its assistance in the debate, but for the work that it does to assist patients who often fall beneath the radar of proper clinical provision and support across the realms of health, education and social services. I hope that I receive her support today.

4.15 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): It is a pleasure to serve under your chairmanship, Mrs. Dean. I thank the hon. Member for Enfield, Southgate (Mr. Burrowes) for raising this important debate. He takes a strong interest in the treatment and care of patients with haemoglobin disorders, such as thalassaemia major and sickle cell disease. As he will know, the prevalence of adult thalassaemia in his constituency is among the highest in the country. I also know that he has strong links with the UK Thalassaemia Society, which has its base in his constituency and provides such a positive voice for its members. It is doing sterling work in helping to drive up standards of care.

I welcome the opportunity to raise awareness of these long-term, chronic, debilitating conditions, the impact of which can be devastating not only for those affected but for their families and carers. An estimated 850 patients with thalassaemia major and about 12,500 to 15,000 patients with sickle cell disease live in England today. I would like to talk about the progress we have made in developing policy in this area and to attempt to address the questions raised and comments made. Should I fail to do so because of the time constraint, I would welcome the opportunity to meet the hon. Gentleman outside the Chamber at an appropriate time.

Our work builds on the success of the national programme for antenatal and newborn screening for sickle cell and thalassaemia, directed by Dr Allison Streetly. This programme is the first worldwide linked screening initiative. It is identifying some 350 affected babies a year and is estimated to save the lives of some 15 infants a year through early intervention. The progress has been achieved in partnership with key stakeholders, such as the UK Thalassaemia Society, the Sickle Cell Society, the UK Forum on Haemoglobin Disorders and other committed clinicians in the field. The Archbishop of York chairs the steering group, and it is a privilege to have such a champion supporting this area. I feel that his chairmanship will move us all faster in a very positive direction.

Key to the development of high-quality services for haemoglobin disorders is the formal designation of clinical networks for specialist care across the country. The hon. Gentleman asked what progress had been

made; I can let him know very soon after the debate. The concept behind this is that every patient should have access to optimal specialist management and care, co-ordinated with routine care and provided conveniently close to home. We are working with specialised commissioning groups across the country to support the development of such networks, which will ensure that complications requiring specialist care are managed in the right place with the appropriate resources.

For example, strokes in children with sickle cell disease are common, and early diagnosis and immediate exchange blood transfusion can make the difference between a return to near normal and a long-term serious disability. Such early intervention is critical. Other clinical problems require highly specialist care, such as the management of potentially dangerous chest crises. The assessment and management of iron overload in those with thalassaemia is a rapidly changing area that, again, requires specialist interpretation and treatment guidance.

Our aim is to allow equitable access to comprehensive care across the country that is of a consistently high standard, and that addresses the concerns of patients and their families. This is a relevant time to mention the recently launched NHS constitution, which sets out our intention to ensure transparency and much greater consistency across all NHS commissioners in the way in which decisions are made about treatment and drug therapy. Such development underlines our commitment to addressing public concerns about the inequalities and unfairness in access to drugs.

As a first step to ensuring consistency of care in specialist provision and specialist commissioning engagement, we have succeeded in getting a national agreement—it has support from the Royal College of Pathology and the Royal College of Paediatrics and Child Health—on a specialist service definition for haemoglobin disorders, which covers thalassaemia major and sickle cell. That will help to ensure a consistent approach to service development across England, to encourage service planning and to underline the role of a specialised commissioner.

Currently, eight informal clinical networks are operating outside London and six within London, covering adjacent counties. Network meetings have identified some gaps in local services and those will be addressed via discussions with the local specialised commissioners. We have provided funding for the training of 13 additional staff—three doctors, six nurses and four clinical scientists. Once trained, the personnel will act as a focus for further educational development within the clinical networks. We are also working with the royal colleges to increase and enhance training in haemoglobin disorders. The hon. Gentleman specifically raised the issue of GP training and education in that role.

With the support of the UK Thalassaemia Society, the Sickle Cell Society, health professionals and other stakeholders, the National Haemoglobinopathy Registry was launched last October. It was supported by a report of the National Confidential Enquiry into Patient Outcome and Death on sickle cell and thalassaemia. The registry will allow us to collect details on patients with thalassaemia and sickle cell, and provide valuable information on patient numbers, complication rates and outcomes, which is a key factor underpinning the quality care agenda. We acknowledge that there is still a way to go in the development of service provision.

The hon. Gentleman raised the issue of cord blood. The NHS Cord Blood Bank has more than 12,000 units stored, some 40 per cent. of which is from the black and minority ethnic community. There are plans to increase the units to 20,000 by 2013. We have also asked NHS Blood and Transplant and the Anthony Nolan Trust to work together to develop plans on how we can meet the target more quickly.

On the question of bone marrow, it is important to put on the record that there are more than 100,000 bone marrow donors registered in Cyprus. That is 10 per cent. of the island's population aged between 18 and 45, which makes it the fifth biggest registry in Europe and the 12th biggest in the world. The Cyprus registry is a member of the World Marrow Donor Association and is linked with more than 67 registers worldwide, including the UK. If a unit is needed, it is usually possible to source it from one of the network banks. The UK has access to such a network through the World Marrow Donor Association.

We acknowledge that there is more that we can do on service provision and the holistic approach that the hon. Gentleman outlined so well in his contribution. We have set the policy framework. With our support, the NHS can continue to build on the momentum for improvement. Our aim is to support high-quality, patient-centred clinical services for haemoglobin disorder. Key to that is the development of clinical networks of specialist care, and the concept that every patient should have access to optimal specialist management and care, as well as routine care provided conveniently close to home.

The treatment of thalassaemia is about the whole patient experience, which means annual reviews by specialists, routine—often monthly—blood transfusion and multiple prescriptions, including a requirement for oral iron chelation. We have recently carried out an informal review of services for haemoglobin disorders through which we hope to gain a better understanding of what is happening in clinical practice. That includes how the national clinical standards for care are impacting on services, and how current networks and commissioning arrangements are evolving. So far, reports have been very encouraging, with many examples of good and innovative practice and effective networking being noted. If any variations or issues arise, we will consider facilitating discussions between health professionals and specialist commissioners.

The Government are committed to phasing out prescription charges over the next few years in England for those with long-term conditions. Professor Ian Gilmore, president of the Royal College of Physicians, is undertaking a review to consider how the exemption should be phased in. The views of the public, clinicians and patient representative bodies, such as the UK Thalassaemia Society, have been sought.

A web survey hosted on the Department's website gives anyone an opportunity to contribute their views until 27 February 2009. In line with Lord Darzi's report, "High Quality Care for All", our aim is to improve management of long-term conditions by offering more personalised packages of care closer to home, in order to allow people more choice and active involvement in decision making.

In conclusion, I thank the hon. Gentleman for initiating this debate and for identifying this important issue. I hope that he and other hon. Members will agree that

[Ann Keen]

considerable progress has been made in raising the standard of care for haemoglobin disorders throughout the country and ensuring more equitable access to excellent care. I accept that there is room for improvement, and remain committed to supporting the NHS in achieving that improvement for patients. To do that, we will be working in partnership with key voluntary organisations such as the UK Thalassaemia Society and the Sickle Cell Society.

Mr. Burrowes: One issue that goes wider than the medical and clinical perspective is the concern that care crosses into other areas, such as psychological and social care support. That is very important, given that the communities suffering from thalassaemia are often disadvantaged. Is there a contact or a programme in which there is cross-departmental consideration of the need to provide particular support? Although such support needs to take place at a local level, it may need some national direction, as well.

Ann Keen: I appreciate the hon. Gentleman reminding me that he raised the point about the need for psychological and social support for the very young through to the troubled teenager and the entire family. As a former nurse who had patients with thalassaemia in my care, I know only too well how necessary that approach is. In line with Lord Darzi's review on quality of care, personalised care is paramount to me, my Department and all Ministers. I look forward to working with all the societies to achieve that.

Financial Markets

4.28 pm

Mr. Andrew Pelling (Croydon, Central) (Ind): It is a pleasure to serve under your chairmanship, Mrs. Dean. In addition to the items declared in the Register of Members' Interests, I should like to declare that I am a prospective pensioner of the Royal Bank of Scotland and that I have an overdraft with NatWest. Those declarations are necessary in the context of my speech.

I thank Mr. Speaker for allowing us to have this debate, but I also thank Ministers in the Department for Business, Enterprise and Regulatory Reform and the Treasury. They have gone the extra mile to give advice and help when I have approached them with concerns about important individual businesses in my constituency in this difficult time of credit famine. Obviously, our approach in this House is to be courteous to colleagues across the political divide, but I should like to emphasise that, when dealing with my concerns, Ministers have acted not only professionally, but with a great deal of care, and I appreciate it.

It is fair to say that some companies in the Croydon area continue to be hard-pressed when they seek credit in these troubled times. Rightly, the Government recognise that one of the greatest difficulties in the financial sector is the withdrawal of foreign banks from credit provision. That puts a real strain on our economy. Problems often arise from the action that the Government have found necessary to take regarding Icelandic banking institutions. Those banks had significant market penetration, and some significant companies in the UK economy have been affected. When, of necessity, credit is withdrawn, some companies are embarrassed, because they need to find appropriate credit immediately to continue their business.

Thanks are also due to the Government for listening to hon. Members' views about the role that Northern Rock can play in the economy. It is especially good news that the Government reversed the strategy of winding down the book of Northern Rock. That policy seemed counter-intuitive, bearing in mind that the Government are keen to see the continued provision of credit to the economy as a whole.

My main motivation for leading this debate is to ask why the Government have not, at this stage, seen the bad bank solution as the one to pursue. Ministers have listened with courtesy and have not dismissed my comments in the past six months about the attractiveness of the bad bank solution. I am especially grateful to the Economic Secretary for that courtesy, but I am encouraged by what the Chancellor said yesterday. He said:

> "It could be that in some cases it could be easier to do a good/bad bank split."

When asked about the bad bank solution, Ministers have expressed concern that it is difficult to price the assets that would be transferred to such a bank. However, the best way for the Government first to provide confidence to the financial markets and subsequently to ensure the appropriate provision of credit to the economy, is to get markets going again by valuing those so-called toxic assets.

The Government have said that the problem is that they may have to rely on banks to price the assets, and they ask to what extent senior management figures in

the banking industry are able to understand some of their banks' assets. However, the additional concern—this is not so openly expressed—is that such a valuation of the bad or toxic assets may lead to the complete equity destruction of the UK banking system, especially if we bear in mind that when the bankers say that assets are unpriceable, in reality they are probably saying that the value is quite close to zero.

To some extent, Members of Parliament enjoy the rather false frisson of talking nationalisation. It would probably be more helpful to talk less about that. It comes from a retro or nostalgic desire for the halcyon days when nationalisation was seen to be an effective policy option. Instead, we should talk more in terms of some forced reconstruction of the banking system, such that the economy will regain confidence through the provision of credit.

I would like to pose a question, although I know that asking questions is easier than providing answers. What has really happened with the Royal Bank of Scotland? Coming into the new year, the Government were moving with enthusiasm towards the idea of some kind of nationalisation, but that has not happened in the case of RBS. Is it because the Government are concerned about the ensuing liabilities if the bank were to be entirely absorbed within the state sector, or did they perhaps find that the senior management of RBS are themselves entirely unsure what they have inherited from the previous senior management?

I contend that some of our UK banks are, in reality, insolvent. There are substantial assets that could be taken into any bad banking institution; I note that JPMorgan has estimated their value at £260 billion. Clearly, that is large enough to destroy completely the equity of many of our banks, although it is fair to say—I know that the word "only" might seem ironic, although it is not intended to be—that that is only 22 per cent. of GDP. The earlier the intervention undertaken by Government to set up a bad bank, the easier it will be to contain ever-burgeoning levels of toxic assets.

I know that there was controversy surrounding the issue. Joe Stiglitz enlivened the debate by saying that there was a danger of Governments paying "cash for trash". However, it is important for us to learn the lessons from the experiences in Japan, where zombie banks were allowed to exist for many years. It was very deleterious to the Japanese economy, and is still having an adverse effect.

I fear that the Government's attraction to the idea of insuring the bad debts remaining on banks' balance sheets is merely deferring the recognition that the value of those assets is close to zero. The controversy is shared in the United States, and it is clear from recent debate that the new Treasury Secretary is somewhat sceptical of the attractions of a bad bank solution. Indeed, the amounts are significant. A senior US Senator—I think it was the Chairman of the Senate Banking Committee—estimated potential bad bank exposures at $4 trillion.

Clearly, the role of Government is to manage the de-leveraging process. I mentioned earlier the problem of foreign bank departures. The other problem, of course, is that the complete destruction of the securitisation market has been much more significant than anything else in the withdrawal of credit from the markets. We often hear accusations thrown in the direction of the UK banks in terms of alleged reductions in lending. In reality, as the Government would rightly point out, the amount of lending to businesses by many UK banks has risen. It is the withdrawal of credit from other sectors, such as the securitisation sector and the foreign banking sector within the UK, that has done the greatest damage.

There is a danger in the Government's further delay in introducing the bad bank policy solution. Early intervention was likely to engender confidence, whereas reacting to further crises is likely to be seen as less decisive. Other options could be pursued, of course. One possibility is to spend much of the additional proposed money on the creation of a post bank for the UK. There are many other difficult issues before the Government in terms of developments in the financial markets.

It is interesting that Wouter Bos was willing to criticise the Government yesterday about the VAT reductions, saying that they were unlikely to have a substantial effect. Those within our own House who criticised the Government for that policy are erroneous in their judgment. It is purely a matter of the size of the VAT reduction. Obviously a 2.5 per cent. reduction is not very much. We should bear in mind that the Government's fiscal stimulative proposals, which came at the end of last year, amounted to £20 billion. Although they are substantive and show the Government's determination to take a determined and vigorous approach to the management of the economy, in reality these sums are very small, by comparison, for example, with the prospective losses of trillions of dollars on toxic assets in the US, or indeed in comparison with the £610 billion rescue package that President Obama is currently trying to take through Congress. So, £20 billion is quite small in comparison. It is therefore quite clear to me that, unfortunately, the Conservative party, in suggesting that less should be done rather than more, put itself on the wrong side of the argument. Given the real dangers and extreme nature of the current situation, the Government have to be even bolder in the intervention that they must pursue.

There is a great deal of criticism and attack within the US, particularly by Mr Peterson, the Chairman of the US House Committee on Agriculture, on credit default swaps. I hope that our Government will not be drawn too far down that road. In many ways, the Government's own criticism, together with that of our European partners, of the credit rating agencies suggests that they should do their very best to encourage the further development of the CDS market. That is because the more immediate pricing that is available through CDS prices is much more likely to be a better reflection than what has proven to be an inefficient and sometimes misleading rating process, where conflicts of interest have been allowed to develop in banking practice in the last 25 years.

One other possibility, of course, is the introduction of credit controls. It is interesting to see that the Conservative party, which has previously been regarded as a free market economy party, is now very keen on that idea. However, it is quite reasonable to ask why the Government felt that asset price inflation was not a responsibility of the Bank of England. If there is time in the second half of this debate, I shall be interested to learn why that responsibility was not given to the Bank of England previously.

[Mr. Andrew Pelling]

Another approach that could be taken is rather radical, in terms of trying to move the debate further forward. There are real dangers that the Government will now be driven into taking a significant exposure to these toxic assets through a bad bank solution, which I think in the end will in any case be inevitable. Perhaps the banks could share that risk with retail investors, if the price can be established at a very low level. The opportunity might be taken to secure savings, if the prices were significantly discounted on the assets, by sharing those directly with individual citizens within the UK.

There is a final issue that I want to raise, before I again pose the key question. Another option with a bad bank solution would be to pursue the approach that was taken in Switzerland, which was the loan solution. Money is loaned for an extended period of 10 years to institutions or banks that are in great difficulties. That might be an improved approach to the bad bank solution, in terms of not having to go immediately for the complete equity destruction of those banks. That might be an alternative way for the Government to progress on these matters.

Clearly, our European partners are very concerned about the way that matters have progressed for them and they are pushing very hard for much more centralised economic management after this crisis is over. That poses a real challenge to the Government in terms of regulation here, and it may well be best for us to turn round to our European partners and say that if, for example, they want to see Europe as a whole issuing its own debt, that is something that they will have to do without us.

I sound one last little caveat. I note that in the US it is now being suggested that for those banks that are being provided with national Government support there should be a cap on employees' maximum remuneration of $500,000 a year. I would be interested to learn whether our Government think that that would be appropriate here.

I now come to by far the most important question that I want to ask. There is always a danger, in asking too many questions, that the Minister will not be able to respond within the traditional 15 minutes that is available in these Adjournment debates. The one key thing that I want learn from this debate is why the bad bank solution has not yet been preferred by the Government.

4.45 pm

The Economic Secretary to the Treasury (Ian Pearson): It is a pleasure to serve under your chairmanship in this short debate, Mrs. Dean. I start by congratulating the hon. Member for Croydon, Central (Mr. Pelling) on securing this important debate and giving us the opportunity to consider these issues further. I thank him for his typically generous tribute to the officials and Ministers at the Department for Business, Enterprise and Regulatory Reform and the Treasury who have always sought to provide him with answers to his queries on behalf of businesses in his constituency.

When people look back at recent events, many factors will undoubtedly be adduced as having created the global credit crisis that we now face. They will certainly include the employment of increasingly complex assets that were not well understood and were often linked to the mortgage market, and the bonus-driven pursuit of short-term profit in global financial institutions, which was compounded by shortcomings in regulation, most starkly in the US sub-prime mortgage market. Following the collapse of Lehman Brothers, the haemorrhaging of confidence in the financial system froze inter-bank lending, creating huge problems right across industry in the UK, Europe, the United States and more widely.

In past months, many people have been surprised by the sheer scale and speed of what has gone on, and by the impact of the recession on companies that have been unable to access the credit that they need, because of the unprecedented shock to the financial system. We are in the middle of the biggest shock to the financial system of the modern global era. In response, the UK Government have been extremely clear about our objectives right from the start. Our primary responsibilities are to support the stability of and restore confidence in the financial system, to protect depositors' money and to protect taxpayers' interests. Banks sit at the heart of our economy and provide lending that is vital to growth and job creation. People and businesses across Britain are feeling the consequences of the global credit crunch, which is why the Government have been doing everything possible to stabilise the financial system and restore confidence to the economy, and we will continue to do that.

As the hon. Gentleman has noted, last October, following the unprecedented turmoil in financial markets in the wake of the collapse of Lehman Brothers, we announced a comprehensive package of support for the financial system to support the stability of the banking system and to protect savers and depositors. That action has been successful in preventing the collapse of other UK banks and in ensuring that no depositors in UK banks have lost money. In our pre-Budget report we went further, as the Chancellor set out a major fiscal stimulus package to boost the economy and to deliver real help to support businesses, home owners and consumers through these difficult times.

The hon. Gentleman said that a stimulus of £20 billion is quite small, and in terms of global capital flows he is absolutely right. However, as he recognises, it is important that the Government take action. He is right to say that the Conservatives have put themselves on the wrong side of the argument when it comes to this matter. I think they will regret that and have to recant in the future.

It should not just be the UK Government who want to use fiscal measures to stimulate the economy; we need to see global action. That is why we have been particularly welcoming of actions taking place in other European Union countries, China, and most recently the United States, with the fiscal stimulus package that has been discussed under President Obama.

On top of the pre-Budget report, last month the Chancellor announced a further package of measures to support the banking system and safeguard the millions of jobs put at risk by the continuing difficulties in the financial system. Those measures are aimed at beginning to replace the lending capacity lost by the withdrawal of foreign banks and other institutions, which the hon. Gentleman discussed. The measures are also aimed at

addressing the barriers that are making it difficult for UK banks to expand their lending and restore certainty to the banking sector.

The hon. Gentleman referred specifically to the bad bank and wanted to know why the Government have not implemented that option. He is aware that we have considered a number of different options and will be aware of the asset protection scheme that we announced. Troubled, or toxic, assets need to be dealt with and a major element of the package announced in January was the asset protection scheme, which is designed to protect financial institutions against exposure to exceptional future credit losses on certain portfolios of assets. In conjunction with the steps already taken by the UK authorities, the scheme is designed to restore confidence in the financial markets, promote transparency, support financial stability and improve the availability of credit to creditworthy borrowers in the economy. Under the scheme, as I think the hon. Gentleman appreciates, we are specifying that any assets protected are ring-fenced and managed separately within these banks in a way that maximizes their value. However, that is not inconsistent with a bad bank approach. The Treasury will have the ability to take over management or ownership of the assets in defined circumstances. That would enable the creation of a bad bank in due course if it proves necessary.

The Chancellor has made it clear that the bad bank approach may be appropriate in the future for certain institutions and that the Treasury will continue to examine options for any further Government action that may be necessary. With the guarantees that are provided, we believe that the asset protection scheme will work and will be important in protecting financial institutions against exposure to toxic assets.

As a further step to increase the availability of corporate credit and reduce the illiquidity of underlying instruments, we announced on 19 January that the Bank of England will set up an asset purchase scheme. The Bank will be authorised by the Treasury to purchase high quality private-sector assets, including paper issued under the credit guarantee scheme, corporate bonds, commercial paper, and a limited range of asset-backed securities. The significance of the action that we are taking in this regard should not be underestimated. This is the first time that the Bank of England will, in effect, be lending directly to the private sector. The Treasury will authorise initial purchases of up to £50 billion, and the Chancellor has this week written to the Governor of the Bank setting out how we expect to see the scheme used.

The Bank will be guided in its purchases by an assessment of the transactions that are most likely to restore the flow of finance to corporate borrowers, but also by where a viable private market will exist for the assets when markets begin to return to normal. It is important to appreciate that, during the course of this year, the corporate sector in the UK will need to refinance in the region of £90 billion to £100 billion of loans. That is why a scheme such as the asset purchase facility will be an important mechanism for the future. I note that it has been warmly welcomed by the CBI.

Complementing measures to encourage lending by financial institutions, we announced at the same time that the draw-down window for the credit guarantee scheme has been extended from April until the end of 2009. The final maturity date for the scheme remains April 2014, but again, the extension will support orderly issuance and rolling over of guaranteed paper by banks. In addition to the steps that the Government have taken, the Financial Services Authority has issued helpful guidance to address any potential uncertainty surrounding its expectations of banks' capital reserves. The hon. Gentleman, who is knowledgeable about these matters, will understand the importance of the FSA's statement. The FSA has made it clear that there are no new statutory requirements for institutions to hold increased capital and it reiterated its view that capital buffers built in as part of the recent recapitalisation exercise play a role both in absorbing losses and facilitating continued lending.

The FSA's statement on capital is consistent with the remarks made on 16 January by the Basel Committee on Banking Supervision. This goes some way to highlighting the fact that we are confronted by a global problem, which requires a global solution. We are continuing to collaborate closely with our international partners. The Prime Minister and the Chancellor have held extensive conversations with international partners to ensure a co-ordinated global response to the economic crisis. I was at a meeting today with one of the governors of the Russian central bank and the Russian Finance Minister has been having talks with the Chancellor. Premier Wen met the Prime Minister only last weekend. The UK will continue to take a leading role in discussions.

The G7 autumn discussions in Washington gave an opportunity for both the Prime Minister and the Chancellor to discuss these issues with world leaders. I want to highlight the importance of the next meeting of the G20, which will be held in London in April. It will come at a very difficult time for the world economy and it is right that the Prime Minister and the Chancellor should take that opportunity to discuss with our international partners how we can further co-ordinate international action. We want to drive forward an ambitious work plan, both to tackle the problems in the global economy and to strengthen the stability and resilience of the global financial system for the future.

In conclusion, we will continue with our dual approach to tackling the global downturn and its far-reaching impacts by working internationally to tackle its causes—the global banking crisis and the lack of adequate funding in the global financial economy—and dealing fairly with its consequences here in the UK, providing the right support for people and businesses. The industrial activism approach that we are adopting as a Government, through introducing the working capital scheme, the enterprise financial guarantee and a range of other measures, not least of which is the recent support for the automotive industry in particular, which we announced last Tuesday, are all indications that this Government is looking to provide real help for businesses now to help them get through difficult times and, at the same time, supporting the banking system.

These are difficult challenges and new challenges are emerging every day, but we are determined to do everything necessary to support people and businesses through the downturn and to get our economy growing again just as quickly as possible.

Question put and agreed to.

4.59 pm

Sitting adjourned.

Westminster Hall

Thursday 5 February 2009

[ROBERT KEY *in the Chair*]

Effective Sentencing

[Relevant documents: Fifth Report from the Justice Committee, Session 2007-08, Towards Effective Sentencing, HC 184 I-II, and the Government response, CM 7476.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Blizzard.)*

2.30 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): I am glad to see you in the Chair, Mr. Key, and the Minister in his place. I recognise that the ministerial team has been under some pressure this week with the Coroners and Justice Bill going on at the same time. That applies to some of the members of my Select Committee as well.

We are here to discuss what the Committee regards as an important report: "Towards Effective Sentencing". The inquiry began with the Home Affairs Committee before the departmental changes. It began the evidence taking, and we continued the work. I am grateful to the members of that Committee and to several members of the Justice Committee for their hard work, which involved something that the House has asserted it really needs: post-legislative scrutiny. The inquiry was intended, at least in part, as a review of the Criminal Justice Act 2003. I shall discuss later how it came to be overtaken by other legislation.

I want to begin by setting the report in the context of prison numbers. In England and Wales, we have a rate of imprisonment that is far above almost every other European country. It is certainly far above comparable countries: it is 50 per cent. higher than France, and more than double the rates in all the Scandinavian countries. Those are staggering differences. We do not reach the Russian rate of imprisonment, but the model for our system has been rather too much the United States pattern of imprisonment, not that which comparable European countries manage to achieve without having more crime and certainly without having more reoffending than we have in this country.

In bald figures, on 16 January, the prison population was 81,748. I remember being in the House when a prison population of 60,000 was thought to be an alarming development. Now we are at 81,748, and we anticipate adding well over 10,000 to the figure in the next few years. Between 1995 and 2006, prison expenditure went up from £2.8 billion to £4.3 billion, and there are further uncosted increases yet to come for reasons which I shall explain. On 18 December, just before Christmas, 84 of the 141 prisons in England and Wales were overcrowded.

One of the interesting things, though, is that the number of people sentenced by the courts has remained largely constant in recent years. It was 1.3 million in 1997 and 1.4 million in 2007, so the same number of people are being sentenced by the courts but a much higher proportion of them are getting custodial sentences. The number of people given custody at magistrates courts has risen from 25,000 in 1993 to 51,000 in 2007, and the number of people given custody at Crown courts—I am using rounded figures—has risen from 34,000 in 1993 to 43,000 in 2007. Those are big increases, but, at the same time, reoffending rates remain high: 65 per cent. of prisoners are reconvicted within two years of being released, and, for young men between 18 and 20, the reoffending rate is 75 per cent.

That is the context against which the Committee prepared its report. Another crucial part of the context was the publication of the Carter report before we started our work on this subject. We were critical of aspects of that report, in particular its lack of a proper evidence base. Our report states in paragraph 27:

"We are also very concerned that Lord Carter's review does not explain in any detail the evidence or the reasoning behind his conclusions...All the international examples in the report are drawn from the United States."

A strange thing to do when trying to get a picture of possible prison policies.

In the same paragraph, we stated:

"We were told that Lord Carter had access to more data and analysis from the Ministry of Justice than was published with the report. Nevertheless because so little evidence is apparent in the report itself it is impossible to scrutinize the basis of his conclusions. It is clear that the substantial investment now being made on the basis of those conclusions is not based on solid foundations."

That substantial investment, of course, is the prison building programme, in particular the three titan prisons, which were the principal policy outcome of Lord Carter's report.

We stated in paragraph 29:

"Lord Carter's review was a missed opportunity for a fundamental consideration of problems with sentencing and provision of custodial and non-custodial facilities in England and Wales. We share the concerns expressed to us that Lord Carter's review was based on wholly inadequate consultation and a highly selective evidence base."

Lord Carter's report, and the almost universal dissatisfaction of people who are experienced in the field as they read it and sought to find the basis for its conclusions, are other key parts of the context.

Another feature of the context was the introduction in 2008 of the Criminal Justice and Immigration Bill, which had begun its progress as we were conducting our inquiry. It was introduced to deal with some of the faults in the 2003 Act, but, welcome though it was that there should be an attempt to deal with faults, we were equally conscious of how hard the practitioners in the field, including the judiciary, have to struggle with constantly changing legislation. In evidence to us, Sir Igor Judge, who is now but was not then the Lord Chief Justice, illustrated the difficulties that the proliferation of legislation caused in practice. He described a situation in which he

"had to consider five different Acts of Parliament, starting with the Sexual Offences Act 1997, going through the Crime and Disorder Act 1998, a bit of the 2000 Consolidation Act—that was only in force for eight months"—

but it was the eight months during which the offender had done something and was back in court—

"another Act, and the Sex Offences Act 2003."

Hon. Members can imagine what an unnecessarily complex task that is for practitioners and the judiciary. The Committee stated in paragraph 20:

"The sentencing regime has been complicated by both the pace and the volume of constantly changing legislation. In addition to

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dealing with new or short-lived criminal offences, sentencers are faced with Acts intended to simplify and clarify sentencing regimes that are themselves swiftly amended."

It is also quite difficult to be sure at any moment which bits of the various legislative enactments have been brought into force. Usually, there is a patchy pattern of commencement.

There are several areas that I shall not concentrate on today which I think are properly the subject of separate debates. One of them is young offenders. There was more in the media this morning about young offenders. Other hon. Members may wish to refer more extensively to it, because many of the same issues arise, but some of the solutions are different. Our criminal justice system has to recognise the difference to a greater extent. I can warmly pay tribute to some of the work done with young offenders. For example, when the Minister of State, Ministry of Justice, the right hon. Member for Delyn (Mr. Hanson), who is the Minister with responsibility for prisons, visited the Castington young offenders institution in my constituency, I believe that he, like me, felt that it continues to do a good job. However, we put into custody extraordinary numbers of young people compared with other countries.

I heard a piece on the radio this morning which revealed that Finland, which I visited recently, has only three young offenders in custody. I suspect that we can probably imagine who they are, because there have been two or three particularly serious shooting crimes involving young offenders in Finland. For most young offenders, other solutions are found involving intensive care, fostering or intensive use of alternative forms of residential accommodation. I shall not dwell particularly on that subject.

Let me deal more thoroughly with the conclusions of our report. In essence, we found that failures of policy and implementation have led to a prisons crisis and an under-resourced, ineffective approach to sentencing, when set against the aim of reducing reoffending. Surely, our penal system must be about preventing people from suffering the misery that crime causes. The members of my Committee are all constituency Members of Parliament and are in no doubt about the effects. We all know about them because we have dealt with people who have suffered from crime, whether violent crime or even things such as domestic burglary, which can be hurtful and traumatic if people feel that the sacredness of their home as been destroyed, at least temporarily, by the actions of a burglar. All kinds of crime cause all manner of distress.

However, the objective of the system must surely be to reduce the number of people who are suffering those crimes and, in many cases, to avoid the same people suffering from crimes repeatedly. In many areas, the same people are frequently the victims of crime. Preventing reoffending must surely be at the heart of our system.

We concluded that the Government's commitment to huge public investment in building more prisons at uncertain but very high cost, including the new Titan prisons, was not based on evidence and missed the opportunity to address the fundamental problems with custodial and non-custodial sentencing provision in England and Wales. An interesting contrast is that the Scottish prisons commission examined the wider questions of what could be done to reduce or cap the prison population and prevent further significant public expenditure on prisons, because every pound that we spend on prisons tends to be a pound that we are not spending on keeping people out of prison by other means, which deter or prevent them from getting involved in crime.

Evidence shows us that, for the majority of prisoners who are serving short sentences, prison is not effective in preventing reoffending and, therefore, cutting crime. The latest sentencing statistics show that 46 per cent. of adults sentenced to custody have already had at least three previous custodial sentences. Yet it is clear that the Government's strategy, under the 2003 Act, to channel low-level offenders into community punishments rather than custodial sentences, which was a commendable, appropriate strategy, has not been followed through—in part, because sentencers are not using community sentences to the full. Why is that? In some cases, it is because there has not been the funding for widespread implementation of community orders and the various requirements that need to be met for a community to order to meet the sentencer's objective in addressing the criminality of the person in front of him and trying to ensure that they are given a punishment that reduces reoffending.

Probation services do not know with any certainty how many community orders they have the capacity to deliver within their resources. The full cost of delivering a complete menu of requirements has not been determined. On the resource issue, there is partly a lack of confidence on the part of some sentencers in respect of alternatives to custody, which is sometimes based on lack of knowledge. I commend the previous Lord Chief Justice who went incognito on a community sentence, although I am not sure how well he managed to keep up his disguise. I will not speculate about what conclusions those around him reached about what his offence might have been when they saw this eminently respectable figure. This happened before he would have had to put on a reflective jacket, as he might under the recent arrangements. Quite what they made of him I do not know, but he found it a beneficial experience. Clearly, we need more awareness among sentencers of the options that are available and their value in preventing reoffending.

We found that there was excessive use of custody for vulnerable people, including some women, young offenders and people with mental health problems, and a failure of alternative provisions in the community for these groups. This week, the Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle), announced £15.5 million for services in the community for vulnerable women, including bail support.

Julie Morgan (Cardiff, North) (Lab): I welcome the Government's giving the money that my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) has mentioned in his good speech. Is he aware of the success of the Women's Turnaround Project in Cardiff, which I believe will be a beneficiary of that money, in turning round the lives of the vulnerable women that he has mentioned?

Sir Alan Beith: Yes, indeed. I am grateful to my hon. Friend for drawing that to the attention of hon. and right hon. Members. We are becoming amazed by the number of times that Cardiff is quoted as the location of successful projects of various kinds.

It is not entirely clear how the funding that the Government have announced will enable the lessons, such as those that have been learned in Cardiff and in some of the other projects, to be spread. It seems to be mainly about enhancing and allowing to continue projects that have shown considerable initial success with alternative provision for women offenders. Perhaps the Minister will tell us what will happen when the particular funding that I have just mentioned is used up and to what extent funding can increase the number of areas in which alternative facilities for women are available. Alternative residential facilities to the traditional women's prison were at the heart of the Corston recommendations. For most women, some form of accommodation near to their home, which does not need to be of the character of a prison, is much more likely to lead to their reintegration into society without reoffending than sending them to a women's prison.

The Government have also recently announced a national prison drug treatment review group to establish priorities and compile national guidance for better commissioning, delivery, funding and performance management of drug treatment for offenders. The Minister may want to say something about that important issue.

We criticised the use of short custodial sentences for repeat offenders. Short sentences are very unlikely to work and, in fact, may increase reoffending. Research indicates that custody has a shock/deterrent value for up to two or three weeks, after which the offender generally adjusts and acclimatises to being in prison. For rehabilitative or educational programmes to work, the offender needs to be in a stable custodial environment for more like a year. Of course, if remand has reduced the length of the prison sentence, it is even less likely that, during a short sentence, the person will be in prison for long enough to benefit from any useful programme—even if the prison system manages to get him in the right prison and has the right programme to meet his needs at the right time.

Short sentences of one to six months neither deter nor reform. However, at the same time, they still produce all the malign influences that even a relatively short time in prison can have on people. A large proportion of the prison population is serving just such sentences—serially, in some cases—time after time. That leads me to a particular kind of short sentence.

The Committee was supportive of indeterminate imprisonment for public protection sentences—the IPP sentence—for really dangerous offenders but, by definition, such a sentence was intended for people who would pose a real, manifest risk if they were released into the community. People might expect such a person to have had a fairly long sentence imposed on them in the first place, which would become indeterminate because of the anxiety felt at the time that they were sentenced about the likelihood of their committing more, usually violent, offences.

If the IPP sentence is used for short sentences it just cannot work. It is almost inconceivable that the prisoner will, during that time, have got into the right prison to get the necessary programmes. In the case of such a sentence, I am talking about not just programmes necessary to secure rehabilitation, but the programme necessary to secure the person's release, which is his entitlement if he satisfies certain conditions of the indeterminate sentence. Ministers have acknowledged that the whole business of IPP sentences went badly wrong and clogged up the Parole Board, which could no longer deliver the assessments that it was supposed to be making on many of the people who had been given these sentences. The courts also expressed their dissatisfaction. The criteria have now been tightened up under the Criminal Justice and Immigration Act 2008, but last week Her Majesty's chief inspector of prisons raised concerns in her annual report about the huge strain that IPP sentences are still placing on prisons.

The failures of the 2003 Act have been compounded by the environment in which it came into operation, where proper information about sentencing was not promulgated to the public. The Government have not provided the information nor the leadership required to facilitate an informed public debate. The Government wanted an informed public debate and said that there should be a national conversation about the use of imprisonment—a term that got them into some difficulties in Scotland, where it was used in the context of devolution—but, in terms of penal policy, it really has not happened and the conversation certainly has not been led by the Government.

The Government are trying to ride two circus horses at the same time. From time to time they like to use tub-thumping retributionist rhetoric and then out comes some rhetoric that tries to focus on rehabilitation and preventing reoffending. But the end result is a degree of public confusion and the field left open for those sections of the media that seems to think that the best way of assessing the effectiveness of the criminal justice system is to pick on a few cases and imply from those that the entire judiciary is totally unaware of public concern about crime and is gleefully letting people off with neither punishment nor concern to prevent crimes in future. It is just too easy for the media to do that.

In our continuing inquiry on justice reinvestment, we have had very interesting discussions with criminologists and practitioners in other countries—Germany, for example—where a different type of public debate is taking place. We shall report on that at greater length later. In those countries, it is possible to have a debate in which people consider what works and what is effective, not just what sounds toughest or most retributionist.

We clearly need a strategic approach to sentencing, with proper evidence, proper costing, resources to make it work and a foundation of proper public discussion about what the process is about. The price of missing the opportunity presented by the Carter report for a fundamental review of sentencing policy and provision of custodial and non-custodial facilities will go far beyond even the huge expense of just containing the prison population. That is why we are returning to these issues in our continuing inquiry on justice reinvestment. We need to go to taxpayers and say, "How do you want your money spent? Do you want it spent to reduce the risk that you will suffer a crime and that people you know, love and care about will suffer a crime? If so, do you want the Government to find the most effective way of doing that?" We shall ask those questions and take the public much more into our confidence on these issues.

The Government, in responding to us, accepted a number of our recommendations. They recognised that short custodial sentences are not effective, that IPP sentences must be better targeted, that an audit should

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be undertaken to examine the current scale and nature of provision compared to the scale and nature of need, and that sentencers should be closely involved in the monitoring of compliance with community orders.

However, Ministers did not address the central problem that we identified—the lack of a coherent sentencing policy and the failure to allocate resources so that the most appropriate and effective sentence can be given to each offender. The Government did not accept that judicial sentencing and decision making are in effect limited when there are no places in the area to meet the conditions that a particular criminal presents for the sentencer's decision.

The Committee welcomes the steps that the Government have recently taken to promote the use of alternatives to custody, but much of the extra funding is being given with one hand and taken away with the other because of the huge pressure for efficiency savings—a phrase that I feel like putting in inverted commas because in the front line of penal policy, it tends to mean downward pressure on services. In contrast to the billions of pounds that may be spent on the prison system, including titan prisons, probation services received only an extra £40 million to plug gaps in their provision.

An examination of criminal justice resources by the Centre for Crime and Justice Studies at King's College London found that, once increases in staff and work load are taken into account, the increases in criminal justice budgets this decade were far less generous than they appeared. Probation budgets went up by 21 per cent. in real terms, as I am sure the Minister will want to point out, but qualified and trainee probation case loads increased by 35 per cent. The permanent secretary, Sir Suma Chakrabarti, assured us in evidence that MOJ efficiency savings will have only a limited impact on front-line resources. I wish I believed him, but life does not tend to be like that.

In another aspect of the Government's response, they accepted that there is insufficient mental health provision for offenders. Every prison officer will tell us that when they give accounts of the people with mental health problems whom they have to deal with. The Government therefore commissioned Lord Bradley to conduct a review of the treatment of people with severe mental health problems in the criminal justice system, which I think is due to report later this month.

Evidence from our current inquiry on justice reinvestment underlines the fact that prison is an expensive way of making bad people worse. If policy makers were serious about concentrating on what works in terms of reducing reoffending, community sentences and restorative justice initiatives would receive much more attention and resources and far greater efforts would be made to communicate the basis and success rates of such sentences to the media and the wider public. Efforts so far by the Government to influence sentences have had too many unintended consequences and there have not been the resources to back up the rhetoric.

We shall continue our work on justice reinvestment and we are beginning work on the role of the prison officer, who is an often undervalued and perhaps sometimes insufficiently trained part of the process but who does a vital job. We were struck by the greater amount of training that we have observed happens in many other countries for prison officers. In various ways, we shall continue to monitor what is happening, but underlining our inquiries—this report and the ones that we are working on—is this fundamental question: why is Britain different, or indeed is Britain different? Is it really totally different from so many of the countries that are our nearest neighbours? Why do we in this country find it impossible to change what other countries have changed in penal policy?

The example of Finland is often cited because Finland inherited a Russian tradition of very high rates of imprisonment and determined to change it. The Finns set out policies to change how their system worked without any consequent increase in crime at all. On the contrary, as with us, crime went down. Then they found that prison rates were drifting up again. When we were in Finland recently, we found that they were having to make efforts to ensure that their intention of keeping custody for those for whom it was the most appropriate and necessary measure was reinforced. That was partly because of financial considerations. Money was going to be pulled into custody provision that they really needed for measures that reduced crime more effectively and in a more proven way.

I do not believe that Britain is so fundamentally different. What is different is the public debate. That is what we have to change. The public are rightly concerned about crime. They are also concerned about the signal that sentences give. That debate is much fuelled by newspaper accounts of particular cases. We can all be concerned and perhaps even annoyed when we see a sentence that, relative to others, looks as though it is not taking an offence sufficiently seriously or which leads one to feel that an offender has got off lightly, having done something pretty dreadful.

The public see sentencing as a signal. However, if we use sentencing only as a signal, we will be using a very ineffective signal. Signals are meant to work. Signals on railway lines are meant to stop trains, not just to give the impression that someone is doing something. The signal that matters is the one that stops people committing crimes. Much as we might like to believe that the threat of being locked up for quite a long time stops people committing crimes, all the evidence is to the contrary. We have to find more effective methods.

The Committee's report challenges the Government to have that fundamental discussion, rather than being pushed along by a strategy that arose at least in part from a faulty report with insufficient evidence on which to base its conclusions. We therefore hope that the Government will not feel it necessary to be defensive in reacting to what we are saying to them, but will recognise that that debate is necessary.

2.58 pm

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): It is a pleasure to have this debate under your strict but benign chairmanship, Mr. Key. The Committee, in preparing the report, has demonstrated not only that we are collectively a critical friend to Ministers, but that it is a Committee packed with optimists. As evidence of that, the last sentence of our conclusion says:

"We urge the Government, the political parties and the media to promote informed and meaningful debate about sentencing policy."

That is a state that we ought to aspire to. It is important for us to ask the purpose of the criminal justice system. There is an opportunity for that question to be answered by saying that the purpose of the criminal justice system must be to cut crime and reduce reoffending. In that context, I hope that Ministers will seriously consider the sentencing council allowed for in the Coroners and Justice Bill—which is being discussed in the Public Bill Committee of which I am also a member—playing a significant role in holding the criminal justice system to the purpose of reducing offending and reoffending. It would be possible to build that into the Bill while it is passing through the House, but having seen the evidence so far, I worry that the discussion will tend to focus mainly on resources and prison numbers. As the Committee's report states, resources and capacity planning are important, but they should be considered to see how they can serve the purpose of the criminal justice system, rather than themselves becoming the purpose of the system. My answer is close to that given a few moments ago by the Chairman of the Committee, the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith).

The Committee heard interesting evidence from Victim Support, which was asked what victims really wanted from the criminal justice system, and the answer, other than for the criminal event not to have happened in the first place, was for it not to happen again. It seems to me that to respond to the concerns of victims, reducing reoffending rather than becoming ever more punitive has to be the right answer, and that answer will be pursued only if there is genuine unanimity across the political parties and across an adequate national debate. Again, it seems to me that the sentencing council might be a suitable vehicle to lead that debate.

There is a danger, however, because the sentencing council will be dominated by lawyers, and specifically by judges—I think that was intended as a reassurance, but I do not find it reassuring at all. Legislators and lawyers need to bear in mind Gibbon's advice that laws rarely prevent what they forbid. In the discussions this morning in the Public Bill Committee, I asked how we could ensure that the sentencing council's guidance is driven by consideration of what works and what will be effective in cutting offending and reoffending, rather than being driven only by the court-based experience of its members or tempered by considerations of resource issues.

The most optimistic of the witnesses suggested that one of the non-judicial members of the sentencing council should perhaps have experience in rehabilitation. There is some encouragement in the fact that the council will have the capacity for examining data and bringing forward evidence on effectiveness, but I am not yet satisfied that that will be the key driver. Effectiveness in sentencing must surely be the prime consideration, and the whole direction and ethos of the council must be to drive answers based on the question, "What works?"

Sir Alan Beith: I am grateful to the right hon. Gentleman and pleased that he is a member of that Public Bill Committee and is doing very good work on that issue. Quite by accident, I omitted to mention the sentencing council's relationship to Parliament. There were those who thought that Parliament should vote on the council's proposals, but theirs was the minority view in the working group. I hope that the Minister, when winding up, will give some thought to how Parliament and the Justice Committee can play a role in that, and I am sure that the right hon. Gentleman will also wish to refer to that.

Alun Michael: The right hon. Gentleman makes some powerful points. Indeed, the point I endorse strongly is that Parliament must call the sentencing council to account in its role in driving the criminal justice system in a direction that feeds the main objective of reducing offending and reoffending. That also applies to other aspects of the criminal justice system. Anyone who has made a complaint about the criminal justice system in general or any part of it will know how difficult it is to penetrate its complexity and dark recesses. For example, if a witness or victim wishes to make a complaint, they will find that about 10 agencies and organisations have a part in that machinery—some of them seem to be moving parts as one tries to hold them to account—and each has a different way of receiving and dealing with complaints. Indeed, many of them merely make a complaint to the person who has made the decision or undertaken the work in the first place. That is unrealistic, because complainants who are not used to the criminal justice system, including most victims and witnesses, are unlikely to know how the bits fit together.

There are many circumstances in which it is not clear whether a failing, if there is one, or an alleged failing that needs to be investigated is the fault of the police in their preparation of evidence, of the Crown Prosecution Service in considering how to use the evidence it was provided with by the police, or of the court in the way the case is heard. Basically, most people who have complaints or want to hold the system to account neither know nor care how the whole system works. It is absolutely right that there should be systems of complaint for different elements within the system, and that is fine if the complainant knows exactly what or whom they want to make a complaint about, but I suggest to the Government that victims and witnesses need one point of complaint where their hand will be held.

I wonder whether the victims and witnesses commissioner might be given a role to take complaints from victims and witnesses and co-ordinate the responses. In other words, the role of the commissioner would be not necessarily to undertake those investigations but to ensure that those complaints processes—whether there are one, two or three because of overlapping issues—deal with the complaint adequately, looking at it from the viewpoint of the individual witness or victim rather than merely operating within the silos of their own organisational structures. There is a lot in the report that I hope the Government will not only take on board in the formal response, but incorporate in how they take matters forward.

The question of community sentences has come up time after time in our discussions, and it is quite clear, as we state in paragraph 30 of the report's recommendations, that the

> "intended switch from the use of short custodial sentences to community punishments in the form of Community Orders and Suspended Sentence Orders has not occurred."

That is one of the factors that have led to implications for resources and prison numbers. The Committee's conclusion was that

> "the aim should be to achieve a consensus as to what is the appropriate sentence in different circumstances."

Again, that takes us back to a much more focused approach based on evidence of what works. The appropriateness must be what is appropriate to prevent

[Alun Michael]

a repetition of the offending as well as what is seen as being just and fitting for the offence. The report suggests that the Government

"explore public information, sentencing training and effective evaluation and development of local projects as part of these proposals."

I think that the Committee is making a useful and helpful suggestion, which I hope Ministers will take on board.

The report also states:

"The delivery of robust community sentences has the potential to reduce re-offending and re-conviction rates."

We really need to take that to heart, because there is considerable evidence to suggest that sentencers do not have enough confidence in or knowledge of community sentences.

The Committee heard from Lord Phillips of Worth Matravers towards the end of his period as Lord Chief Justice; he said there was a lack of confidence in and knowledge of community sentences. Work has been funded by the Esme Fairburn Trust to take judges to see community sentences in action, and I suggest to Ministers that that should be made universal. If we are to tackle those issues, we need a drive towards judges and magistrates having better knowledge of the sentences that are available to them and how effective they can be.

Paragraphs 37 and 38 of the report also encourage learning from local projects based on the joined-up provision of services, particularly in relation to the mental health and drug treatment issues that are so closely tied to offending behaviour, as we have heard from virtually every one of our witnesses.

Finally, I want to mention the Youth Justice Board and other youth justice groups. In paragraph 61, the Committee wrote:

"We are encouraged that the Government shares our view that there is excessive use of custody"

for offenders. We continued:

"It is essential that the Sentencing Guidelines Council produce guidelines for the new Youth Rehabilitation Order before implementation."

The joined-up work of the youth offending teams and the Youth Justice Board has met with considerable success in the 10 years since the Crime and Disorder Act 1998, for which I was responsible as a Home Office Minister—so perhaps I am partial. Genuinely, though, I think that it has driven joined-up working where working was not joined up before. However, perhaps we need to consider the next age group up—17 to 23-year-olds—to build on that joined-up approach. Perhaps we could deliver in that age group as well. Those key young offending age groups need to be tackled successfully if we are to succeed in what must be the aim of the criminal justice system as a whole: cutting offending and reoffending, which is explicitly said to be the objective of the youth justice system, but not of the whole criminal justice system.

3.11 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): I am pleased to address a few remarks to the Justice Committee's report. As the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) said, one of its central themes was the question, arising from the Carter review, of how to deal with the rise of the prison population. It also addressed a number of other issues, which to some extent revolve around the central observations in the Carter review. That review extrapolated prisoner numbers and considered ways in which additional prison resources could be provided. In doing so, it discussed the question whether titan prisons could do that.

The report did not address—perhaps it was not in its brief—the central question of why the prison population has risen to such an extent. The Committee might have been rather mild in its comments on that question. It recorded:

"Changes in sentencing policy and practice leading to longer sentences have been a significant contributor to the unexpected and unplanned increase in both prison and probation populations."

The Government response started robustly with the words:

"This is the first Government since the war to cut crime, and to do so by a third generally, to reduce household burglary by 50 per cent and car crime by almost 60 per cent. We have created safer communities through firm punishments which not only deter but also reform."

In many ways that was well said, and much can be said positively about a Government under whom crime has been cut to such an extent. However, setting that against the rise in the prison population suggests an immediate contradiction. For example, between 1995 and the present day, the prison population rose at a startling rate, almost to the extent that a graph of prison populations since 1945 looks similar to that for climate change—the climate was growing a little warmer, but suddenly heated up considerably over the past 12 or so years.

Everybody present will be aware of the problem of false correlations—for example, of correlating an increase in birth numbers with the number of storks seen on chimneys. There is no correlation between climate change and the rising prison population. However, one can draw clearer correlations. Perhaps, therefore, the Committee's report could have begun, "Wow, look at those rises in prison numbers. They're amazing. What's going on?" I appreciate that that would not be Select Committee language, but it is the sort of realm that we are talking about in terms of the rising prison numbers. Between 1995 and 2007, prison numbers have effectively doubled—up about 30,000.

What are the main factors in the rising prison population? Have more people been found guilty in the courts? As the right hon. Member for Berwick-upon-Tweed mentioned, the answer is no. Those numbers had been roughly stable—2 million in 1996, 1.71 million in 2006. In 1995, 258,000 people were found guilty for indictable offences and in 2006 the figure was 254,000. It is not that there are a lot more people going to prison as a result of sentences passed by courts. Some members of the public will say, "It is a great success that prison numbers have doubled, because it means that double the number of criminals are banged up," but others might say, "Well, that is a Government failure, because there should be double again. We should put them away for a very long time." Our duty is to dig into the causes of the increase, which will have a correlative effect on guiding our discussions. Indeed, that is what happened in the Committee's report on sentencing policy and associated considerations.

In response to those figures, and the report in general, the Government stated—correctly—their achievements:

they have set aside funding, increased prison capacity over the period by about 23,000, and committed themselves to increasing overall capacity to 96,000 by 2014. One might compare that to what some say has been the cause of motorway building in years past—more cars are on the road, so we build more roads, so even more cars end up on the roads, so more roads need to be built, and so on. However, we are not dealing with such a correlation, because more people have not been sentenced through the courts. Nor is it the case that there have been a lot more crimes to underpin the fact that more people are imprisoned as a result of those crimes. As is said on page 1 of the Government's response, crime has substantially gone down. Moreover, if we look at the percentage change in British crime survey offences, we will see that crime has gone down, and that we could almost have a chart that is a mirror image of the one that shows a rise in prison population to show the reduction in crime.

The reduction in crime has been startling. When we compare the British crime survey offences of 1995 with those in 2007-08, we see that domestic burglary is down by more than half. Vehicle-related theft is down 66 per cent., theft of personal property is down 53 per cent. and British crime survey violence is down 48 per cent. Those are enormous reductions in crime prevalence in our country at a time when the prison population is rocketing.

I know that some of those figures mask increases in certain types of violent crime and drug offences. Clearly, when those offences come before the courts they are likely to attract quite long-term prison sentences. Nevertheless, if we look for correlations, there appears to be a straightforward inverse correlation between crime and prison numbers. If there is an easy answer—I do not think that there are any very easy answers—it is in the question of what has happened with changes in sentencing. In the Government response, it is suggested that perusal may be made of a very interesting, but rather obscure, document entitled, "Story of the Prison Population 1995-2007," which is published by the Ministry of Justice. That clearly sets out what has happened as far as sentences are concerned. Some 23,000 more people were sentenced to immediate custody between 1995 and 2002. The length of custodial sentences increased between 2000 and 2004. The document suggests that about 80 per cent. of that increase in prison numbers relates to sentencing. To a lesser extent, it also relates to a substantial increase in prisoner recalls during the same period. There was a substantial increase in prisoner recalls—prisoners who were released on licence and recalled to custodial sentence—in one year alone. Between 2006 and 2007, there was a rise of 29 per cent. Over a five-year period, there was a 350 per cent. rise in prisoners recalled. One asks oneself whether that is because prisoners are doing things in a very different way or because there is a change in how sentences are being undertaken.

Sir Alan Beith: I am glad that the hón. Gentleman has raised that point. It appears that the very expensive pattern of recall to prison is consuming resources that might be more wisely spent on a much more rigorous hands-on approach to securing compliance from prisoners released from prison under such terms, to ensure that they comply with the conditions and that they are not just picked up at a late stage and put back in prison.

Dr. Whitehead: The right hon. Gentleman makes a very important point. We have a process in which prisoners—particularly those on shorter sentences—are released into the community having had very little opportunity within their sentence to undertake any rehabilitation or resettlement arrangements. In some instances, they are literally plonked outside the prison gates and that is that. Such practice could have something to do with the change in the rate of recall, which the right hon. Gentleman underlined in his intervention. One factor of the Criminal Justice Act 2003 has a bearing on that. The fact was mentioned by the Committee and there was substantial agreement in the Government response.

The other important point raised in the report is that the availability of community-based sentences has led to an increase in such sentences and bitten into sentences that previously were fines rather than those that were previously custodial. Therefore, there has been a transfer within non-custodial sentences from one kind of sentence to another, but not a transfer—which was part of the intention when community sentences were introduced—of a custodial sentence to community payback and community sentences.

One very important element of the 2003 Act was the introduction of the custody plus process. In that legislation, the idea emerged that there should be a sentence that consists of a fairly short sentence, followed by a known period of resettlement and rehabilitation outside the prison walls. Many of the points raised by the Select Committee report relate to the problems of short sentences and of rehabilitation and resettlement after sentence. They also relate to the extent to which custodial sentences do not apparently have the effect that one might like them to have in addition to removing people from a position in which they could have influence on the public.

Once the sentence has finished, as it inevitably will, we have to improve the public's long-term protection against what might happen after that sentence. On that, the provision in the 2003 Act appeared to follow logical and right lines, but it has financial and resource implications. The Government response acknowledged the issue of resource implications notwithstanding the increase in probation funding over the period, and the increased work load for probation services over the same period. The Government accepted that custody plus would have resource implications. For that reason, they regretted that they had not been able to introduce that element to sentencing policy in the 2003 Act. That stance should be revisited. That melding of custodial and community sentencing may well have the effect of reducing the time that prisoners spend in prison within their sentences and of reducing substantially the revolving door effect of a number of sentences. I regret that it was not possible to introduce that element of the 2003 Act, and I hope that can be reviewed.

The proposed amalgamation of the Sentencing Guidelines Council and Sentencing Advisory Panel into the sentencing council, which is in the Coroners and Justice Bill, is potentially an important step towards making sentences better reflect the concerns that I have mentioned. There must be effective monitoring mechanisms within that new advisory panel to ensure that variations in sentences and up-tariffing and other effects of sentencing

[Dr. Whitehead]

are closely examined and, if necessary, rectified. Clearly, that presents an opportunity for clearer guidance on sentencing, and particularly the relationship between custodial and community sentencing.

Notwithstanding the 2008 revisions and legislation, there is clearly work to be done on indeterminate sentences. The Committee rightly underlined the extent to which they appear not to work very well, and the extent to which they are not applied properly—tariffs can seem low to an unlikely degree compared with the original sentence.

A number of issues over and above the question of the lengthy Government response and the Committee's report are worthy of consideration. The right hon. Member for Berwick-upon-Tweed mentioned that the Committee is looking at a number of them in its work, and that it will publish future reports, but I hope that the Minister will say that they will be examined. I hope he examines them with a view to ensuring that the prison population is made up of people who should be in prison, and that the public are protected. I also hope that, in future, we have effective sentencing guidelines that ensure the protection of the public interest. The offender should be punished, but we should want them not to reoffend. That could be achieved better in future.

3.31 pm

Julie Morgan (Cardiff, North) (Lab): I am pleased to contribute to this debate on the Justice Committee report this afternoon, as I am to serve on the Committee.

The report's recommendations are eminently sensible, and a lot of them have been dealt with in the debate. As the Chairman said, it would be great if we could have a national debate about offending, sentencing and prison. We have heard about such debates in other countries, including Germany. In a national debate, we could examine whether we are more punitive than other European countries, and why we have so many people in prison.

Interestingly, the Committee heard evidence from an eminent young professor and an ex-Minister a week or so ago. The professor told us that having a high number of people in prison could be traced to the fact that we are more punitive. He directly linked the high number of prisoners to the fact that we are one of the last countries in Europe to ban physical punishment in the home—we have all been involved in the smacking debate at some point. That is the sort of thing that we could discuss if we were able to have a national debate.

However, one big thing that makes it difficult to have a national debate in this country is the tabloid press. When the tabloid press reacts suddenly to a sentence, it is difficult for the public to get the true facts of the case, and for Ministers and policy makers to remain uninfluenced. The Committee visited countries that have more effective national debates, and noted that they did not have that type of press. The press is not a reason for not having a debate, but it makes things difficult.

In my short speech, I should like to focus on one aspect of the report: vulnerable people. Time and again, witnesses to the inquiry emphasised that vulnerable people were still facing custody when their needs and offending could be better dealt with in other settings and in the community. That theme has emerged in every speech this afternoon.

When we are talking about better alternatives for vulnerable people, we are also talking about better alternatives for victims. As has been said, prison often does not work, and good community alternatives do. The report highlights that, stating that it

"is generally agreed that more emphasis must be placed on ensuring that vulnerable people"

who are not a risk to society

"are not sentenced to custody for want of practical community alternatives".

I repeat that that is also for the benefit of the victims.

As the Chairman of the Committee said, the report identified three groups—women, young people and people in need of mental health and drug treatment. We have all dealt in our constituency casework with the difficulties that people in those groups experience. I have dealt with a lot of young people who have been placed in custody at an early age for non-violent crimes. They were guilty of committing the crimes for which they were in custody, but it was not really necessary to put them in a custodial setting. As someone who deals with the difficulties that those people face in a custodial setting and when they are released, I wonder what effect it has on their lives in the long term.

People have expressed to me major concerns about the mental health implications of sending people who are vulnerable to mental health problems to prison, and about the huge problem of reintegrating people from vulnerable groups into society. Custody is by no means the best way to treat mental health and drug problems, or to prevent prisoners with such problems from causing further difficulties on release. The report makes it clear that there should be a statutory requirement to provide funding for diversion and criminal justice liaison schemes. I welcome that recommendation wholeheartedly, and it should be adopted by the Government.

As the report notes, offenders and prisoners are significantly more likely to have mental illnesses than the general population. That is well known. It is vital that appropriate treatment is offered, for the good of the prisoner and to reduce the risk of reoffending in those prisoners whose offences are related to their illness. We need to ensure that vulnerable groups get more appropriate sentences, for the good of all. The criminal justice system does not deal well with vulnerable people who are offenders, who make up quite a large percentage of the prison population. Also, young people from care are over-represented in the prison population, as are ethnic minorities. It is important for the Government to get to grips with those things.

The Chairman of the Committee referred to women in custody. I have worked on the issue and am greatly concerned about it. In an intervention, I mentioned a scheme in Cardiff called the Women's Turnaround Project. It works with women offenders and women vulnerable to offending. If we are to reduce the presence of women in prisons and reduce their reoffending, it is important to invest in projects such as that. I am talking about women, but what I am saying applies to other vulnerable groups: we have to put special effort and resources into such things.

The Women's Turnaround Project aims to provide services to women in a safe, non-threatening, town centre environment, so that women can access it easily without being identified. The scheme tries to identify

the needs of the women who use the service, and works with them to find solutions. It is very much about working together and uses a multi-agency approach. We have heard quite a bit about using a joined-up approach. The key to reducing offending and the number of people in prison is agencies working together. As many as 14 different agencies were involved with one young offender that I was involved with. To get those agencies to work together and plan for the future, there must be a proper multi-agency approach. The project also assists with bail, remands and post-release accommodation; a housing project attached to the project provides accommodation to women who are on bail or have been released from custody, to reduce imprisonment and provide accommodation for home detention curfew purposes. The scheme can physically prevent women from going into prison. In the 14 months since it started, the project has had 231 referrals. The current case load is 58 women with whom it actively engages and 41 women in custody with whom it is working to prepare for their release.

The last time that I visited the project was during a visit with the Prison Reform Trust that included a group of women from the Women's Institute. The Prison Reform Trust was trying to show the Women's Institute what prison was like, so they visited Cardiff prison and then went over to the Women's Turnaround Project. I thought that was an excellent idea, because there is a huge lack of public knowledge about what it is like to be inside a prison and the stories behind the people in prison.

We met a young woman involved with the Women's Turnaround Project who had had a lifetime of addiction and offending—a very vulnerable young woman. She said that at her last court appearance she was expecting a life sentence, but the court gave her another chance, and she obtained the support of the Women's Turnaround Project. She said that for the first time in her life, she had somewhere to go. Whenever anything happened or she experienced problems, she had somebody to turn to. Her key worker in the project was there for her at any time. She felt that that had enabled her to turn the corner. She had moved away from addiction and was trying to go to college and make her life meaningful. She was so proud and pleased about that, yet it was achieved through somebody in a court having the good sense to say, "Let's give this woman another chance," and through the support in the community provided by the Women's Turnaround Project. The project is part of the National Offender Management Service, is funded by the Government and will, I hope, receive some of the additional money coming. It was never available until 14 months ago. It is very impressive.

The project has done intensive work on a small sample of the women with whom it works to identify the results and see what effect it is having. Of a sample of 19 women with whom the project had worked, just under half have committed no further offences. Seven have committed further offences, but of a much lesser nature and frequency. The project deals with women who are continual offenders, who are difficult to turn around. Staff involved with the project felt that they could see significant improvements in the women with whom they worked. It is a great success story. Will the Minister tell us how much more of that sort of project we can provide? It makes a significant difference to women's lives and, as I keep repeating, to victims' lives as well. We know that the main thing victims want is for it not to happen to them again. We should offer that sort of encouragement and help to women who have offended, who are often victims themselves: a high number of women who are in prison or have offended are victims of domestic abuse. That is the way that we should go.

I agree with the thrust of the report with regard to female offenders. The current system is based on the fact that 94 per cent. of the prison population are male. That has dictated how we have dealt with female offenders. I think we all recognise that crimes must be punished fairly. Changing how we treat vulnerable groups, particularly women prisoners, is not about making their lives easier or their punishment lighter. Indeed, as the report notes, one third of women given a custodial sentence have no previous convictions, which is double the proportion in men, and women are more likely to receive a short custodial sentence. We have heard quite a bit about short custodial sentences today.

We should be producing a system that helps to rehabilitate women, reduces their chances of reoffending and helps them to recover a mutually beneficial place in society. The Women's Turnaround Project is part of how we achieve that goal. It is also along the lines of what the groundbreaking Corston report recommended, although it is just one part of that. With a greater commitment of resources to community provision and better targeting of resources, a great deal more can be achieved.

3.45 pm

Andrew Stunell (Hazel Grove) (LD): It is a pleasure to serve under you again, Mr. Key. It has been an extremely interesting debate. I am the first non-member of the Select Committee to take part. It has been good to hear the Chairman's report and the contributions of other Members.

It is clear that the report provides a careful analysis with a great deal of background information and relevant evidence. I hope that the Minister, not just in responding today but subsequently, will not simply shuffle together his papers and read out a brief but will take away some of the points that have been made and ensure that the Department responds. Even if he does not feel able to do so out loud, I hope that he will at least ensure that things happen behind the scenes. The Committee has identified some serious and important issues.

The right hon. Member for Cardiff, South and Penarth (Alun Michael) made some relevant points about the sentencing commission and the need for it to have a broad vision rather than being limited to the legal profession and judges, as he diplomatically put it. On his point about victims and witnesses having a simple way of registering their concerns, if not formal complaints, I am sure that I am not the only Member in this room who has been approached by constituents who were completely flummoxed as to what they should do if they had difficulties with the way that their case had been handled. A good deal of parcel-passing goes on. I hope that the right hon. Gentleman's view and the Committee's evidence will be taken seriously into account. He mentioned community punishments and focusing on what works, on which I shall comment in a minute or two.

[Andrew Stunell]

The hon. Member for Southampton, Test (Dr. Whitehead) steered away from making a direct comparison between climate change and crime; I wondered whether he would come to crime hot spots in due course. He clearly set out the paradoxes. Crime is down, the number of convictions is the same and the prison population is rising. When one considers that and the various arguments that might be drawn out of it, it certainly seems that the Justice Committee's analysis deserves to be taken seriously by the Government to see how best to proceed.

The hon. Gentleman asked, "Where is custody plus?" I read the evidence received by the Committee from many professionals in the field who clearly feel that there is a gap. That option, if it were available, would be very helpful in tackling some of the issues that they identified.

The hon. Member for Cardiff, North (Julie Morgan) is probably right: it is hard to see how we can have a national debate when we have national tabloids. However, there might be a way. Perhaps we could work on that. Her compelling account of the Women's Turnaround Project in Cardiff will surely soften the hearts of the Ministry of Justice. The report comments that a strategic approach is not being taken to develop community responses such as that, and that it is more a question of a series of pilot projects. Here we appear to have all the evidence that we need of a highly successful pilot project. I hope that the Minister will give the hon. Lady the assurance that she wanted on that project, as well as giving us more of a strategic picture about how the Government want to take forward the development of community sentences and community support.

My right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith), the Chairman of the Justice Committee, set out the case that the Committee's report should be taken seriously. He emphasised the gap between what the Government's intentions have been in these matters and the outcomes. There is no clear evidence at all of a reduction in reoffending as a result of the sentencing policy. In fact, in relation to short sentences, perhaps the opposite has happened. There are also many problems within the system itself.

The Committee also says that it seems that there have been far too many initiatives that have been put into action without the necessary resources and, in some cases, without the necessary evidence or forethought. I was struck by a quote from the report:

> "Throughout our inquiry we saw that failures in anticipating resource needs and providing appropriate resources for the implementation of policies stood in the way of results."

I hope that the Minister will give us some assurance that that comment will be embedded in the Department's thinking about the way ahead. I know that the Department has been restructured and is no longer the same Department as before, the Home Office. However, I was very struck by the fact that the Home Office managed to produce 13 Bills in one parliamentary Session, one of which was revoking parts of a previous Bill that had never been implemented. Leaving aside the political knockabout, I hope that some of the serious comments made by the members of the judiciary who presented evidence to the Justice Committee on the point of resources will be taken seriously.

I want to focus on a few specific points in the Committee's report, one of which is imprisonment for public protection. That issue provides a master class in muddle. I must say that the Liberal Democrats welcome the Committee's point that IPPs ought to be only a rare exception, but in fact, there are 10,000 IPP prisoners—or at least, that is the figure given in the Committee's 2007 report—and it was predicted that that figure would rise constantly.

The answer that my hon. Friend the Member for Eastleigh (Chris Huhne) received to a parliamentary question recently showed that of those 10,000 prisoners—the figure is possibly 11,000 now—3,900 are in prison although they have gone beyond the end of their tariff. In other words, those prisoners have not been put to the Parole Board for possible release. Perhaps the Minister can help me on this issue, but as far as I can tell that is because they have not been able to complete their required courses in time. Surely that cannot be right. The Justice Committee's report says that the IPP has led to people being kept in jail simply because the programmes they need to complete have not been put in place.

I take a personal interest in this issue because I have two constituents who are in exactly that position. In December, I raised the case of one of them, Mr. W, with the Minister of State, Ministry of Justice, the right hon. Member for Delyn (Mr. Hanson), who is the Minister with responsibility for prisons. At that time, I quoted a figure of 800 people being stuck in that position, because I wrongly thought that that was the right figure. However, we know now that the correct figure is 3,900 prisoners, and two of them are my constituents.

I have been taking up this issue for nearly 18 months now. My constituent, Mr. W, was due to go to the Parole Board in May 2008, but he still has not done the required course. There are all sorts of paradoxes in the system, which are spelled out in the report. Because Mr. W is a law-abiding individual—people may think that he is not, but within the prison environment he has been law-abiding—he is therefore in the lowest-security prison, and therefore in a prison where the courses that he needs to take are never available. Paradoxically, if he gave one of the prison officers a bit of a slapping, he would go to a high-security prison where he could take the course, except that he would not be eligible for it because he had caused trouble in the prison system. It is a total Catch-22.

Following the question that I put in December, I wrote to the Minister with responsibility for prisons. Six weeks later, I am still waiting for a reply. My suggestion in the letter was that those prisoners caught in the trap between the 2003 and 2008 legislation should be brought very quickly indeed within the provisions of the latter, so that they are not put in a worse position than those who come before them or those who come after.

I hope that the Minister can say how many of those 3,900 people who are still in prison beyond their tariff date are there because they cannot access the courses they need to take, and how many are there because they cannot access the Parole Board, even though they have done their courses. The Committee's report makes the point that the Parole Board itself is seriously overstretched as a result of the extra work it has to do. Indeed, I noted that the Committee heard evidence that, for the Parole Board to function in the current environment, it was estimated that it would need an extra 100 judges; that is

an extra 100 judges not for court cases, but for the Parole Board. Perhaps the Minister will comment on that estimate.

Linked to that issue is the fact, which emerged during the Committee's inquiry, that there is a lack of centrally available data about the tariff situation. It seems strange that we know how many people are in prison, but we do not know how long they are in prison for. In a situation where resources are clearly very tightly constrained and stretched in all sorts of directions, the usual way of dealing with it is to reduce the demand. Oddly, however, in the case of prisons and prisoners—it is particularly evident with IPP prisoners—because we are short of resources, there is actually an increase in demand on the Prison Service, with those prisoners being kept in prison and not being able to get out.

The Chairman of the Justice Committee, along with other speakers in this debate, has drawn attention to the Committee's criticism of another aspect of public policy. It is what the hon. Member for Southampton, Test steered away from calling "predict and provide". He said that the policy was worse than "predict and provide", because there was not even a proper prediction to go with the policy.

I understood that the Secretary of State for Justice and Lord Chancellor had acknowledged that building more prisons was not the right answer or the right way to go. However, with the publication of the Carter report and its various deficiencies, the Government appear to have reversed their view on that issue. I hope that the Minister can be a little more positive than the rather bland words that appear in the Government's response to the Committee's report. In fact, they are bland and perhaps rather arrogant words, which just dismiss the Committee's criticism on that matter.

The hon. Member for Cardiff, North spoke eloquently about vulnerable people in prison. In particular, she mentioned the difficulties of those prisoners with mental health problems. The Committee says that nine out of 10 prisoners have a mental health problem and seven out of 10 have two or more mental health problems. The Committee's report certainly backs the Liberal Democrat view, which is the view of many experts, that prison is the wrong place for many people who have a mental illness. The need for extra community resourcing is clearly very strong, particularly in the case of those who are mentally ill.

I have already commented on the hon. Lady's support for the Women's Turnaround Project in Cardiff. We clearly need a joined-up approach for dealing with women prisoners and women offenders throughout the system.

In his presentation of the report, the Chairman of the Committee drew the House's attention to the weakness of short-term custodial sentencing. In this country, we seem to have a see-saw sentencing policy, which means that the Government are caught between a tabloid "hard place" on the one hand and the cold "rock" of reality on the other. Short prison sentences make the situation worse because they do not give time for prisoners to be rehabilitated, but they certainly give them time to learn how to do the crime better next time. Prison, as a crime school, works best for those on short sentences—there is plenty of evidence to support that.

I hope that the Minister will pick up on the broader points that have been made about community sentences. When resources are short and there is a drift towards an increasingly severe sentencing regime, money gets sucked out of community sentencing and into the prison system. That means that schemes such as the hon. Lady's in Cardiff, which costs peanuts in terms of the budgets of the Home Office and the Ministry of Justice, struggle to get funding, or at least to be replicated across the country, because of the money being taken into the prison system.

Will the Minister comment on what the Committee's report says about the hierarchy of responses to convictions, in relation to sentencing, having been inflated in the past few years? There is evidence that people who would previously have been fined are now getting community sentences, whereas those who would have got community sentences are now getting suspended sentences and those who might have got away with a suspended sentence, so to speak, are now going to prison. Is that not one reason why we are in the trouble we are now in? Should there not be a reinvestment at that lower level of community sentences, suspended sentences and the custody plus option that has been mentioned today?

The Government's response to the report is inadequate and complacent in places. Yes, it does accept some of the recommendations, but, equally, it has either bypassed or rejected completely some of the central ones. The Government say that they have a

"considered and sensible sentencing policy which has delivered greater public protection and significant reductions in re-offending."

There has certainly been a reduction in reported crime, but as the hon. Member for Southampton, Test has shown, there has not been a reduction in the number of people who have been convicted of offences. As the Committee's evidence shows, there has not been a significant reduction in reoffending either. That is all there in detail.

Public support for community sentencing—or tabloid support for it, as a proxy—depends strongly on the perception that it is effective and is properly organised and supervised. In that regard, I want to discuss the probation service, which has not been mentioned so far, and which forms part of what the Committee has had to report on. Actually, I apologise to the Chairman of the Committee because I distinctly recall that he did mention it, so I withdraw that remark. The probation service is pivotal to ensuring that community sentencing works effectively, and an increase in resources has to lead to an increase in effectiveness on the ground. I hope that the Minister will respond to what the Chairman has said, and to my comments, and that he will reassure us that any additional funding for the probation service will be targeted at making sure that there is effective management and monitoring of such schemes, and that we will have a well-resourced probation service for the future.

I want to hear from the Government that they are going to take vigorous steps with the backlog of IPP courses—and, incidentally, that I will get an answer to my letter of last December. I should like to hear a more positive acknowledgment of the value of the report than appears in the Government's printed response, which describes its central contention as being "untrue". I should also like to hear a strong commitment to the proper funding of community sentences in future. Finally, I should like there to be a focus on developing a range of sentencing policies that will make a better job of

[Andrew Stunell]

doing what the Government say they want to do, whichis to punish the guilty and deter the tempted, while protecting the innocent and reforming the offender, thereby building a safer society for us all.

4.5 pm

Mr. David Burrowes (Enfield, Southgate) (Con): It is a pleasure to speak in this debate under your chairmanship, Mr. Key. I welcome the contributions of the Justice Committee and its Chairman, the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), to this important issue, which affects us all in Parliament—increasingly so given the number of Bills dealing with effective sentencing that have come before us. It also affects our work in our constituencies, where we might deal with victims. The point has been made today that effective sentencing is also of keen concern to victims as it will, in its drive to prevent reoffending, prevent people from being affected by crime in the future and therefore becoming victims.

The debate is timely, and concerns an issue in which I must declare an interest as a practising criminal solicitor. The right hon. Member for Cardiff, South and Penarth (Alun Michael) said that he is not reassured by the membership of lawyers on the sentencing council. Nevertheless, I hope that he gets some reassurance in this debate, and that my input is helpful, as I have some experience in this matter, not only regarding the issues that we have been discussing, but in terms of Sir Igor Judge's quote about the amount of legislation to be considered. I have certainly had to deal with such legislation as a practitioner.

Alun Michael: I am grateful to the hon. Gentleman for those remarks. For the avoidance of doubt, I should say that some of my best friends are solicitors, and that I have a great deal of respect for the profession. My concern about the sentencing council is that if it is dominated by such people, particularly judges, there is a danger that it will come to the misapprehension that what happens in court is the reality, whereas there is often a need to temper one's knowledge of what happens in court with what happens afterwards. I certainly learned that as a magistrate, when I found that youngsters, despite the absolute clarity with which I delivered a sentence, had not totally understood what it was all about.

Mr. Burrowes: I am grateful for the right hon. Gentleman's intervention, although I am not completely reassured when one uses the "my best friend is" argument, as it is often a cover for criticising that group of people. Nevertheless, I take his point about experience. Despite my experience, I do not seek a monopoly on this issue, and I think that we need to hear from those at the sharp end of sentencing and criminal justice system issues.

As a practitioner, when I am to contribute to debates on this issue, I often cast my mind back to times at youth court—I have often frequented the youth court for Enfield and Haringey—where I have spent a lot of time asking for adjournments when practitioners, learned clerks and magistrates have been flummoxed by which legislation they should deal with when sentencing young offenders. We have sought to straddle legislation going back for decades to try to work out which legislation had been implemented and which affected the relevant individual. It is important that we, and the Public Bill Committee that is considering the Coroners and Justice Bill, reflect on the past, and the Justice Committee's report, as well as looking to the future.

The report is entitled, "Towards Effective Sentencing", but I wonder whether any consideration was given to what we mean by effective sentencing. Certainly, there are important and effective pillars of sentencing—whether they are punishment, reparation, rehabilitation or work—that must figure in custodial or non-custodial sentences. Different people who are affected by the criminal justice system have a different answer to the problem—for example, if we consider what we hear from victims, they would have their own answer to what is effective.

It is important particularly to focus on victims in relation to the criminal justice system, and I am sure that the Committee would wish to do that—perhaps in a separate inquiry. However, I also question whether it would have been appropriate to do so in this inquiry—although it is understandable that that was not the case because there is only so much one can cover. The inquiry sought to traverse a number of fields that, even in the time we have today, we will not be able to cover in sufficient detail.

Nevertheless, the impact on victims is of key concern, and the Government have sought to improve matters surrounding that—whether in terms of victim impact statements, victim advocates, or other proposals that the Committee on the Coroners and Justice Bill is considering, such as having a victims commissioner. All those matters need proper scrutiny. Certainly we, as an Opposition, are concerned that although the Government have talked about victims and rebalancing the system, which sounds good in headlines, the reality for victims going through system is that they often feel let down. Perhaps we can leave that issue until the debate on the Coroners and Justice Bill, when we can raise those matters further.

Sir Alan Beith: I would like to give the hon. Gentleman the reassurance that we did, indeed, see victims' representatives—in fact, we were doing so only yesterday. One of things we found in the evidence we received for the report was that those victims—inevitably it is only a limited number—who were happy to go into restorative justice schemes, which involve victims confronting those who have committed a crime against them, tend to be particularly satisfied with the outcome. I emphasise that although it is only a small proportion of victims who can do that, it shows that it should not always be assumed that victims favour the most retributive form of dealing with an offender.

Mr. Burrowes: I am grateful for that intervention. The whole area of restorative justice has much to commend it, and it is perhaps one area of the justice system that has been the most piloted and reported on in an attempt to find the evidence that would justify it being extended. There has been reference to restorative justice, in past debates and Bill debates tand one concern is that such evaluations often try to find the jewel that we all want to find: what would reduce offending? That is what is often sought in terms of restorative justice, but I go further and think that it must play a key part in dealing with this issue—beyond simply seeing it as a mechanism to

reduce offending. As a principle of restoration and reparation, restorative justice should be properly recognised in the system.

Reference has been made to the issue of reoffending and seeking to reduce it. The statistics make stark reading and impact severely on all our communities. There is an estimate—it has to be an estimate in many ways—of 65 per cent. reconvictions. I make that point because it is only in relation to the reconvictions about which we know that we are able to say that 65 per cent. of adults are reoffending. What is the figure in terms of actual reoffending—in other words, those who do not get to the criminal justice system?

The point has also been made that reoffending sadly increases when the offender is younger—the figure is 75 per cent. of 18-to-21 year olds and is even higher for those under 18. Therefore, the matter is of real concern to us all. Although the right hon. Member for Cardiff, South and Penarth no doubt seeks to take some credit for being an architect of the Youth Justice Board and system, and I welcome the improvements in streamlining the service provided by youth offending teams, there is a concern about the high level of reoffending, particularly in relation to young offenders. More needs to be done to address that.

We all unite in relation to the importance of focusing on driving down reoffending rates; doing so is important and we need to go beyond simply reacting to the high-level prison population and resources. The report makes the point well that that issue seems to dominate the Government's thinking and consideration. Indeed, it is an area on which I want to focus shortly, when we consider how the Government think future sentencing will operate by way of the sentencing council.

As the right hon. Member for Cardiff, South and Penarth said, it is important to look at what works. As the Committee rightly said, the reality is that we do not really know what works because the evidence base is sadly lacking. One could talk to those who are at the sharp-end of the system or ask the youth offending teams, "What really works in terms of the programmes you are doing." However, although there might be very good programmes that anecdotally seem to produce results, there is no clear evaluation to show exactly what works in terms of reducing reoffending. If one goes to the youth court and speaks to magistrates, they might have an idea, but they do not exactly know whether the sentences they impose have the effect that they hope for. Certainly, improving the involvement of such people in the reviews of sentencing and providing more information would help. However, it is important to recognise that there is a lack of real evaluation and evidence out there.

Similarly, if one visits—as I have—secure training centres, secure children's homes and young offender institutes, one can see that there is much good work taking place in various institutions. However, beyond the doors of those places, little is known about what happens to a young offender outside, what the true impact of what has happened inside is and how that has affected life outside in resettlement. Perhaps we can all agree that there is often a lack of resettlement programmes and continuity with what has happened inside.

There are certain answers that we can come up with for what works. If one talks to the Youth Justice Board or to others—as it has, indeed, pointed out to me in a meeting today—housing, family ties and having a job help. Those three factors have a massive impact on someone when they have been released from prison. All too often, there is a lack of not just one, but all three of those factors in relation to helping drive down crime. We need to consider sentencing in relation to not only the process of what happens in court and the sentence that is handed down, but the effect of the sentence and how it is enforced both in custody and in a non-custodial setting. Crucially, we also need to consider what happens in the time after a sentence and ensure that the investment in trying to ensure that the offender does not reoffend is properly made out and given true value by resettlement.

That is why we have produced the document "Prisons with a Purpose"—if you will forgive me, Mr. Key, for advertising it. I have not got a signed copy here, but I certainly recommend that all hon. Members read it. We would say that a key part of providing effective sentencing is to improve accountability, which is so lacking throughout the system. In terms of the adult prison estates, we must ensure that a prison governor, through a prison rehabilitation trust, has that accountability. Indeed, payment by results would ensure that rehabilitation programmes in prison drove down the risks of reoffending, that there was involvement outside on resettlement and that there was housing, a family connection and a job. That would very much help to reduce high reoffending rates.

The hon. Member for Southampton, Test (Dr. Whitehead) focused particularly on the prison population, which is an issue of concern to all. The Government and everyone no doubt want to ensure that we reduce the high prison population. Various explanations for it have been given and, indeed, debated. The hon. Member for Hazel Grove (Andrew Stunell) mentioned the matter in relation to extending climate factors. Indeed, I visited the Youth Justice Board today at the office where it places offenders in various institutes, and it made particular reference to the key impact of climate. Indeed, on Monday, the snow had an effect: not only did it stop many people from going to work and the buses, but it had a distinct impact by preventing criminals from committing crime. They were disinclined to do so in the cold, and custodial pressures were therefore reduced because of the bad weather—although I am not sure how we can respond to that impact in policy terms. People do not know about the factors that reduce crime, because the evidence is not out there, but one factor is climate. I shall not, however, press that point at any policy level.

Beyond climate, there are three factors that we should take seriously. They provide an explanation for the prison population crisis—and it is a crisis. First, there is the rise in serious and violent crime, which inevitably means that judges and magistrates send violent criminals to prison for longer. Reference was made to the imprisonment for public protection sentence and its effect on the prison population. Secondly, and crucially, Government failure has put us in our current position, and that was made clear in the Justice Committee's report. The Government ignored the trend and consequences of their legislation and failed to provide sufficient capacity, which was significant. Thirdly, Government policy has had an impact on implementation. Inappropriate top-down targets and bureaucratic experiments have paralysed the system affecting prison governors, probation officers and the whole mission of end-to-end offender management, because they have

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not allowed the reoffending reduction drive, which we all want, to have its true impact.

We should unite and find the consensus that the Justice Committee hoped for in the optimistic note at the end of its report. We can unite on the issue of reducing the prison population. We have committed ourselves in the long term to do so, but it will happen only by designing community punishments that are successful in reducing reoffending, and in ensuring that the flow of people into the custodial system is reduced and the focus in prisons is on reducing offending once prisoners are released.

The Committee's report is entitled "Towards Effective Sentencing", but the public demand not only effective sentencing but honest sentencing. Sentencing is a real concern and public confidence in it is a real issue. Someone sitting at the back of a court today may feel that sentences being imposed are dishonest, because they do not understand how long a sentence will be served. They hear a sentence of two or three years imposed, and they expect it to be served, but automatic release halfway through a sentence means that the sentence imposed bears little relation to reality.

We say that there must be greater honesty: an honesty that impacts on reoffending reduction and relates to the sentence's conditions. Sentences should state the minimum time that will be served, and the maximum that will be served unless the offender complies with certain conditions. They should be focused on reducing reoffending and on rehabilitation to make them responsible for getting out earlier, rather than it just happening, as it often does now, by the back door—by executive order through early release schemes that ensure sentences bear little relation to those imposed in court.

We have had a useful and wide-ranging debate that has touched on many aspects of the report. The hon. Member for Cardiff, North (Julie Morgan) referred to the issue of vulnerable people in the criminal justice system. Indeed, she was present when we debated women in the criminal justice system and the Government's response to the vulnerabilities of women in prison. The reality, which has been highlighted today and in the report, is that most women receive shorter prison sentences than men, and the issue of the prison custodial estate is brought to the fore when we deal with women, because women on remand consistently represent about 25 per cent. of the total female prison population. The Committee's report also referred to research that highlights the often troubled lives that women prisoners lead prior to incarceration. Before entering prison, almost half of all female prisoners report a measure of drug dependency. Sadly, many women suffer a history of violence and abuse, and they are over-represented in the criminal justice system, as up to 50 per cent. of women in prison report having experienced violence at home, compared with only one quarter of men. Furthermore, one in three women in prison has suffered sexual abuse, compared with just under one in 10 men.

The majority of women in prison are relatively young, because only 16 per cent. are aged 40 years old or more, but, more than 60 per cent. of women in prison are mothers, and 45 per cent. had children living with them at the time of imprisonment. The Prison Reform Trust, which gave evidence to the Committee, estimates that more than 17,000 children are separated from their mothers by imprisonment each year. Home Office research has found that 66 per cent. of female prisoners are mothers, and they are no doubt affected.

We must consider how the Government have followed up Baroness Corston's good report, which we debated some months ago. The Government are particularly weak—not least because the elephant in the room is Lord Carter's titan prison proposal—on Baroness Corston's recommendation whereby she said:

> "The Government should announce within six months a clear strategy to replace existing women's prisons with suitable, geographically dispersed, small, multi-functional custodial centres within 10 years."

There have been many discussions about reviews, but there has been no reassurance that the Government are wholly committed to go down that route. It would have a dramatic effect on the conditions of women's prisons, and we must go beyond the consideration of putting them in different units to the underlying causes—not least drug dependency—that require other settings.

Julie Morgan: The Government have given us their view that such small custodial units are too small, and my emphasis has been on working from the bottom up by trying to secure community resources to stop women going to prison, but does the hon. Gentleman want his party to implement the small units that Baroness Corston recommended?

Mr. Burrowes: I would not want to engage in the detail of the design and diameters of any unit, but we have endorsed the principle of smaller, localised units. Indeed, we did so in our "Prisons With A Purpose" document. There is a price tag attached to that approach, but we must go down that route, see how we can make it practically possible and do more to address the high cost of incarcerating such vulnerable women, and the appalling life consequences for them and their families, because that has a price tag, too. More should be done to ensure that we go down that route.

I commend the Committee on highlighting the failings of the Government's sentencing approach. They include, the plethora of ill-considered and reactive legislation; the failure to plan for the introduction of indeterminate sentences; the inappropriate warehousing of mentally ill prisoners, whom we have not had the opportunity to discuss, but who are a key concern; the lack of judicial and public confidence in community penalties; the massive overcrowding; and the almost 50,000 criminals who are released early. They represent a damning verdict on the Government, particularly in terms of providing sufficient prison capacity—despite numerous warnings that their building programme was inadequate.

The Government have responded to the Committee inadequately in many ways. One area where they perhaps had an excuse not to be particularly comprehensive in their response was the recommendations on longer-term mechanisms to provide structure in sentencing. The Committee referred to that, but the Government said that they were waiting for the report of the Sentencing Commission Working Group, and that it would be part of their response. That was understandable but no longer applies. The Government have received the report and we now see that it has its own form within the Coroners and Justice Bill. I wish to spend the next few

minutes concentrating on that, because while the context of the Committee's deliberations was the Criminal Justice Act 2003 and how it has affected legislation, we should also have a mind to the future, which is where we are now.

It is important that amidst the background of overcrowding and sky-high reoffending rates, the Government have sought to deal with inadequate prison capacity by seeking ways to link the overall sentencing framework to prison capacity, and to devise a formal mechanism for structured sentencing framework by which the Executive could exert managerial control over both sentencing and the judiciary.

So we had Lord Carter's review of prisons in December 2007, which recommended a sentencing commission to replace the Sentencing Guidelines Council. It is important to note that the council had been in existence for only a few short years, and evidence of its success or failure was thin on the ground. Lord Carter nevertheless proceeded to recommend one model in particular, that of a "pioneering" Minnesota-like grid system of sentencing guidelines, which would restrict judges' independence and ability to sentence, as was historically done, on the facts of the case before them, thereby fettering discretion and compelling judges to treat every case the same. With that model—indeed, the model that Lord Carter originally wanted—the Government would have ensured certainty of outcome; theoretically, the managerial approach that Lord Carter seemed to suggest would predict, as in Minnesota, exactly how many prison places would be required for any given period.

The response bordered on the contemptuous. Sir Igor Judge stated:

"The point about the judicial discretion is that a judge is trying to do justice in the individual case and that is what he must be allowed to do. If I may say so, it does not matter what guidance is offered, what framework comes up, if that is interfered with, then we are going down a very strange route."

The Magistrates Association followed that up by stating:

"Sentencing is a discrete art that requires the careful application of judicial discretion and common sense in every case to address the seriousness of the particular offence and the circumstances of the individual offender. Restriction of sentencing discretion would be a retrograde step."

The Justice Secretary pressed on, and we had the working group led by Lord Justice Gage to assess the feasibility of the proposed sentencing commission for England and Wales. The response to Lord Carter's so-called pioneering proposal was aptly summed up by Michael Zander, QC:

"Carter's main idea that a Minnesota-type sentencing grid system should be adopted in to make it possible to fit sentencing to available prison places has been comprehensively rejected. Not one of the bodies or academic experts who responded supported it. In fact, they rubbished it. The idea is dead in the water. That reflects little credit either on Lord Carter or, it has to be said, on his team of civil servants. They got it massively wrong."

We then move on to the Justice Secretary's contention that

"some method must be found of linking resources to the setting of the sentencing framework".

The working group's response was that that would be inappropriate and would involve major changes that would end up

"compromising our overarching commitment to justice."

It added that Carter's proposal to manage the supply of and demand for prison places was

"overly formulaic and mechanistic to the extent that it is inimical to our tradition of judicial discretion."

Despite this opposition and the working group's recommendation that the Government should take an evolutionary approach, rather than set up a new body, the Secretary of State for Justice has gone ahead with the plans for a new sentencing council, under the Coroners and Justice Bill, which will replace the Sentencing Guidelines Council after just a few years of its being in operation. These plans are deeply worrying in respect of justice and proper sentencing, because effective sentencing cannot just be dealt with by way of a managerial approach to ensure that we deal with prison capacity and resources.

I invite the Minister to respond to a number of questions. On the submission that the proposals would severely restrict judicial discretion, the Government are effectively mandating that guidelines must be followed unless it is in the interests of justice not to do so. The proposals on the guidelines will now be so comprehensive and detailed, dealing with every imaginable scenario and level of seriousness, that it will be impossible, in many ways, for a judge or magistrate to justify, in the interests of justice, that he should depart from the guidelines.

Where is the evidence that judges and magistrates are not following sentencing guidelines? We have talked a lot in the Justice Committee about evidence and what works. Where is the evidence base for this significant departure, which many are concerned about? Can the Minister rebut the concern about the reality, which is that the Ministry of Justice does not collect any data on this issue and does not have any real idea how compliant the judiciary is with the guidelines?

The working group, which was charged with the task of trying to come up with a model, must have looked high and low for some data and evidence that could form the basis of its recommendations. However, it found none, so it had to create its own evidence base. Over a month-long survey timed to coincide with the publication of the report it looked at 222 sentences in the Crown court for just four offences and found 71 that were above the guideline ranges for the relevant level of seriousness. Given that hundreds of thousands of sentences are handed down each year, can the Minister properly justify that the Government's effectively stripping away the discretion and independence of our judiciary, based on the so-called evidence of just 71 sentences, is an appropriate course of action? The Government's response, even today, may be that the new council will bring consistency to sentencing, but that is a canard—a lame one. However, Lord Carter based his review not on the existence of geographical sentencing disparity and not on any real evidence, as the Committee Chairman has highlighted, but on the urgent policy needs to manage the prison population. That is not an effective motivation—it is not wholly understandable—on which to seek to formulate a policy on sentencing guidance.

There is already a duty on the Sentencing Guidelines Council to promote consistency in sentencing. A study in 2007 conducted by the Ministry of Justice found that consistency in sentencing had been greatly improved in the past few years. Have there been any further studies suggesting that that is not so? Will the Minister respond to the work of the Judicial Studies Board, which is, through case studies, trying to ensure that there is

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adequate training and education for judges so that consistency is applied? Has that work been rejected as not being worthy of continuing? Why do the Government seem intent on fettering judicial discretion in this way? Are they, as seems to be the case, wholly motivated by an acceptance of a failure to provide adequate capacity in prison accommodation and are they seeking a mechanism by which to manage down the prison population, effectively, by the back door? I pray in aid the argument made by the right hon. Member for Cardiff, South and Penarth, who may wish to make a similar point when this clause is debated by the Bill Committee. The driver of resources in respect of the prison population seems to be to the fore when it comes to the proposal for the sentencing council.

We already have ineffective sentencing in the criminal justice system, because there is much sentencing by the back door. The sentencing working group made the point that, when it comes to early release, that has the potential to bring the criminal justice system into disrepute. In fact, I shall go further and say that it is doing just that. The Government are grasping around in the end times, with their last gasp, trying to find solutions to problems that are, in many ways, of their own making. They want to manage the sentencing, because they have failed to manage the capacity of the prison estate. Without the certainty that the judiciary will follow their prescriptive guidelines to the letter, the Government cannot ensure that this framework will fit the capacity.

As has been said on many occasions, linking the framework to resources is wrong in principle. The sentence should fit the crime, not jail capacity. The Government might respond by saying that individual sentences will not be affected by the availability of prison places, but that is not the charge against them. In fact, the problem is much worse, because every sentence might now be affected by the availability of prison places. If prison populations are under pressure, as indeed they are, the Government might seek to reduce sentencing ranges across the board for a given offence. Will the Minister assure the Chamber that the proposed new sentencing council will never produce a guideline to weaken the sentencing ranges simply to dig the Government out of the hole that they have dug for themselves?

The proposals are particularly worrying given the Justice Secretary's direction to use community sentences instead of short prison sentences. The Justice Committee referred to the inadequacy of short prison sentences. I understand the argument that the rehabilitation possible during a short period is limited and has a limited impact. However, the answer should not be to direct the provision of community sentences rather than the imposition of prison sentences, as the Justice Secretary has pleaded, time and again. Let us leave aside the fact that magistrates can use custodial sentences only as a last resort and that only one in 10 of those coming before magistrates for short sentences are there for the first time—others will have previous convictions and many will have had community sentences imposed that have not been completed or had their desired effect. Will the Minister recognise that prisoners serving short jail sentences make up a small proportion of the total number of prisoners in our jails?

Is the Government's prime desire to reduce the prison population? Directing a community sentence approach could reduce the population by 7,000 and water down 60,000 sentences. Surely, however, the problem of short sentencing should be dealt with by ensuring that community sentences work, are much more robust and have the confidence of the judiciary and the public, rather than by seeking to supplant what magistrates should properly be doing. Taken together, in many ways, the report provides the recipe for the dangerous cocktail that the Government have provided within the criminal justice system. It is dangerous to the future and the past, and is raising many concerns; to the traditions of our criminal justice system; to judicial discretion and independence, which would be severely curtailed; and to victims of crime, who want to see justice done, not avoided because the Government have failed in their duty to build adequate capacity.

I wish to end not on a gloomy note, but on the optimism at the end of the report. Such debates require as much cross-party consensus as possible. It is not good for the debate to be dealt with by way of headlines and the tabloid response. We need to move forward and ensure that opinion moves with us. That could be done through drawing on the Justice Committee's other inquiry on justice reinvestment, which I commend. Communities need greater ownership of the criminal justice system.

In many ways, prison policy is a hidden world; it is hidden away from local communities, which have little involvement in that area. Certainly with regard to youth offending, we need much more consideration of how the local community and the local authority by way of budgets can have greater involvement and a greater incentive to know exactly why people are going into custody and how that can be prevented. In the context of the inquiry and future report on justice reinvestment, there are hopes of a brighter future in which we can unite to ensure that we provide effective sentencing. We await future debates on that.

4.45 pm

The Parliamentary Under-Secretary of State for Justice (Mr. Shahid Malik): It is a pleasure to engage in the debate under your stewardship, Mr. Key; I am grateful for the opportunity to respond to it. Informed debate about sentencing policy is always welcome. I thank the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith)—gorgeous Berwick-upon-Tweed, which is matched in its beauty only by Dewsbury—for the work that he and the Committee that he chairs have done and for the report they have produced. It is a very important contribution to the debate and one that many right hon. and hon. Members highlighted in their speeches.

That said, I do not believe that the critical thrust of the report is quite correct. I do not accept that there have been serious failures in sentencing policy or that there has been under-resourcing of its implementation in the way that was described. The Criminal Justice Act 2003 sets out a clear framework designed to protect the public and to punish and rehabilitate offenders. That is complemented by non-statutory work to improve the quality of non-custodial sentences. We have made available to the courts a comprehensive range of effective sentences, both custodial and community.

The right hon. Gentleman talked about the prison population and the challenges in that respect. I think that we would all concur with what he said. The reality is that we have been attempting to back up the 2003 Act with adequate resources. Since 1997, we have increased prison capacity by more than 23,000 places. As has been stated, we are committed to increasing it to 96,000 places by 2014. Over the same period, the number of probation service staff has increased by more than 7,000, and probation resources have increased by nearly 70 per cent. in real terms. For 2008-09, probation areas received an overall direct increase in their grant of 6.5 per cent., and we have recently provided further investment in intensive alternatives to custody.

The results of that policy and spending commitment are plain. This is the first Government since the war to cut crime and to do so by one third generally. As has been stated, we have reduced household burglary by 50 per cent. and car crime by almost 60 per cent. We have created safer communities through firm punishments that not only deter but reform.

Prison sentences that punish and reform are a vital part of the justice strategy that has contributed to the fall in crime. Lord Carter's report was a key contribution to the debate on the use of custody and we are grateful for his valuable work, although I detect that it is not appreciated by all. Prison is the right place for the most serious, violent and seriously persistent offenders. We will always ensure that there are enough prison places for such offenders.

Alun Michael: I say gently to my hon. Friend that the criticism of the Carter report was not so much that it was not accepted, but that there was a cross-party view that it was a very poor piece of work not based on evidence.

Mr. Malik: I will come to that point later in my speech.

We believe that the approach that I have set out is the right approach and the one that will best protect the public. The courts must be able to punish with imprisonment when the offence is sufficiently serious and when they consider that only imprisonment will suffice—for example, when they need to protect the community from seriously persistent offenders. I welcome the Committee's recognition that, when properly used, public protection sentences can be a necessary, effective and proportionate penal intervention. The first duty of any Government is to keep the public safe. Protecting them from known dangerous offenders, possibly for a very long time, is entirely appropriate, and public protection sentences make a significant contribution to that. I cannot accept the accusation that there was inadequate planning for the introduction of those sentences. The increase in newly convicted public protection prisoners has been broadly in line with the projections and has not yet had a significant impact on prison capacity. Prisoners who have received such sentences would previously have received lengthy, determinate sentences: they are not new prisoners.

Mr. Burrowes: The Minister claims that the legislation has been properly considered. The Prison Reform Trust, which prepared the report "Mitigation: the role of personal factors in sentencing", said that a judge described the Criminal Justice Act 2003 as "law on the hoof". The judge went on to say

"that policy makers have no desire to consult; and even if they did consult, the last people they would speak to would be judges".

Does the Minister know whether the judiciary was properly consulted and considered in relation to the 2003 Act?

Mr. Malik: If right hon. and hon. Members permit, I will deal with all the questions that they are itching to ask as I move on with my speech.

Andrew Stunell: Despite the Minister's encouraging me not to intervene, I thank him very much for giving way. He said that it was all planned and that everything was going fine. In that case, can he comment on why changes were introduced in the Criminal Justice and Immigration Act 2008 to revoke the proposals included in the 2003 Act that caught my constituent, Mr. W?

Mr. Malik: If I am giving the impression that everything is perfect, I have to say that that is clearly not the case. The system has never been perfect. Our job is to examine it, review it and improve it. In that sense, we planned for the general thrust of what was expected. Of course, there are exceptions. Unfortunately, the example that the hon. Gentleman drew our attention to is a case in point. I note that a number of weeks has elapsed and that he has not had a response. I say now that he should expect a response by the end of February. I hope that my officials are listening to that and I am not putting them in too tough a spot, although I am sure that I am not.

We have recognised that the shortness of the tariff given to many prisoners has caused serious problems for a prison system that, in many instances, has not been able to prepare prisoners for parole in time for their parole hearing. Of course it is unsatisfactory if prisoners are not assessed for release in good time. We responded to that challenge by introducing, in January 2008, a new streamlined process for assessing and managing public protection prisoners. Resources have been directed towards early assessment and prioritisation of places on offending behaviour programmes. In addition, funding of £3 million was made available in 2007-08 specifically for the management of indeterminate-sentence prisoners. A further £3 million has been allocated for this financial year.

We have also responded to increased pressures on the Parole Board, to which many right hon. and hon. Members referred. The Parole Board's budget has increased by 50 per cent. over the past five years. Steps have been taken to recruit more judicial members, and various measures to reduce the board's work load on things that are not key to its role of dealing with dangerous offenders, such as the introduction of fixed-term recall, will provide relief in respect of the overall volume of cases.

In addition, to address capacity issues, Her Majesty's Courts Service has made more judicial time available from September 2008 to March 2009. Modelling work is being undertaken to identify and agree the necessary judicial time for future years. To prevent similar problems in future, we have made changes to the design of the public protection sentence through the 2008 Act. The changes will minimise the number of such

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sentences with very short tariffs and give wide discretion to courts, the better to target the sentences on the most dangerous offenders. We believe that that refocusing will make public protection sentences still more effective. We will continue to monitor the number of the sentences, and we welcome the Committee's intention to keep a close eye on the impact of those important changes.

Sir Alan Beith: I just want to give the Minister some friendly advice. Having said that things worked out according to plan, he then said that they did not work out according to plan, so the Government are responding by doing various things to make the IPP sentence more useful and deliverable. It would be helpful to his future career if, when things go wrong, he casts aside the phrases that civil servants give him so that he can explain that everything was intentional, and actually say, "It went wrong and we're doing something about it."

Mr. Malik: I am grateful for any advice I can get, especially from experienced right hon. Gentlemen. I thought that I had made the general point that there is no such thing as a perfect system. The Government believe that we were broadly on cue. There were some tweaks, and there will be more. That kind of process has been with us since the beginning of Parliament.

The right hon. Member for Berwick-upon-Tweed talked about the pace and volume of legislation and the fact that those change constantly. We recognise that practitioners need less frequent changes in the law. However, we need to balance the requirement for stability with ensuring that the law is responsive to fast-moving developments in a dynamic society, and to changing demands from the public and practitioners.

On youth offending, the right hon. Gentleman talked about the international dimension, focusing on Finland. Custody must always remain an option for serious violent young offenders and persistent young offenders, but we are committed to reducing the use of custody for youth offenders generally. The introduction of the youth conditional caution and wider use of referral orders will extend out-of-court disposals for young offenders and build on the success of the referral order. The new youth rehabilitation order will be implemented at the end of November when guidelines on its use from the Sentencing Guidelines Council are available. Courts will be required, before reaching a decision on custody, to have considered the alternative of a youth rehabilitation order with intensive supervision and surveillance or intensive fostering.

On reoffending, in the six years to 2006, there has been a 23 per cent. reduction in the number of offences committed by offenders within one year of discharge from prison or commencement of a court order under probation supervision. In 2006, the number of offences committed by people in the year after discharge from prison was 2.1 each, and 1.2 each for those sentenced to court orders. However, the sentence is based on the type of offence committed, the criminal history of the offender, and their needs. In general, offenders who receive a prison sentence are more likely to have committed many previous offences and have needs linked to a greater likelihood of reoffending.

There has been much discussion of community sentencing. In general, we share the Committee's view that short prison sentences are not always the most satisfactory approach for certain offenders. The most effective way of turning some away from crime is a tough community sentence in which they may pay back their debt to society as a punishment and have the opportunity to redress their offending behaviour. We have therefore created more flexible sentencing options for courts, including, for less serious offences, the generic community order, which enables the court to tailor sentences to the offence and the offender.

It is absolutely correct that we believe that victims and witnesses ought to be at the centre of any criminal justice system. That is why we have increased investment threefold since 1999 in that area of work. The right hon. Gentleman also discussed the issue of women and vulnerable groups in our prisons. We have heard from one of the projects, the women's turnaround project, which has a wonderful advocate my hon. Friend the Member for Cardiff, North (Julie Morgan), who would advocate it only if she truly believed that the initiative was making a big difference to the lives of women in her constituency.

We are committed to doing much more work—we talked about the initial £15.6 million over two years—to consider how we work with women to find alternatives to custody. It is absolutely the case that where necessary, custody will be used, but we are clear that on many occasions it ought not to be used. We must find the support framework to allow it not to be used. I am interested in the Women's Turnaround Project. I have not been to Cardiff to visit it, but I have heard quite a bit about it, and we have provided good direct funding to it.

With respect to the speculative hint about future funding, I am told that the £15.6 million will be subject to a grants process. We cannot say at this stage which areas will be awarded funding, as that will be decided case by case according to the specification outline. People should rest assured that we want to invest in areas that are successful as well as in innovations that might act as pilots and be successful. Coming from a grants background, I am a great believer in putting money at risk for new ideas and new pilots. Quite often, great successes result.

We are engaging in work to determine the costs of all community sentences. Everything will have a cost attached to it within the next few years, and probation areas have a work load management tool now. Unit costs are being calculated, probably as we speak, which will prove useful.

On short custodial sentences, community sentences are a core part of the criminal justice system. As a proportion of all sentences passed, community sentences have increased from one in 10 in 1997 to one in seven in 2007. More than 6 million hours of community payback are completed every year. Since 1997, the probation service has increased in size, as I said, by some 7,000 staff and has had a 70 per cent. increase in funding in real terms. We are also allocating some £40 million to the probation service in 2008 and 2009 so that sentencers can be more confident that resources are in place to deliver effective community punishments. In addition,

we are developing several intensive "alternative to custody" demonstrator projects, which will receive almost £14 million over three years.

Several international comparisons on prison numbers have already taken place, and it is true that England and Wales is relatively high on the list: at the end of 2007 in England and Wales there were 149 prisoners for every 100,000 of the overall population—the second highest proportion in western Europe. The highest was Luxembourg, with 155. Spain had 148 and Scotland had 142. It is also true that in 2004 England and Wales had the lowest proportion of untried prisoners in Europe, which we perhaps do not speak about that often.

My right hon. Friend the Member for Cardiff, South and Penarth (Alun Michael) brings significant experience to the debate, as someone who has worked in the community as both a Minister and a magistrate. I noted his comments very carefully indeed, not least because I know that he would bend my ear if I did otherwise.

One of the statutory purposes of sentencing set out in the Criminal Justice Act 2003 was to reduce reoffending, and that is absolutely clear. The Sentencing Guidelines Council has a remit to consider the effectiveness of sentences, and the proposed new sentencing council will have a similar remit. My right hon. Friend was absolutely right when he talked about the need for robust community orders that will have a positive impact on reoffending, and we know that they do.

My right hon. Friend was correct when he said that the public lacked confidence in community sentences, which is a big challenge for us. I know that the high-visibility orange vests have been slightly controversial in some quarters. I have recently visited several schemes, and one individual in a scheme in Kent did not want to wear the vest because he worked for an organisation there and was known in the area. It certainly would act as a deterrent for him. Some people say that it is humiliating, but the object is not to humiliate people, but to ensure that the community and the public can see that justice is being done, that a community sentence and payback are not a soft option, that it does not just disappear and that it actually happens. It is not there to humiliate people, but it is not a bad thing if it acts as a deterrent. The idea is to ensure that the community and the public can see that justice is being done—quite literally in this case.

My right hon. Friend also argued that judges and magistrates could gain a better knowledge of sentencing by visiting community payback schemes, and that that would enable them to consider the schemes in a more appropriate manner on occasions. The Bradley review and the Corston review looked at vulnerable groups in society, and as has been mentioned, the Bradley review is more or less with us, if indeed it is not already there. We hope that some of that work will have a major impact on cutting offending and reoffending.

To remove any possible confusion, I will say that, with regard to the sentencing council, there will be no American-style grid. There will be no connection between individual sentencing decisions and correctional resources, or between the framing of guidelines and correctional resources, which is an important point to make. I hope that those who suggested that that might be the case will not repeat what has now been corrected. If someone repeats something that is incorrect, even though it has been corrected, they obviously have less interest in the truth than in securing political points, but I am sure that that is not the case for anybody who is here in Westminster Hall now.

Mr. Burrowes: I was almost tempted to intervene on that point, because I raised the issue about the potential within the proposals for the sentencing council to fetter judicial discretion. However, I want to put aside any political points and deal with the issues raised by the Justice Committee about evidence, which should form the basis of the proposals. Where is the evidence—there did not seem to be any in the working group's recommendations—for the Government to pursue the model that they are pursuing?

Mr. Malik: Evidence is an issue that I will come to very shortly. It is not an issue that is being ducked in any shape or form. I will also link my comments on evidence to the remarks that were made earlier about the Carter review.

A point was made about probation efficiency savings. It is expected that areas will meet the efficiency targets by adopting best practice and changing ways of working, supported by the specifications benchmarking costing programme, which aims to identify service specifications and their costs. The programme will provide options for the National Offender Management Service board and Ministers, by illustrating the optimum processes within budget allocations.

There has rightly been a big focus on what works. There is considerable evidence that general offending behaviour programmes work. We have increased the number of people taking those programmes each year to about 20,000. There is also evidence that other forms of intervention, such as drug treatment, affect reoffending and that basic skills help offenders to find employment. As a Government, we have a very proud track record of increasing thirteenfold the investment in drug programmes in our prisons, which is absolutely unprecedented. Of course, there is also a determined focus on basic skills, because we know that the majority of prisoners have literacy skills that are no better than those of an 11-year-old child. There are some big challenges in that respect.

My hon. Friend the Member for Southampton, Test (Dr. Whitehead) talked about changes in sentencing policy and practice. He mentioned the "Story of the Prison Population 1995-2007"; I think that he called it an obscure publication. However, I am sure that, having read it, he will agree that it is also very informative.

I know that my hon. Friend was also interested in what I suppose are back-door sentencing issues. I must say that a rigorous approach to breaches is essential, both to promote compliance on the part of the offender and to ensure public confidence in the criminal justice system. In the case of breaches of licence, recall to prison is an effective tool in preventing any relapse by prisoners.

Regarding relapse management, we do not agree that offenders are routinely recalled for minor infringements; that is a bit of mythology. In 2007, there was an examination of the reasons for recall. It was found that about 25 per cent. of those who had been recalled were recalled because they had committed new offences. It was also found that almost all the remaining 75 per cent. of people who had been recalled were recalled not simply for failing to keep in touch with the authorities, but for

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various reasons that indicated a rising concern about an escalating risk of reoffending and of causing serious public harm.

We wholly support an approach to the enforcement of community orders that concentrates on compliance with the sentence of the court. In July 2008, Her Majesty's Courts Service launched "Criminal Compliance and Enforcement Services," a blueprint for the period from 2008 to 2012. In the same month, the revised best practice guide on compliance was issued to probation areas. That has since been complemented by detailed case studies.

Custody plus was mentioned many times. We regret that it has not so far been possible to implement it and we have to be honest and say—perhaps I am learning—that that is regrettable. We are glad that the Committee recognises that to implement it without the required resources would be counter-productive.

There is some provision for resettlement for offenders released after short custodial sentences, notably through the Home Office's drug intervention programmes with prison teams and other locally supported schemes. The National Offender Management Service is also developing a project called layered offender management—I know that does not roll off the tongue as well as might be hoped—which aims to ensure that all prisoners, however short their sentence, have a consistent assessment of their risks and a plan to address those risks, particularly focusing on resettlement into the community. None the less, we are keen to explore other options to support offenders released from short custody. One such initiative is the Home Office and Ministry of Justice sponsored integrated offender management programme, which is testing new approaches to providing supervision and rehabilitation services to offenders via police-probation-prison partnerships. Integrated offender management emphasises access to services to help the offender to reintegrate into their community, while holding them responsible for their actions. We will, of course, evaluate that programme to examine the advantages and costs of such an approach.

My hon. Friend the Member for Southampton, Test mentioned better guidelines. We will replace the Sentencing Guidelines Council and the Sentencing Advisory Panel with a new sentencing council and significantly enhance its role in collecting data and monitoring the guidelines. Although there will be a stronger obligation on sentencers to follow the guidelines, they will remain free to depart from them in the interests of justice. Those guidelines will also help to build public trust in sentencing, which is crucial.

My right hon. Friend the Member for Cardiff, South and Penarth talked about the victims commissioner. It is not currently intended that the victims commissioner will take complaints directly. There is currently a route for victims to take complaints against failures outlined in the victims code of practice to the parliamentary ombudsman. However, we accept that the route for complaints may be complicated and we are looking at how this system operates. The victims commissioner may see value in investigating how the process could be improved.

Alun Michael: I should like to make it clear that I suggested that the victims and witnesses commissioner should ensure that the different bits of this complex system undertake the investigations, not that he or she should undertake them. However, having one place to go and having a friend on their side, as it were, would help to simplify the system for victims and witnesses without having to restructure the whole system in respect of dealing with complaints. I hope that I succeed in tabling an amendment, as the Bill goes through Parliament, to assist the Minister in considering that option.

Mr. Malik: That is a helpful clarification and suggestion on how we might move forward. As ever, I thank my right hon. Friend for his support in the interests of justice.

My hon. Friend the Member for Cardiff, North focused on young people and on the issue of women, which I shall come on to in a moment. In the youth action plan, we set out our view that custody is for serious, violent and persistent offenders and will be used when other interventions would not adequately protect the public from harm or where they have not worked. The threshold for custody for under-18s is already significantly higher than for adults and for the younger age groups it is higher still. Our aim is to drive down offending by juveniles and young people. The level of custody for those groups will be a consequence of that aim.

Obviously, my hon. Friend was right when she spoke about the tabloid press. The situation is incredibly difficult. On occasion, some elements of the media, or perhaps all the media—let us be fair, it is not always all the media—have been guilty of taking the exception and presenting it as the rule. Opposition Members have been equally guilty of that on occasion. However, that damages public confidence in the criminal justice system and often causes unnecessary anxiety and fear.

My hon. Friend was right to talk about women and young people. I am pleased that we have accepted 40 of the 43 recommendations in the Corston review. Young people have been mentioned. We have criminal justice boards and the Bradley review on mental health services, which has more or less reported. She was right to highlight the challenge of young people in care and the need for joined-upness, which Governments have battled with for many decades. A multi-agency approach at the local level is crucial.

My hon. Friend was right when she said that it is important to sustain initiatives such as the Women's Turnaround Project, which is clearly working and making a difference. After all, in a world of finite resources, our job is to target resources where we get the most impact for our investment. I was impressed by the passionate way in which she spoke about that initiative in her constituency, and I will be pleased at some point in the near future to visit Cardiff and the project. I am pleased that in 2009 we will provide a further £200,000 for that initiative.

I have already talked about the massive, unprecedented increase in the drugs programmes in prisons. I do not think that I have to labour the point—thirteen-fold says it all. I also spoke about the basic skills challenge and the need to continue to invest in basic skills, so that people who leave prison are given the best possible opportunity to avoid ending up back in the very place that they have left.

There is so much more that I want to say. I apologise in advance if I am unable to address questions and points—it is only because of a shortage of time.

The hon. Member for Hazel Grove (Andrew Stunell) spoke about my shuffling papers. Indeed, I have been shuffling a lot of papers this afternoon, as hon. Members have seen, but I promise that I will not just shuffle papers. I hope that we can make some tangible differences as we work together. In many ways, I see this as a partnership between the Government and the Select Committee. Although some of the things that are said on occasion may be perceived as criticism, they are actually useful and welcome, and long may that be the case.

The hon. Gentleman spoke about imprisonment beyond the tariff period and some of the difficulties with that. I have already touched on the issue and shall say more shortly. On community orders, the important thing is that they have been more robustly enforced since 1997. At that time, only some 40 per cent. were enforced, according to standards. Now the rate is consistently above target at more than 90 per cent., which helps to convince sentencers that those options are not soft but tough, because they are enforced.

I confess that I used to reside in the constituency of the hon. Member for Enfield, Southgate (Mr. Burrowes), but at a time when people there were more particular about which political party they supported at general elections. Those were great days; c'est la vie. He adds something by virtue of the experience that he brings to the issues. I will try to address some of his concerns, although I will not be able to address them all.

On restorative justice, the witness and victim experience survey shows that only 7 per cent. of victims were offered the opportunity to participate in a restorative justice scheme. More needs to be done to raise awareness of the benefits to victims and to encourage the criminal justice system to provide restorative justice and victims to take part in it. The National Criminal Justice Board has therefore encouraged local criminal justice boards to consider how restorative justice approaches for adult offenders could contribute to their delivering on their priorities, particularly their priorities on victim and public confidence, and be included in their delivery plans.

We are working with stakeholders, including the Restorative Justice Consortium, to develop a victim-focused adult restorative justice strategy that will build on learning from pilots. There is probably a lot to be said on what works. Research evaluation supports a positive assessment of programmes for prolific and other priority offenders. Although no firm conclusions can be drawn at this stage on the specific impact of PPO schemes on offending levels, the results are none the less encouraging, particularly given the fact that different elements of the evaluation all suggest movement in the same direction. A comparison of total convictions in the 17 months before and after the programme showed at 43 per cent. reduction in PPO offending. A comparison between the start of the scheme and 17 months later showed a 62 per cent. reduction in convictions and a sharp reduction in PPO offending after entry into the scheme.

I shall touch on capacity and early releases, which is where things get a bit party political. Perhaps I should not waste the two minutes or so left on party politics, but there are dozens of examples of previous Administrations releasing thousands, if not tens of thousands, of prisoners overnight for various reasons, saying that it was short-term, although it quickly became much more than short-term. He who is without sin should cast the first stone.

It is interesting how global warming has appeared in this debate—the hon. Member for Hazel Grove talked about hot spots, and we heard about the snows of Southgate—but I am pleased that it did not prevent anybody from coming here to engage in this important debate. In conclusion, there are some fundamental issues that I wanted to discuss but have not had the time to. I apologise; I will try to answer in writing any questions that I feel are fundamental that I could not cover during this debate.

I thank hon. Members, particularly the right hon. Member for Berwick-upon-Tweed, whose Committee report has been the catalyst for a rich discussion of some important issues. Inevitably, what I have been able to say in this relatively short time—it was admittedly longer than I thought—has not dealt with all the points made. It is a testament to the richness of this debate that when we came in, we thought that it might not go on until 5.30; I think that it could go until 5.30 tomorrow. We will continue to listen to the arguments and consider the evidence so that sentencers can be shown that they have the powers and resources to deal firmly and effectively with criminals and so that the public can be confident that we will continue to cut crime.

Question put and agreed to.

5.30 pm

Sitting adjourned.

Westminster Hall

Tuesday 10 February 2009

[MR. BILL OLNER *in the Chair*]

Rose Report

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mark Tami.)*

9.30 am

Dr. Ian Gibson (Norwich, North) (Lab): It is nice to serve under your tutelage once more, Mr. Olner.

Many people will not know what the Rose report is, but I think that it will have much further reaching effects than the hot air and froth being engendered in the Thatcher Room at the moment concerning bankers and so on. When the report comes to fruition in March, April or some time later this year, it will affect education not only in primary schools but right across the board. It will instruct and help teachers and help young people develop skills and will establish a lasting effect on education in this country.

This is a serious debate, and I am pleased to see that some MPs take it seriously and are in the Chamber. We should continue to remind our colleagues how important education is and how it fashions all of us. Many young people will benefit from the report. I am encouraged by Sir Jim Rose's report and by my visits to schools in my constituency and my talks with head teachers, who welcome the report. They are looking forward to some things in the report that I will discuss in a minute or two. Support staff and teachers also welcome the initiative.

There is, of course, some opposition, whipped up by a few subject teaching associations and some newspapers. They say that the proposed new curriculum is the end of subject teaching—history, geography, maths and so on—and therefore the end of proper teaching. It is complete nonsense to accuse Jim Rose of that particular sin. He is way beyond that. The report is logical. It builds and develops on the themes forming the early years foundation stage. It recognises that there is teaching before the initial teaching alphabet takes over, and that changes and developments have taken place in primary phases during the past few years.

The report encourages cross-curricular links between subjects. I went to the George White junior school in Norwich and found that there are improved attitudes, greater enthusiasm and motivation and consequent improvements in attainment when children are taught in a cross-curricular way. We do not learn in subject boxes; learning is, or should be, an inspiring but sometimes slightly messy and confusing business. It makes more sense to acquire and apply knowledge and skills across the curriculum through themes and topics.

That does not mean, however, that basic literacy and numeracy skills will not be taught. On the contrary, they will be taught separately, as the report recommends, and then applied across the curriculum, where they will make sense and have a purpose. Sir Jim's proposals outline an exciting, flexible, creative primary curriculum that puts the child at the centre, producing practical, thoughtful "ideas people" rather than forcing children into narrow cul-de-sacs of knowledge with an inability to think laterally, creatively and imaginatively or to apply their knowledge and understanding effectively.

The report was called for by the Secretary of State for Children, Schools and Families. Its aim was to consider the feasibility of reducing the number of subjects in primary education and of introducing foreign languages into the curriculum at that early stage, particularly at key stage 2. The Minister and I will fall out savagely in a few minutes about some of the things that I shall say about key stage 2, because I think that there will be serious consequences if and when the Rose report is implemented. The curriculum should enable schools to provide more personalised teaching, especially for children with special educational needs, about which I shall say more in a minute. Reading, writing and numeracy should be strengthened.

I have identified the following as key points in the review: the aim of instilling a love of learning; changes to the curriculum involving a move away from subject-based education; complementing the use of play in teaching; interaction and general interrelationships between all stages of all education; and allowing teacher innovation within the education sector.

We have read the headlines about the changes from subject teaching to a more thematic approach. People have missed the point if that is what they believe. The quote that has stuck with me—we all had primary education and remember the good bits and bad bits—is "to instil a love of learning for its own sake". That is something a person carries with them through life: the ability to question because of encouragement to ask questions, without the belief that one can ever stop learning, whether at age 16, 18, 23 or whenever. In a good primary school curriculum, learning is continuously built into children, and it extends throughout the rest of their lives. Sir Jim has sent a powerful message by saying that, and we should welcome it.

We neglect a prime part of the education process in talking so much about increased testing. We miss out on making people enjoy learning—there is nothing to say that it cannot be enjoyed. I welcome the fact that many young people skip and run to get to school because they so enjoy the teaching that they receive and are inspired by it. Others, of course, do not do so, but Rose's scheme recognises that and allows for their abilities to be fed into a new programme. Those who do well at learning and enjoy it do better in exams.

The report is entitled "The independent review of the primary curriculum", and we can still feed into it with ideas. Many groups by which I have been invaded—I will mention one or two of them—are still taking part in that process.

"A love of learning" is the phrase that we must push, but many opportunities offered under the new curriculum will be compromised and undermined by the continuing presence of what Sir Jim Rose calls "the elephant in the room"—this is the point where the Minister and I savage each other delightfully—meaning key stage 2 standard assessment tests. Key stage 2 SATs are abhorred out there in the community, and it has been recognised that key stage 3 SATs are not as essential as was once argued.

David Taylor (North-West Leicestershire) (Lab/Co-op): All MPs visit schools. I visited one last Friday and spoke to the head, deputy head and chair of governors

[David Taylor]

about the curriculum issues to which my hon. Friend refers. I congratulate him on securing this debate. Is it not taking Basil Fawlty's "Don't talk about the war" approach to education to instruct Sir Jim Rose not to discuss in any detail comments about assessment and testing? They have a central and sometimes malign impact on curriculum development in terms of teaching to the test, narrowing the curriculum and so on. Does my hon. Friend hope, as I do, that Sir Jim Rose will set aside that requirement and discuss the future of key stage 2, which should follow key stages 1 and 3?

Dr. Gibson: I agree absolutely. There must be a serious challenge to SATs 2 and their effect on the morale of teachers, young people and parents. We must ask what we should substitute for them. None of us would stand up and say that young people should not be tested by some kind of system, but it should not be a SATs 2. There are other ways to do it, and I will mention some of them. We must trust teachers. They want to inspire their pupils and see that they are being inspired. They are quite prepared to carry out tests, and do so, in their own time and on a more individual basis. Because they know the strengths and weaknesses of the young people they teach, they are able to help them progress.

Bob Spink (Castle Point) (Ind): Does the hon. Gentleman accept that it is the quality of teachers, their enthusiasm and their inspirational ability that make the difference in schools? A good set of well-motivated teachers under a decent head makes for a good school. Does he think that Sir Jim put enough emphasis in his report on the ability for teachers to be flexible and use their skills to inspire children?

Dr. Gibson: I thank the hon. Gentleman for attending the debate. Certainly, Sir Jim Rose has mentioned that issue, and much more credit could be given to teachers in terms of their contribution to the whole education process. The teaching unions, for example, will be pre-eminent in helping to establish the essential part that teachers play in the whole education process.

Teachers' assessments and judgments are often sidelined in favour of the crude measurements adopted by Ofsted and the Government, which then appear in league tables. I despise league tables—although not football league tables particularly. I despise league tables for schools for being as pre-eminent as they are, because they bias the whole system and miss lots of tricks about the skills and abilities that young people are developing. I do not want to go on about the kind of tests that exist. All I know is that teachers across the country are not impressed by league tables and the information that they provide.

Of course, we need national standards, and testing must exist to track the progress of pupils, but anyone with any experience, expertise or even common sense recognises that the current regime has resulted in a narrowing of the curriculum and that it has had a detrimental effect on the education of our young people. I defy any MP to stand up and say that when they go into a school they do not hear that comment time and again from teachers who are absolutely committed to their young people and to their profession.

Let us look at the changes in the curriculum that Sir Jim Rose has suggested. He wants students to have the following abilities: understanding of English, communication and languages; a mathematical understanding; scientific and technological understanding; human, social and environmental understanding; understanding of physical health and well-being; and understanding of the arts and design. Those are the issues that he has identified as themes; they are the areas where we should be discussing how we inculcate understanding, learning, a love of learning and a questioning attitude.

Understanding English, communication and languages is fairly obvious. We need literacy, of course. Often, however, we miss the importance of communication. Communication is vital. A current instance is the baby P case; it is interesting that at the moment I receive more literature about that case than I do about the Gaza strip. One of the things mentioned over the sacking of the director of children's services in that case was that communication was very poor.

Communication is a skill and an art. Being able to talk to people, and being confident in doing so, in order to transmit ideas is very important. As an ex-teacher in higher education, I have to say that American students over-communicated. Whenever I held seminars, I could not shut them up. I think that it was part and parcel of their training; they had lots to say, lots to question, and so on. By contrast, generally the English student or the Scottish student—sometimes we get them in England too—used to listen, take notes and then run off to the library to nick the relevant journal before anybody else could. That was their way of becoming involved in a seminar. We should encourage people to talk much more, to argue and not to be afraid of being stupid now and again—they may say something that sounds stupid but might just be on the button in a particular conversation.

As I said, communication is very important. Various groups have written to me on the subject, such as the I CAN charity, which is very active in helping children to communicate; it is specifically a communication charity. It is doing lots of work in that area and I am sure that its work will feed into the Rose report in the next few months.

Mr. David Laws (Yeovil) (LD): If the recommendations of the Rose report are accepted, does the hon. Gentleman expect that there will be more teaching of English, including communication skills, and maths, or does he expect that type of teaching to contract to give more time to other aspects of the curriculum?

Dr. Gibson: Yes, I think there will be a slight contraction of that type of teaching. There is an argument that people can be over-teached, and I think that Sir Jim Rose is asking whether over-teaching happens. What are the essential things that a young person needs in today's world? There will be some people who say that they should be taught financial ability. We will certainly not get bankers to come and tell us anything about financial ability, but handling finances is very important and it is a skill that must be fed into the curriculum. Whether that is done through mathematics, literacy or whatever, young people must be able to handle finances; they must be able to talk about the issues and argue them out.

I think that some of the classic rote stuff that we teach will disappear and I do not think that we will miss it very much. There has been an acceptance in the past that some things are essential and the Rose report has started to ask, "What is really essential?" I am not sure that our answers will ever be 100 per cent. correct, but we will get close to that mark—in the 90s, anyway. That process should be encouraged, so that we really look for what is essential.

My experience is that no one ever wants to take anything out of the curriculum, whether in higher education or junior schools. Every teacher wants their subject to be in the curriculum. Sir Jim Rose is trying to establish a different kind of thinking about how we include subjects in the curriculum.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): If the hon. Gentleman thinks that there will be a contraction in the amount of time spent on teaching literacy and communication as a consequence of the report, how does he think that we will tackle the problem that one in five 11-year-olds are still struggling to read when they leave primary school?

Dr. Gibson: I am not trying to say that there will be an absolute doing away with numeracy and literacy. I made the point that there will be some teaching of those subjects. It is just a question of what kind of numeracy and literacy children actually need. If teaching is geared to examinations and league tables, it gives a very different perspective on the curriculum and what is taught than if children are taught what is essential to be a citizen of the United Kingdom and indeed a citizen of the world. There is a bigger debate, which Sir Jim Rose is trying to provoke. Whether or not this country is up to having that debate and whether or not the teaching professionals are big enough to engage in it are questions that will be answered in the next few months.

Bob Spink: The hon. Gentleman is being most generous in giving way. Does he agree that many of the one in five 11-year-olds who have just been referred to could read if they decided that they wanted to learn and applied themselves to learning? They just need the inspiration and motivation to do it. Perhaps a more flexible curriculum that gave teachers more opportunity to inspire students and to do their own thing, rather than simply following a set curriculum, would help children to want to learn to read, which would reduce the illiteracy rate at 11.

Will the hon. Gentleman allow me to make a small point on my little hobby horse—special educational needs?

Dr. Gibson: Fine. I will.

Bob Spink: The hon. Gentleman talked about the skill of communication. We need more speech therapists and we need them now, not in four years' time. Will he make that point to the Minister please?

Dr. Gibson: I thank the hon. Gentleman for making that intervention and I absolutely concur with it.

There are charities and volunteer groups that do a lot of work in the field. Volunteer Reading Help is a national charity with a network of about 1,500 volunteers who have helped more than 4,000 children of primary age. A huge number of people are prepared to work and confer with the professional teacher about how to help children. There is great recognition of the need not only to read but to be able to write, spell and so on.

Goodness gracious, I spent from the age of six to the age of 11 learning times tables. I am an absolute expert on nine times seven, although I notice that some Ministers get that question wrong sometimes. We had tables hammered into us and brilliance was demonstrated by a student's ability to do those tests, and by the ability to spell. I think that I am quite a good speller—but gosh, the hours and hours we spent going through spelling books was a waste of time. We should have done something completely different. Politics would have been a good thing to study at a very early age, and I would not have joined the Conservative party either.

Mr. Gibb: Is the hon. Gentleman saying that learning multiplication tables by rote is a waste of time in primary schools?

Dr. Gibson: No, I do not think that it is a waste of time; I was trying to say that we over-elaborate it—trying to get as many youngsters in a class of nine and 10-year-olds to learn what nine times seven is. Okay?

Mr. Gibb: It is very important.

Dr. Gibson: It is important, but overdoing it can put a lot of people off. Perhaps individual help and support provided by volunteers would assist those children who find it difficult to do mathematical things.

David Taylor: In relation to my hon. Friend's last but one reply to the Opposition spokesman—the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb)—I encourage him not to be too apologetic about tackling the obesity of the core curriculum, which has pushed too many other subjects to the margins. Those subjects certainly include the visual and performing arts, which have a part to play in improving communication skills, the importance of which he was talking about earlier. A slimming of certain over-mighty core subjects would not go amiss, as the objectives would be delivered in other ways.

Dr. Gibson: Again, I agree with my hon. Friend. We all agree that it is essential to have mathematics of some kind. As some people will know, I am running a mathematical day for MPs here in a few weeks' time. MPs are very good at quoting figures, but they do not know how people reach those figures, or what the equations are. The aim is not to make MPs into mathematicians, but to make them sceptical about how figures and statistics are collated, and to make them ask what it really means to say that someone has a 5 per cent. better chance than someone else of not getting cancer. I do not know what that means in concrete terms; if anyone does, will they please tell me?

Mathematics is important for young people, and financial understanding can be part of that. It is a huge problem in schools that many young people do not gain an understanding of how to handle finances. That has led to citizens advice bureaux being packed out at the moment, and at other times of the year, because people

[Dr. Gibson]

find it difficult to keep hold of the different, complicated accounts that come their way. That kind of teaching can help.

Scientific and technological understanding starts in primary schools. I have a bee in my bonnet about that. Some teachers do wonderful things by teaching children how to make parachutes and doing nature study, as they used to call it—indeed, I think they still do—teaching understanding about fish and so on. David Attenborough's television programmes fascinate young people and old people alike, which is quite amazing. There should be more of that kind of teaching at an early stage, and children should get their hands dirty doing experiments such as making parachutes and mixing things together to make smells. That is what stimulates them to try to understand and to ask questions, and they carry that love through to secondary school, where other problems arise in science and technology.

That approach is essential—everyone says so, but no one does much about it. A bit has been done, but not enough. We still lack laboratories for young people to practise the skills and arts of science and technology. Their world is full of television programmes and so on, and we need to reflect that much more in every school.

On the theme of human, social and environmental understanding, how can children avoid hearing about climate change these days? They have heard of it and they think they can see it in individual events. That is arguable, but they need to know what the arguments are.

What are we trying to do with science? Jim Rose will have to ask himself that question, and will have to get support on the issue. Are we trying to make Nobel prize-winning scientists? No, we are trying to make people confident and literate in science so that they can ask the right questions even without knowing all the technical jargon. The jargon may be unnecessary, but it exists and people have to try to be confident with it. We saw that in the debate on genetic modification, when dreadful things were said against GM for all sorts of reasons. That debate is rising to the surface again, and it cannot be ignored.

We can explain things, such as the use of stem cells to handle brain problems. I visited an eminent school, highly rated by Ofsted and at the top of the league tables, which taught about stem cells in religion classes. Fine, but there was nothing in its science classes about stem cells, because the teachers had decided, for their own personal reasons—I do not know whether they were creationists or whether there was another argument—that they wanted to use religion classes to talk about what it meant to use stem cells. We had similar debates on human embryology a few months ago, when people asked if we were playing God, or trying to change the world. That is fine in religion—I am for that—but I am also keen on such subjects being taught in science classes. They can be started in a simplistic but understandable way in primary school. Rose has got that message.

Little needs to be said about physical health and well-being, with the Olympics coming and with obesity on the agenda at last. Young people are keen to participate in some kind of sport, although some do not want to do sport and we have to find out why, but if we can inculcate it into them, that would be great.

The arts and design can blow the mind. We should appreciate, in our society, that there are artists who create great works. One does not have to be a Picasso to get great pleasure out of drawing. Goodness me, every MP—smart devils they are—gets their Christmas cards painted by some young constituent from a school in their patch. Colleagues will know what those drawings are like—they are great! They will never hang in the British Academy, but those young people are very proud when an MP recognises their work. We should say to Rose, "Carry on with the arts and design, because young people really appreciate them."

Mr. Gibb: The hon. Gentleman skipped over the fourth area of learning outlined in the Rose review—human, social and environmental understanding—although he mentioned the environment. Under that heading, should children also learn, during the seven years of primary school, about the Romans, the Saxons and the middle ages, and about the oceans, continents and rivers of this country and Europe, or should those subjects be moved to secondary school?

Dr. Gibson: No, they should not be moved. It is hard to deny young people the delights of seeing how previous civilisations operated. I do not say that we should be going into Mayan temples and all that stuff, but the children at George White junior school in Norfolk go out to see the broads and learn what they are and how they were formed. That can be explained to them. It is difficult to talk to children—or, indeed, adults—in deep technological terms about such things, but they should know about the countryside that they inhabit. They should know about the history of their street and about the wall around the city, and the city gates. Many young people are now doing those things. I have seen projects recently in which young people have studied a part of the city of Norwich by going to look at it and then going back centuries to how it used to be. There is great interest in such subjects, and some teaching on them is absolutely necessary. I do not say that there should be a 20-lecture course on them, but a few hours can be spent discussing them and looking at pictures. There have been many great, technological advances, which can be used to show on screen the different things that happened years ago in the parts of the world where young people live.

Foreign languages are another area of discussion, but I do not want to say too much about that area because we talk about it often. It is important to learn foreign languages. Not enough people can speak another language, and that is not only hypocritical and arrogant, but also a shambles. I confess that although I passed higher Latin I failed lower French. I think it was the first time that French had ever been taken in Scottish highers. I knew things like "Toto ouvre la porte" from the books, but we learned by rote. We were told, "Here's the book—read that," and then we got some questions on them. Being Scottish, I found it difficult to speak French sometimes, but I was red hot at Latin, not that it has done me much good except to get me into university.

My experience reflects that of many people nowadays. They do not see the value of languages, and they still want to speak English everywhere they go. We have to get away from that situation. We have all said that many times, and it is beginning to happen in schools—I

acknowledge that there has been a move in that direction—but there has to be a push. The Rose report gives us an opportunity to do more.

On play-related teaching, there are now computer suites in schools for young people to play on. That will be a real advantage, because that is their world, with the internet and so on. Technological advances should be utilised at primary school, and not left until secondary school, as they once were.

David Taylor: Does my hon. Friend welcome the recognition in the interim report that we are seeing the emergence of digital natives, almost, with young people who have sparkling aptitudes and abilities, and who sometimes out-stretch their teachers? Does he hope that the final report in April will focus a little more on the need to bridge the enormous digital divide or void that there can be between the ICT skills and knowledge of young people from different socio-economic backgrounds? Should that not be a priority?

Dr. Gibson: Absolutely. My original comment about people being more worried about what bankers are saying to a Select Committee illustrates where politics have reached. We should be talking about socio-economic problems being a priority for the Government. Where are our discussions about that? I am talking about the generality. Teaching people from different socio-economic backgrounds involves the use of different methods and ways of seduction. Teachers know how to do that, and we should be supporting and helping them. I am disappointed that we do not find people to belly-ache about socio-economic groups and how we can sort things out—it is through primary education that we will do that.

I know that I am ranting on a bit, but I want to mention that through major national initiatives to provide a comprehensive assessment system we are at last beginning to trust teachers to assess the progress of pupils. Assessing pupil progress—APP—will, I think, result in the abolition of the SATs test at key stage 2 and interim assessment models could also be used. There are alternatives to SATs that would inspire teachers and make them less disgruntled at times. Locally administered, moderated teacher assessment with sampling to monitor national standards should have our full support.

Although there is a lot of moaning in the press, the vast majority of teachers are dedicated, imaginative, innovative, inspiring individuals, and that continues to be the case. We are all here because of them. As a member of a Select Committee, for example, we might ask young people—such as those who appeared before the Innovation, Universities, Science and Skills Committee yesterday—"What made you do this?" and they will say that it is because a teacher at school inspired them. They will not say that it was at university, because it happens long before that. It is often at primary school that a teacher captures someone's imagination, shows them a book in the library and how to get on the internet and find things out. It is at that point that bright young people from different backgrounds can take things forward and gain great experience.

We should get round to dealing with things and say that teachers can use the Rose report to inspire a generation of young people through cross-curricular education. There was once a medical course that was taught in the following way: students would think about all aspects of the liver—how it functioned, its physiology and so on—but they would also find out how it could be ruined by drink. Extra-curricular matters are taught to medical students. Courses for medical students are changing to recognise that their work takes place in a society with social problems.

We have a real opportunity to inform young people about such issues earlier. We should not dodge the matter. Young people live in a real world that will change, and that is not just because of bankers and what we do to them. The world is really changing and young people will have different values. Education must not lag behind. We should get ahead of the curve and teach things that are relevant to young people's daily lives.

10.2 am

Mr. David Laws (Yeovil) (LD): I congratulate the hon. Member for Norwich, North (Dr. Gibson) on giving us, I think, the first opportunity to debate this subject since the original Rose proposals came out. Not only the final conclusions of the Rose process, but the Cambridge primary review will be published in the next few months. This is therefore a valuable opportunity for hon. Members to debate the subject and to hear the Minister's comments on the development of Government policy.

I am not quite as convinced as the hon. Member for Norwich, North about the importance of the report; I will explain why in a moment. When we consider the challenges in the primary sector—the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) talked about the 20 to 30 per cent. of youngsters who leave primary education with poor basic skills—what Rose has to offer is relatively modest, is unclear in some areas, and may even deal with the least important challenge in primary education.

When I visit schools, not only in my constituency but across the country, I find that most heads are not convinced that a major change in the primary curriculum is necessary. Most particularly, good schools already believe that they have the flexibility and freedom to do much of the cross-curricular work that is picked up in the Rose review. One of the things I want to challenge today is how important Rose will be and precisely what it will mean.

Bob Spink: I am following the hon. Gentleman's argument carefully, but I am a little at a loss to understand his reasoning. He says that 20 to 30 per cent. of children are leaving the primary stage without the necessary skills. I presume that he acknowledges that those children have the ability, but that they have not been inspired to draw that out to learn those skills. That is because they are hide-bound by a fixed and rigid curriculum and teachers are not allowed to do their thing, to be flexible and to inspire children. Does he not think that Rose has started to get to grips with that problem?

Mr. Laws: No, I am not sure that Rose has done so. Although I entirely agree that, in some way, the biggest challenge in primary education is to make sure that the 20 or 30 per cent. of youngsters at the bottom are inspired by education, pupils should leave primary education not only with good basic skills in English and mathematics, but with a love of learning in other subject areas.

[Mr. Laws]

I am not convinced that the review's proposals will deliver the outcomes for which the hon. Member for Norwich, North hopes. We also have to question the extent to which heads in schools are able to use some of the flexibility that they have to ensure that they do not simply teach mathematics and English in a rather desiccated way, but that they link them up with the other subject areas. That already happens in many schools, as the Rose report indicates.

Dr. Gibson: In the hon. Gentleman's critique of Rose, does he include Rose's description of special educational needs, such as individuals with dyslexia and dyspraxia, who have difficulty reading and writing? That is not always picked up and is a huge issue in schools. Rose picks it up and I have never seen anyone else do so. Does he agree?

Mr. Laws: I certainly agree that that is an important issue, and I shall go on to discuss it, because it is one of the matters to which we should give priority. I agree with the hon. Gentleman that the Rose review has a fairly limited perspective on primary education and that the Cambridge review has a much broader view of primary education. Although the Cambridge review started before the Rose review, we expect the results to be delivered after Rose's. The Cambridge review will look at all aspects of the development of youngsters in that age range, and it will deal with the important issue of testing, where concerns that what is being taught and tested is not always the most appropriate part of the English and mathematics curricula have been underscored by bodies such as Ofsted. Testing can also pressure some schools into narrowing what is actually taught. I shall come back to that later.

Will the Minister say to what extent the Rose review consultation process should be taken seriously? It is disappointing that the Alexander review, the Cambridge review and the Rose review have got slightly out of kilter. There is a feeling that the Government are not drawing as much on the Cambridge review as they could and that they will have made many of their decisions before it is published. I understand that the Qualifications and Curriculum Authority has already started work on a lot of the detailed programmes of study that come out of the Rose review, particularly in relation to the six areas of learning. That work appears to have started even before the end of the consultation process on the Rose report, which I believe will be at the end of this month. I wonder whether we ought to take seriously the consultation in which the Government are involved, or whether this Government-commissioned report has been fairly closely prescribed and consideration of some issues that could usefully have been considered has specifically been ruled out, with the result that the report can lead only to modest changes.

Before I outline my concerns about the report, I want to highlight some of its useful and important aspects. As the hon. Member for Norwich, North indicated, the report emphasises the importance of getting the basics of literacy and numeracy right. In fairness, it also highlights extremely important issues, such as speech and language, where there is a need for more support and better joining up with other services that can help to deliver better speech and language education. The Government took effective action in commissioning a report on that, the Bercow report, which makes many useful proposals that I hope will be picked up.

I question, however, what precisely the Rose report says about the amount of time to be spent on literacy, numeracy and communications. The report's remit made it clear that the Government wanted that area to continue to take priority, and that is a clear conclusion of the review. The hon. Member for Norwich, North, in response to my intervention, expressed the hope that those aspects of the curriculum would contract to make way for the subjects that people perceive to have been squeezed out, such as history, some of the sciences, geography and some of the non-academic parts of the curriculum. We are therefore being told two contradictory things about the impact of the Rose report. If the report is accepted, does the Minister expect us to end up with more time for those subjects—perhaps with a different emphasis on different parts of the teaching of literacy, numeracy and communication—less time for them, or the same amount of time?

Some of the proposals for teaching modern languages seem fairly sensible. We have a crisis in the number of pupils engaged in modern language education. Ever since the Government ended the compulsory teaching of modern languages beyond the age of 14, without doing anything to encourage youngsters to persist with them, we have had a topsy-turvy approach, whereby we have tried to salvage modern language education by including much more of it in primary education. Its quality is inconsistent, however, and, because of a lack of qualified teachers, some schools teach modern languages that may not be followed up in secondary education, simply giving children a taster of five or 10 different languages. Rose says that what is taught in modern languages during key stages 2 and 3 ought to be joined up, and that is quite sensible.

In what could be seen as a criticism of the present Government and their predecessors, Rose says that he wants a more thoughtful and stable process for reviewing primary education. He says that past reviews have been largely reactive and driven by the need to reduce curriculum overload and over-prescription, and that now he wants a proactive strategy and schools to be afforded a period of stability in which to achieve the agreed curriculum goals. That is very important: if head teachers, governing bodies and teachers generally make one request when we visit schools, it is that we provide greater stability and consistency, rather than a series of initiatives that are introduced and often phased out before they have had a chance to benefit anyone.

Those are the report's aspects that I welcome, but I have some concerns about other elements. There is a lack of clarity about the proposed emphasis on the basic skills of literacy, numeracy and communication. We know that they are crucial not only to people's basic skills and to getting a job, but to their ability to engage properly in other subjects. We can teach those English and mathematics skills through the high-quality teaching of other subjects, and they do not have to be taught in a dry way that is all about the two times table, but we must get the basics right. Youngsters cannot succeed in secondary education unless they are taught those important basic skills, but there is a lack of clarity about whether there will be more or less of such teaching.

I also found in the report a great deal of jargon and a good many things that seem to be motherhood and apple pie. Before the hon. Gentleman finished his speech, I flicked at random through the report to any old page just to read a paragraph again. Paragraph 1.51 is typical of the report's educational mumbo-jumbo, listing rather obvious points with which nobody could disagree. That is a feature of the report which makes it so difficult to engage with the document and to understand what it means. It is almost impossible to disagree with the provisional recommendations; if one were to propose their opposite, one would be considered bizarre or educationally illiterate. The report contains much that is uncontroversial and much with which it is difficult to engage.

Dr. Gibson *rose—*

Mr. Laws: Let me finish this point, because I may be being unfair to Rose and the hon. Gentleman may wish to defend him in a second. There is a lack of clarity about themes, about what will happen to subject teaching, about the role of facts and individual understanding of subjects such as history and geography, and about whether the suggestions will undermine a more traditional approach to education, in which youngsters are expected to engage with facts, allowing them an understanding that they can use to exploit the many information-providing vehicles that are available in the modern age.

Dr. Gibson: I am sure that we will have many arguments about data over coffee first thing in the morning, but does the hon. Gentleman not think that, for too long, history has been about kings and queens rather than about the history of the area where people live, or where their parents come from? People come from different parts of the world. For people living in Britain today, is that not the real issue, rather than who was king in 1603?

Mr. Laws: If the hon. Gentleman is saying that he wants the Government to provide for more flexibility and freedom in what is taught in every curricular area, I entirely agree. We, as a party, do not believe in a curriculum that is so prescriptive that it seeks to prioritise certain parts of history. If, however, he is saying that history teaching should be almost fact-free—perhaps I parody his argument—that poses a serious risk. If youngsters are not given a framework to understand the past, it is difficult for them to use the skills that he rightly wants to develop so that they can improve their education. I am not sure what implications the Rose report has for the teaching of those core subjects, however. When the Government and Rose came under attack because of the perception that the proposals meant dumbing down education, there was a considerable retreat from them. That feature of the report makes it so frustrating when one tries to understand its proposals—whether some might be damaging or whether they are just tweaks to the system.

Some speeches take much longer than one expected when one started, and I have left precious little time to discuss some important points that should have higher Government priority. I shall touch on them briefly.

Any primary education review that leaves out the testing regime leaves out something of great importance and relevance to the curriculum debate, because one cannot debate the curriculum without debating the pressures on schools through the testing regime, which is so crucial. I certainly do not want us to get rid of key stage 2 testing in its entirety; it is important to know in primary schools the proportion of youngsters who achieve basic skills in maths and English. I do not want the testing regime to become more onerous through the introduction of single-level tests, either. The debacle of last year's SATs results gives us an opportunity to consider whether there is a greater role for teacher assessment with external moderation, because credible tests are still essential for testing the right things in the basic subjects and for giving us an idea of how schools and youngsters are doing in a particular age range.

We also need a much better system of assessing youngsters as they enter primary education, and of ensuring that the interventions that they need, particularly in speech, language and other special educational areas, are delivered. The testing regime should not just be about assessing the performance of schools. More significantly, it should be about the actions that we need to take to improve opportunities for young children. That is why some of our proposals on school funding and the pupil premium, which would put additional money into schools to help the most disadvantaged youngsters, are crucial, and will become even more important in an environment where education funding is being squeezed, as it will be after 2011.

10.20 am

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I congratulate the hon. Member for Norwich, North (Dr. Gibson) on securing this important debate. I disagree with most of what he said, but I do agree with his view that Romans, Saxons and the middle ages, as well as the oceans and continents, the rivers of the UK and the countries of Europe, should be taught in primary schools. I disagree with his comment that primary schools should not teach about kings and queens: they are an important part of understanding our history, and I hope that they remain in the primary curriculum.

Dr. Gibson: Also the Scottish kings and queens.

Mr. Gibb: And the Scottish kings and queens as well.

I agree with the hon. Member for Yeovil (Mr. Laws) that there is no clamour among primary teachers or head teachers for further changes to the primary curriculum, and that what is desperately sought in the primary sector is a period of stability.

The interim report of the Rose review of primary education is both disappointing and confused. It is disappointing because it fails to refer to and therefore to address the fundamental problems in our education system that it was designed to tackle. There is no reference in the report to the fact that one in five 11-year-olds leave primary school still struggling with reading despite seven years of primary education; the fact that 40 per cent. of 11-year-olds leave primary school not having reached level 4 in reading, writing and maths combined; the fact that, in 2007, 37 per cent. of six-year-olds on free school meals failed to reach the national standard in their key stage 1 writing assessment, up from 28 per cent. in 2002; the fact that nearly 3,000 fewer six-year-olds from the most deprived communities achieved a level 2 or above in key stage 1 maths last year than in 2005-06; or the fact that the number of six-year-olds

[Mr. Gibb]

from the most disadvantaged communities achieving the national standard in writing has fallen by 18 per cent. since 1997. None of those key issues is addressed in the interim report.

One of the main problems facing our education system is literacy, yet, despite using the word "reading" 35 times, there is not a single mention of the word "phonics", let alone the phrase "synthetic phonics", in the 68 pages of the report. There is not even a reference to Jim Rose's report on the teaching of reading, which recommended the early and systematic teaching of synthetic phonics in the teaching of reading. How can a review of the primary curriculum not refer to how reading is taught and how it should be taught?

It was the Conservatives who initiated the debate on how reading is taught in primary schools. It led to the report of the then Education and Skills Committee and then to the previous Rose review, which was about reading, and the change in Government policy under Tony Blair and Lord Adonis. However, under the current Administration, there appears to be no understanding of the importance of the issue. Is it not odd that Jim Rose appears as the author of both reports? I believe that the Rose review on reading was actually written by Jim Rose himself, whereas the report we are debating today, while claiming to be independent, is actually written by the Qualifications and Curriculum Authority, as the remit letter instructs. It is therefore hardly what one would call independent.

I take the point that the hon. Member for Yeovil made about mumbo-jumbo in paragraph 1.51, which contrasts starkly with the clear and simple language and direction of policy in the Rose review on reading. It would be hard to believe that the two reports were written by the same person.

There is no reference in the report to how maths should be taught: for example, whether so-called reform maths—the multiple-strategy approach to the teaching of arithmetic—is actually working. The Conservatives have established an inquiry into maths teaching in our schools. It will be headed by Carol Vorderman and will consider whether children should learn their multiplication tables by heart, so that they instinctively know that eight sevens are 56, for example. Children need to know number bonds automatically, so that they can say that eight plus four is 12 without having to count on their fingers. That can be achieved only through practice and direct, whole-class teaching. Automaticity is as vital in arithmetic as it is in the playing of the piano, if one is to progress to more challenging maths or to more complex pieces of music.

None of that is discussed in the report. What is discussed is a proposal to move to more cross-curriculum teaching using themes and projects—all the old 1950s and 1960s mantras that have failed whenever and wherever they have been tried. A 1992 analysis of primary education by the three wise men, including Sir Jim Rose, concluded:

"The resistance to subjects at the primary stage is no longer tenable…There is clear evidence that much topic work has led to fragmentary and superficial learning."

Page 17 of the Rose review highlights a major survey published by Her Majesty's inspector of schools in 1978, noting that

"much so-called 'topic' and 'project' work in those days often failed to match children's developing abilities and militated against extending their understanding because it lacked progression and was too repetitive."

The review goes on to state that it is

"certainly not advocating a return to the vagaries of old style topic and project work."

No, it is advocating a return to a new style of topic and project work and cross-curricular teaching, but it is not how one implements the approach but the approach itself that is the problem. The report does not explain why continuing with the same '50s and '60s approach that failed so badly will succeed now, nor does it say how implementation today will differ from implementation in the '50s and '60s. I do not believe that the results will be any different if we go back to an approach that failed when it was tried in the '50s and '60s, in the '70s, and even in the '80s and '90s.

Mr. Laws: I have sympathy with some of the hon. Gentleman's comments, but does he agree that many schools succeed in blending different elements of the curriculum? I hope that he does not want to impede the work of good schools that are capable of blending parts of the curriculum together in a useful way.

Mr. Gibb: There should be flexibility in the curriculum. My concern is that the review will replace one set of prescriptions with another and will not increase flexibility. Schools will now feel that they have to do what is in this report rather than what they were doing before.

Of course there are cross-curricular activities: for example, when a class is asked to write up something about the middle ages—a story or what they have learned from the textbook that they have been given—doing so improves their literacy skills. That is the right approach to cross-curricular teaching, not attempts to shoehorn literacy, numeracy and other parts of the curriculum into themes, whether chocolate or rocks, in which one loses the structure and can miss out important parts of what needs to be taught, compared with teaching distinct subjects.

On page 25 of the report is a list of the ideological debates that have plagued education since this ideology was introduced into the British education system in the 1950s. It originated in the United States in the 1920s at Teachers College, Columbia university, under John Dewey and William Heard Kilpatrick. The report lists:

"Subjects vs cross-curricular studies;

Knowledge vs skills;

Child initiated learning through play vs teacher directed learning;

Formal vs informal classroom organisation; and

Summative vs formative assessment."

The report itself clearly comes down on the ideological side of cross-curricular studies and child-initiated learning through play.

On the 50-year debate about whether schools should teach knowledge or skills, page 27 of the report states that

"it is worth noting that, when observed in practice by the Review, the approach which attempts to teach skills…disembodied from a coherent core of worthwhile knowledge has not been convincing in securing children's understanding of important key ideas."

But the next paragraph states:

"There will be times when it is right to marshal worthwhile content into well-planned, cross-curricular studies."

In effect, that is an endorsement of the cross-curricular skills approach that the preceding paragraph dismissed. However, no evidence is given in the review about how and why that approach might be effective now when it was so ineffective in the past.

Paragraph 1.48 says:

"Given the strong tradition of child-centred thinking in primary education, it is perhaps surprising that many respondents to the review found it difficult to answer the question… What is distinctive about children's learning and development in the primary phase… Typical answers included: 'It's a time when they learn how to learn'; 'It's not what they learn but how they learn that's important'".

Yet, despite dismissing these answers as poor, the review, on page 41, recommends:

"In year one, the range and content will highlight the opportunities for child initiated enquiry and exploration."

Herein lies the confusion in the report, which is at the heart of this review. Evidence that the 1950s and '60s approaches do not work is cited, but the report proceeds to recommend those same approaches. The review appears to endorse and promote an ideological approach that has failed.

E. D. Hirsch, in his book, "The Schools We Need and Why We Don't Have Them", sets out clearly the problem in American schools, which also applies to British schools: he says why that ideological approach has never worked and goes into the roots of the ideology. I tried to find a quote from the book that best summarises the argument, but the best quote is from the blurb on the reverse of the book, which says:

"For over 50 years, American schools have operated under the assumption that challenging children academically is unnatural for them, that teachers do not need to know the subjects they teach, that the learning 'process' should be emphasised over the facts taught. All of this is wrong…by disdaining content-based curricula, while favouring abstract—and discredited—theories of how a child learns, the ideas uniformly taught by our schools have done terrible harm to America's students. Instead of preparing our children for the highly competitive information-based economy in which we now live, our schools' practises have severely curtailed their ability, and desire, to learn."

That is the point that the hon. Member for Norwich, North made: love of learning comes from learning well in primary schools. Throughout his book, Hirsch talks of the damage that the "naturalistic", "project-orientated", "hands-on", "critical thinking" approach to education has caused.

The communist intellectual, Antonio Gramsci, was one of the first to understand the damage that this approach to education was causing. There is nothing new in all this: it all goes back to the 1920s and '30s; the same old stuff is repeated and fails over and over again, but here we are in 2009 recommending the same stuff again. Gramsci wrote in 1932 that this type of education

"is destined not merely to perpetuate social differences but crystallize them".

That can be seen in all the data showing the gap widening between the children from disadvantaged backgrounds and those from middle-class, educated backgrounds. The gap between the state and independent sectors is widening, too. The review is full of recommendations that would move English primary education even further towards the type of education that so worried Gramsci.

The review states, on page 49:

"Parents also worry that the shift from the play-based environment to a more structured approach to learning in Year 1 of primary school is too abrupt and inappropriate for a child who may have only recently turned five."

That is a clear endorsement of extending play-based education from the nursery to reception and even to year 1. I asked the Minister for Schools and Learners a parliamentary question about how many parents had been consulted as part of the review process, echoing the concerns about the consultation process expressed by the hon. Member for Yeovil. The answer was eight.

One in five children in London attend an independent school. Many centre-left and left-wing journalists I know send their children to independent schools. When I ask them why, they say that it is not the social cachet or the exclusivity of the intake that makes them spend upwards of £8,000 a year, or even the small class sizes, but the fact that vast majority of pre-prep and prep schools have not adopted the so-called progressive approach to education that is so prevalent in the state sector. Those schools have never abandoned phonics in the teaching of reading: they continued to teach children their times tables by heart and they have 40 minutes a week each of history and geography, with no intention of shunting those subjects to key stage 3 and secondary school, as Rose wants to do in the review, thereby narrowing the curriculum and lightening it by shunting those important subjects up to secondary school.

If we are serious about raising standards in our primary schools, we have to eschew the ideological approach that has so dominated this country's education system from the late 1950s, particularly following the Plowden report in 1967. We need to replace this ideological approach with a practical approach using what the evidence says works.

The paragraph in the review that most alarmed me was 2.44 on page 42, which says,

"The teacher who once said: 'If children leave my school and can't paint that's a pity but if they leave and can't read that's a disaster' was perhaps exaggerating to make a point."

That is what the report says—"exaggerating". If Sir Jim Rose and the QCA do not believe that it is a disaster for a child to leave primary school unable to read, they are the wrong people to carry out a review of primary education.

10.37 am

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): Mr. Olner, it is a great pleasure to serve under your chairmanship. I congratulate my hon. Friend the Member for Norwich, North (Dr. Gibson) on securing the debate. He is right: this is the first opportunity that we have had to debate an important area of education reform. I thank him for his warm welcome for the interim report of the Rose review.

I should like to stress, first, that the report is an interim one and, secondly, that it is on the primary curriculum, not on primary education—some Members may have misinterpreted that point, as a couple of them referred to the review as a report on primary education. That may be what they wished it was, but it is a report on the primary curriculum. My hon. Friend has brought great insight to the debate, as a teacher and from his

[Sarah McCarthy-Fry]

experience as a constituency Member of Parliament. Unlike the hon. Member for Yeovil (Mr. Laws), the primary schools that I have visited welcome the review of the curriculum, so perhaps we are going into different primary schools.

I want to correct one point that was made. Although the QCA provided evidence, Sir Jim Rose actually wrote and authored the report.

The 21st-century job market is rapidly changing, as are the skills that young people will need when they leave school. Our young people, as we all know, are more techno-savvy and adept at communications. Importantly, new jobs are opening up that did not even exist a decade or so ago. The technological and communications revolution has opened up a whole realm of possibilities for more interactive, engaging learning than we could even have dreamed of 20 years ago, when the national curriculum was first introduced. We need to adapt our education system to that rate of change so that it is flexible enough to accommodate and seize on those opportunities and to prepare our young people for the future.

In our children's plan, we outlined our ambition for a world-class education system and high-quality children's services and for this country to be the best place in the world for children to grow up in.

Bob Spink: In their plan for a world-class education system, have the Government considered rebalancing the funding between primary and secondary education? We spend much more on secondary education than on primary education, and perhaps that should be rebalanced so that children acquire basic skills before they go to secondary school, where it is much more expensive to correct problems. Perhaps the Government should examine the system in Japan.

Sarah McCarthy-Fry: The hon. Gentleman will find that many local authorities are rebalancing their funding towards early years and primary education. When I was in local government, my local authority certainly took that policy decision, because it saw evidence of early intervention feeding through into later years.

The review says that we must weave flexibility through the fabric of our education infrastructure from what is taught to how it is taught—the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) referred to that point. Crucially, that flexibility must be underpinned with consistency throughout—high standards, and coherence throughout the spectrum from nought to 19 in education, mirrored by children's services. The Government created the new Department for Children, Schools and Families more than a year ago to bring that coherence to Whitehall. Looking ahead, we are about to legislate to make local authorities the single point of accountability for all children's services and provision from nought to 19, and that too will lend greater coherence to the system.

That consistency and coherence must be matched in the classroom to ensure that children going through their school journey experience a smooth progression so that they can pursue their talents and interests in a structured and rewarding way. That is why we modernised the secondary curriculum. We wanted to provide more time for the basics and personalised learning, more flexibility for young people to pursue their interests and talents at a pace that suits them, more support for those at the bottom and more stretch for those at the top.

At the other end of the education spectrum, we have developed the early years foundation stage, which provides play-based learning for children in their earliest years to instil in them the love of learning, to which my hon. Friend the Member for Norwich, North referred, while encouraging their development. The primary years bridge the two, so consistency and transition are important, but as the longest period of a child's statutory education, it is an extremely important developmental period in its own right, as well as playing an important part in the progress to secondary school.

Children make huge advances in their physical, intellectual, emotional and social capabilities between the ages of five and 11, so it is vital to have a primary curriculum that can properly support and encourage that development, as well as preparing children for the demands of secondary school and further learning, training and work to take advantage of the new opportunities that I mentioned. We must also support teachers to ensure that they have the best possible system and resources to bring out the best in their pupils.

We have seen real progress in primary learning over the past decade, with 88 per cent. achieving level 4 science, the highest ever. Sixteen per cent. more children have achieved level 4 maths since 1997, and 18 per cent. more have achieved that in English. That translates into 93,000 more 11-year-olds gaining the top level in maths and 101,000 more in English. That is no small achievement, but of course we acknowledge that there is still a great deal more to do.

Mr. Laws: If the Rose recommendations are accepted, will there be more time for English and maths in the primary curriculum, or will there be less?

Sarah McCarthy-Fry: I was coming to that. The remit for the review emphasises the importance of literacy and numeracy, and we recognise that importance. The curriculum will promote literacy and numeracy throughout all areas of learning. We do not specify the amount of time to be spent on English and maths, but maths will be used in designing and making models, and understanding patterns in art. The emphasis is on excellent curriculum design that will embed English and maths throughout, although Jim Rose says in paragraph 2.24 that

"literacy and numeracy must continue to be prioritised. These skills should be secured through rigorous, discrete teaching and used and applied across the curriculum."

Mr. Laws: I am grateful to the Minister for accelerating to that part of her speech, but I am still not clear whether the intention is that more time will be available for English and maths, or whether the expectation is for that part of the curriculum to contract so that other parts can expand.

Sarah McCarthy-Fry: As I have said, we are not prescribing the amount of discrete teaching of English and maths. The idea is that teachers should be able to use their expertise to spread English and maths and embed them throughout the curriculum. We are not being prescriptive and saying that they must spend x hours on English and maths. We expect both to be spread throughout the curriculum.

Jim Rose's interim review places a new focus and energy on the primary years to build on the success I outlined, and I take this opportunity to pay tribute to him for his and his team's hard work and commitment in producing such an insightful interim report. I look forward to receiving his recommendations in due course. As my hon. Friend noted, consultation is ongoing until 28 February.

On that point, and in reply to the hon. Member for Bognor Regis and Littlehampton, eight parents responded to Jim's interim report, and much wider parent consultation is under way on the web at Mumsnet, face to face and in the ongoing consultation.

Mr. Gibb: That is fine, but the consultation is taking place after the report has said that parents have a certain view. It is asserting views for which there is no evidence. That is what concerns me about the quality of the evidence on which the report is based. It seems to be based on assertion, not evidence.

Sarah McCarthy-Fry: I emphasise that the report is an interim one, and that consultation is ongoing. We expect wider interest from parents, especially parents who have been involved on governing bodies and in schools. Those to whom I have spoken seem aware of the report and have had the opportunity to contribute—*[Interruption.]*

Mr. Bill Olner (in the Chair): Order.

Sarah McCarthy-Fry: A fundamental disagreement with the hon. Member for Bognor Regis and Littlehampton concerns the importance of cross-curricular education. Part of Jim Rose's work considered how the primary curriculum in England compares with that of other countries. The QCA contributed to that work by providing an analysis of 10 countries that have changed their primary curriculum since 2005. Of those 10 countries, eight chose to group learning around areas rather than individual subjects, including France, Spain, Germany, New Zealand and Scotland. Their rationale for the change emphasised the need to improve the transition to primary school and deepening understanding of core areas by integrating different parts of the curriculum and developing connections between them.

Although the report highlighted a tremendous amount of support for a national curriculum framework, it was agreed that the primary curriculum as it stands is outdated for pupils and slightly unwieldy for teachers with its 10 subject areas. That rationale, which other countries have adopted, lies behind Jim Rose's recommendation to group individual subjects into six areas of learning and understanding. I want to make it absolutely clear that we are not seeking to abolish subject areas from the curriculum. Children will still learn about important individuals, groups and events that have shaped our past, our culture and our communities.

Mr. Gibb: Is it true, as the hon. Member for Yeovil said, that the QCA is already working on the details on the assumption that the review's recommendations will be accepted?

Sarah McCarthy-Fry: The QCA is indeed working on draft programmes of learning, but the emphasis is on "draft". With the timetable that we have in mind, we cannot wait for the final report before starting work on the draft programmes of learning, but there is plenty of time for the consultation's input to the content of the programmes.

Mr. Gibb: Can the Minister let the hon. Member for Yeovil and me see a copy of those draft programmes of study?

Sarah McCarthy-Fry: They are still very much at an interim stage. I do not expect them to be at a stage where they could go out to further consultation until we receive the results of the current consultation, but I would then be more than happy to share the more rounded programmes of study. Both hon. Gentlemen have the opportunity to communicate with the QCA their ideas of what those programmes of study should look like.

The interim report makes it clear that high quality subject teaching must not disappear from primary schools, and a proposed design for the curriculum will promote challenging subject teaching alongside equally challenging cross-curricular studies. That is the basis from which we are starting. No one subject is isolated. Disciplines are interconnected, and it is important that young people understand how concepts are related—that point was well made by my hon. Friend the Member for Norwich, North—to make their learning more relevant and to prepare them for more advanced study or work where concepts do not fall neatly into academic topics.

More opportunity to use and apply skills across the curriculum, such as in maths, science and technology, will give a new practical emphasis that will make learning more relevant and give young people the skills that employers want. As I have said before, the aim of the reforms is not so much to change what children learn as to change how they learn. That is where the focus of public debate needs to be.

Mr. Gibb: When the Minister addressed me, she said that how reading is taught is not an issue for this report because it is about the curriculum; now she is saying that it is all about how things are taught, not what is taught. Which is it? Is it about the curriculum or is it about how things are taught? What is this debate about?

Sarah McCarthy-Fry: I go back to the point that I made earlier: this is an interim report that sets out the principle of areas of learning. The way in which those areas of learning are taught will be part of the final report that comes out, which is being consulted on. As I said, I am sure that the hon. Gentleman will have the opportunity for input into that consultation.

As my hon. Friend the Member for Norwich, North said, it is no good teaching people dry facts if, when faced with a real problem in science, they do not know which formula to apply. There needs to be practical application and contextual learning so that children can make links between concepts and apply them. It means that teachers will have the flexibility to determine where interconnected learning is most appropriate and where it will enrich understanding, and it will mean more freedom and flexibility for teachers to focus on the basics. The best schools are doing that anyway, as my hon. Friend noted in relation to his constituency. Ofsted tells us that schools without standing curriculums provide both skilled subject teaching and opportunities for children

[Sarah McCarthy-Fry]

to benefit from cross-curricular studies. It does not mean that the primary framework will be any less rigorous. It will focus on the core areas of learning—literacy and numeracy—to give children a solid grounding in the basics before they progress to secondary level.

Jim Rose's report will also take into account the important work of the hon. Member for Buckingham (John Bercow) on speech, language and communication, which, as so many hon. Members noted, is essential for children's development and success.

Bob Spink: Has the Minister anything to say about bringing forward plans to make more speech therapists available to tackle that problem in our schools?

Sarah McCarthy-Fry: I am sure that the hon. Gentleman is aware that the report by the hon. Member for Buckingham led to the speech and communication action plan, which was rolled out in December. I think that it was the hon. Member for Castle Point (Bob Spink) who mentioned I CAN—it may have been someone else.

Dr. Gibson: I did.

Sarah McCarthy-Fry: The Communication Trust is taking on the consideration of the pilots we are doing in certain areas. As many people know, the trust is made up of I CAN and groups dealing with aphasia and many other issues. That work is about finding the best way to embed very early intervention on speech, language and communication, which can be the key to unlocking children's talents, particularly in the primary years.

I shall address the elephant in the room now. *[Interruption.]* I am sure that my hon. Friend the Member for Norwich, North has been looking forward to the savaging. We have no plans to abolish externally marked key stage 2 tests. Our system of testing and assessment gives parents objective information on their child's progress and gives them information to choose the right school, although I acknowledge that is not the only information they should be using. It also helps teachers to secure progress. Although I acknowledge that not all primary heads are enthusiastic about key stage 2 tests, I have found when I go into secondary schools that the heads of those schools find the information invaluable when helping children to progress through secondary school. It also allows the public to hold local government and governing bodies to account on performance.

We have an expert group considering assessment in the wake of stopping key stage 3 tests. Jim Rose is a member of that group, and we will receive reports later this year. The terms of reference include assessment and promoting a broad curriculum. My hon. Friend mentioned league tables and he will remember our announcement. We are currently consulting on new school report cards, which will give a much broader picture of a school and, we hope, will give information that enables parents to make informed choices.

The hon. Member for Yeovil raised the Cambridge review. Jim Rose has met members of that review and in order for it to contribute to Jim's review, he is bringing forward publication of the curriculum chapter so that it will inform part of his review.

The hon. Gentleman also spoke about special educational needs. I share his ambition for young people with special educational needs. I feel particularly passionate about that and I was particularly pleased to announce our Achievement for All project. We have put £31 million into outcomes-based pilots around the country for children with special educational needs, so that we are focusing not on the process of what goes in to help a child with special educational needs, but on what the outcome is and what the expectations are of what a child with special educational needs can achieve. In my view, that is the way we should be going—raising aspiration and expectation and making part of the statementing process the outcomes that we expect young people to achieve.

I think I have covered most of the points made by the hon. Member for Bognor Regis and Littlehampton. I want to return to literacy and numeracy, because that firm foundation, combined with the subject grouping, will bring the primary curriculum more in line with the early years foundation stage. The deeper understanding, flexibility and independent thinking that it promotes will stand children in better stead when they start their secondary studies. It will help us to achieve the consistency and ease of transition for the pupil that we are seeking to create through our education system and children's services.

The personalisation principle underlines the new secondary curriculum to encourage more independence in learning and to give young people more control over their education. At the primary stage, independence and having the confidence to learn, explore and develop are no less important. That will be supported by a play-based approach to learning in the earliest years of primary school, which the children have experienced through the EYFS. That, we hope, combined with a less restrictive, more personalised approach will mean a more seamless transition from early years to primary and from primary to secondary.

Mr. Gibb: Does the hon. Lady believe, notwithstanding what she has said, that in the reception class, children should be receiving 20 minutes of phonics teaching a day?

Sarah McCarthy-Fry: I want young people to be learning through any method that assists them to read. I know that the hon. Gentleman has something bordering on an obsession with phonics.

Mr. Gibb: It is also Government policy.

Sarah McCarthy-Fry: Well, we all accept that phonics is important. I visited a primary school in Peckham that was going through the intensive reading recovery process. I was privileged to be able to sit in on an intensive reading recovery class and one thing that I noticed was the number of different methods being used to help the child to reach the standard that they should have been at. The results being achieved were amazing. I went into the reception class, where phonics was being used. The majority of children were learning to read, but not every child was, and when it came to reading recovery, a number of different methods were used to enable children to reach the levels that we expect.

There will be the room necessary to incorporate some of the softer aspects of learning, which are crucial to education and development. I am talking about children developing awareness of the world around them, a sense of their responsibilities as citizens and values such as tolerance, respect and understanding, which will stand them in good stead not just for work, but for their personal relationships and possibly their future family life. This is an opportunity for us to prepare our students, at the outset of their journey through school, for life and learning in the 21st century. The primary review will allow us to keep up the momentum in driving up standards, with greater consistency between the different stages of learning to provide the best standard of education to our children and young people, so that they are fully equipped for the challenges of 21st-century life and work. Education cannot be just about exam results; it must be about developing the whole child.

As I said, this is an interim report and the review is ongoing, but the proposals in the interim report pave the way for progress and I look forward to Jim Rose's conclusions when the final review is published later this year. A richer, more rounded curriculum will lead to a richer, more rounded learning experience and, ultimately, to richer and more rounded young people.

United States of America

11 am

Mr. Bill Olner (in the Chair): Before I call Mark Pritchard, I wish to put it on the record that I am joint treasurer of the British-American parliamentary group. I will take a great interest in this debate.

Mark Pritchard (The Wrekin) (Con): Thank you, Mr. Olner. I am sure you will not mind me saying that you do an excellent job in that capacity. I, too, declare an interest as I am married to an American citizen.

I am grateful for the opportunity to open this timely and topical debate. I congratulate President Barack Obama on his election to office. His arrival in the Oval Office is an historic event, which I hope will do much to repair America's reputation in the world. I hope that he will introduce innovative policies to deal with old and new economic and security threats. Those threats endanger the United States and the United Kingdom.

Britons want and need a strong and prosperous America. I wish President Obama political wisdom and courage in equal measure. Our two nations enjoy excellent bilateral relations. As reiterated in recent days by Secretary of State Clinton, we are bound by shared values, shared interests and shared priorities. We also benefit from a shared history; a history that witnesses thousands of Americans leaving their homes each year to search out their British cousins and ancestries. Likewise, thousands of UK citizens journey to America to stay with new-found relatives or to enjoy return visits in cities as far apart as Savannah, Sacramento and Seattle.

Our common bond runs far deeper than the £108 billion trade between our nations each year and far deeper than the thousands of American companies that transact business in this country. It is greater than the 158,000 American citizens living in the UK, many of whom are married to British people. It goes beyond the 16,000 American students who enjoy the benefits of a British university education. The bonds that I speak of are etched in blood.

It would be a dishonour to the American people to hold a debate on this subject and not pay tribute to the brave American sons and daughters who have shed their blood over many generations and in many conflicts when fighting to defend the freedoms that we all enjoy today. In the second world war, in Europe alone, nearly 250,000 American servicemen sacrificed their lives to bring peace. The figure is far higher for the global war. America has an honourable and spiritual legacy of brotherhood and fellowship with this country.

Whatever the rationale or justification behind the wars in Iraq and Afghanistan, the brave and fearless servicemen and women of the United States continue to put themselves in harm's way, often alongside British troops and personnel. They do so not only to protect America's interests, but to protect America's commitments to its allies and friends. This morning I pay tribute to the American people and salute them. I hope that colleagues will join me in doing so.

Last year, I was asked by a journalist in Washington whether I thought anti-Americanism would die when George W. Bush left office. That was a naive question, even from a journalist who had little time for Bush or for Republicans. Anti-Americanism may well have increased

[Mark Pritchard]

under the second Bush presidency, but the person who resides in the White House is not the magnet for people's hatred of America. People hate America because of what the American people stand for: their spirit, beliefs and values; their sense of being, providence and destiny; their belief in the freedom of democracy, speech and religion; and their belief in the power of individuals to realise their highest dreams and full potential. I pay tribute to the excellent work of the website "America in the World", which was established to fight anti-Americanism.

Barack Obama stated in his inaugural address that

"we reject as false the choice between our safety and our ideals. Our Founding Fathers faced with perils that we can scarcely imagine, drafted a charter to assure the rule of law and the rights of man ... Those ideals still light the world, and we will not give them up for expedience sake. And so ... know that America is a friend of each nation, and every man, woman and child who seeks a future of peace and dignity. And we are ready to lead once more."

It is those beliefs and national virtues that so enrage America's enemies.

I say to those who disparage the imperfections of democratic Governments that it is all too easy to defend brutal and dictatorial regimes when one does not live under their terror and repression and when one is not fettered by the thought police or religious masters. At its worst, political liberal romanticism is hypocritical to its core and gives succour to America's enemies and to those who continue to incarcerate the spirit of their people and to shackle the humanity of their citizens. Western-style democracy is not right for every culture and ethnic group, but some sort of accountability and transparency there must be. Governments should be for the people and be elected by the people. In a manner and at a time of the people's choosing, it should be possible for the people to remove those same Governments.

I believe that freedom is a universal human right. That is why the special relationship is so important. America and the United Kingdom are still a force for good in the world. We should not shy away from ensuring that our economic, humanitarian and military assets are deployed to defend and uphold our mutual and national interests.

Mike Penning (Hemel Hempstead) (Con): My hon. Friend is delivering a passionate speech on this country's special relationship with America and America's relationship with the world. At the heart of our special relationship with America is friendship. All friendships need constructive criticism. Does he agree that the reason we have such a great relationship with America is that we have had the courage and conviction over the years not always to agree with everything that America has done? We have stood up for the rights of this country when they have been in contradiction with what has happened in America.

Mark Pritchard: As always, my hon. Friend makes an excellent point. In politics, yes men do not always give the best advice. Their advice is a reiteration of what they have heard and so is no advice at all. A candid friend is perhaps the best friend of all. In the words of my right hon. Friend the Member for Witney (Mr. Cameron), the Conservative party and this country seek not a slavish, but a solid relationship with the United States.

In an ideal world, the cultured and enlightened but deeply dissatisfied people of Iran, particularly the young aspirational Iranians, would bring about internal change. Given that Iranians face one of the world's most oppressive Governments, that appears unlikely in the short term. It is particularly unlikely if Iran's leaders continue to employ their gerrymandered form of democracy.

A peaceful outcome to the current Iranian impasse must be the goal of all politicians and diplomats. However, it will be achieved only if the international community unites to contain and restrict Iran's nuclear advancement. There must be new resolve, not a loss of will or an unwillingness to face down the harsh realities of Iran's aggression. The new American Administration would do well to remember that Iran's political masters are well versed in duplicity or taqiyyah. Even under the so-called moderate regimes of Presidents Rafsanjani and Khatami, Iran continued to trade talks for time. As the new President stretches out his hand, I hope that he avoids being seduced into a long, protracted dialogue to nowhere—a diplomatic cul-de-sac of talks about talks—while Iran continues to build a nuclear bomb.

European diplomats and politicians, including some here today, quite rightly talk about carrots and sticks, but they should not turn their faces from the harsh reality that Ahmadinejad's prize carrot is not improved relations with the United States, but ownership of his very own nuclear weapon—technology aimed at America's allies, including Europe, Israel and other Muslim nations. Every hour, the nuclear clock is ticking, and the time for diplomatic dialogue is running out. If Iran joins the world's nuclear club in late 2009, as some US intelligence analysts believe, the middle east paradigm will change irreversibly. It will sound the starting pistol for a new regional arms race, and overnight Iran's nuclear bomb will have become an apocalyptic stick with which the beat the world, and British interests too. That is why, if diplomacy fails, and Iran's fist remains clenched, President Obama will need a credible military option to stop Iran.

The stark reality is, however, that the new American President has no feasible military option with which to neutralise Iran's nuclear threat: a conventional attack is unlikely against the world's eighth largest army and given America's existing commitments elsewhere; a tactical nuclear attack is politically unpalatable, would have considerable nuclear, political and diplomatic fall-out for many years, and would be an environmental disaster; and a multiple cruise missile attack is unlikely to penetrate or dismantle Iran's reinforced nuclear bunkers. That is why President Obama should commit to developing a new generation of non-nuclear, conventional, inter-continental ballistic missiles. The use of such new hypersonic mass technology would restore America's deterrent and military advantage, and give President Obama much-needed military and diplomatic flexibility. Israel could, of course, take unilateral military action, but that could be seen by America's enemies as weakness, procrastination or a failure to act. America's new tone is welcome, but it must not strike a note that empowers or emboldens its enemies.

In the American State Department, the Pentagon and elsewhere in Washington DC, including in the previous and current White House Administrations, is a

shared view that a united Europe is good news for America's national security, for its treaty obligations under NATO and for reducing the likelihood of future conflicts in Europe. I understand that view, but it is fundamentally flawed. I understand that a stable Europe is good news for America and Britain, but it is individual nation states, within Europe, that have stood with America in times of need. Never—not even in world war two—has there been a fully united European voice; there have only ever been the voices of nation states, some coming together.

Replace the nation state with political hegemony, and those nations that have supported America—often going it alone—might in future be drowned out by a chorus of diplomatic disapproval and political disunity. I say to policy makers in Washington that a single political Europe with a common defence and foreign policy, and eventually with a single federal President, will not be good for the United States, or indeed for Britain, even if a future President turns out to be former Prime Minister Tony Blair. Starkly, a united states of Europe will undermine, not enhance, the national security of the United States of America. Recent history should teach us that lesson.

Mr. Edward Davey (Kingston and Surbiton) (LD): The hon. Gentleman is making a powerful speech, much of which I agree with, but he is in danger of putting up an Aunt Sally. I do not believe that anyone in the European Union is talking about the sort of political union that he mentioned or about getting rid of national vetoes on foreign and security policy, and nor should they. However, what did he think of Vice-President Biden's speech, in Munich, the other day, when he called strongly for the European Union to take an increased role in this area to ensure that member states do more in supporting the United State's efforts?

Mark Pritchard: It is right that the United Kingdom, the United States of America, and even we, as individual politicians, put aside partisanship and—dare I say it?—narrow and polarised views, so that we can work for the common good and humanity of all those whom we seek to serve. That means that Europe must work together closely and with the United States. In recent times, however, particularly over issues of major defence and foreign policy objectives, different views have been held in Europe—particularly France and Germany—from those that might have been expressed in this House in support of the United States.

Mike Penning: Does my hon. Friend agree that the American and British frustration is that so many European countries that say that they will support our troops in conflict, physically do not? They will go out to places such as Kandahar, but very rarely will leave the bases, whereas British and American troops are on the front line. So many countries that talk the talk do not put up the troops to take part in the action.

Mark Pritchard: Again, my hon. Friend makes an excellent point. Those NATO members that enjoy the benefits of membership should step up to the plate to provide more troops, particularly given that we are likely to see a surge over the coming months. It should not be left just to the United States and the United Kingdom—indeed, I pay tribute to Denmark and Canada, and to Australian special forces as well. The role of some of the other countries that he alludes to, and the contribution that they could make to the new surge, is a debate for another time, and perhaps another place, in this House. For example, if Germany cannot provide more troops in a kinetic role, it could provide more in non-kinetic roles, such as in assisting hospital services in camp Bastion, so that troops can be released for duties elsewhere.

The hon. Member for Kingston and Surbiton (Mr. Davey) might want to reread the constitutional treaty—the Lisbon treaty—under which some vetoes would certainly have been given up.

If the United Kingdom loses its permanent seat on the UN Security Council, would it be good or bad for America? American defence and foreign policy analysts need to ask such questions today, not tomorrow, when it is too late. A European Union dominated by a Franco-German foreign policy and defence axis would not be good for America's national security, or its self-interest. Consider Afghanistan!

Similarly, the United States ought to think very carefully about its stated aim to see Turkey accede to the European Union. On the face of it, the United States has a perfectly valid and rational foreign policy reason for doing so. It makes sense to encourage Turkey to look westwards, rather than eastwards, and anything that can be done to encourage a stable and secular Turkey avoiding radicalisation makes perfect sense. It would be good for Britain and good for America. A peaceful and prosperous Turkey is good for all of us. However, the unintended consequences of Turkey ceding to the European Union would eventually undermine America's national security, because the free movement of peoples, under existing EU rules, would result in a mass migration of peoples from Turkey to towns and cities all over Europe—I grant that—but in particular over the United Kingdom. In sufficient numbers, such mass migration would change irreversibly the social and cultural fabric of this country.

The socio-cultural dynamic of America's closest ally will have changed. Such a change will have profound and lasting political and bilateral consequences for the United States. That is not scaremongering, but a candid, over-the-horizon assessment of what could happen given the UK's past experience with the accession of other EU countries and new applicants. Instead, Turkey should be given full trading access and rights to EU markets, but should not be allowed to become a full member. If it does, the issue of migration post-Maastricht should be dealt with for not just Turkey, but others.

Mr. Bill Olner (in the Chair): Order. I have given the hon. Gentleman a bit of leeway, but we are straying rather a long way from America.

Mark Pritchard: Given your expertise in the matter, Mr. Olner, you will know that Turkey is currently a very dominant issue in the American Congress. Congressman Ed Whitfield for Kentucky, who chairs the Turkey caucus, takes a different view from me. Nevertheless, such a matter is relevant to the bilateral relations. None the less, I thank you, Mr. Olner, for your guidance.

In conclusion, history is shaped for good or ill by the great alliances of nations. The strategic alliance between the United States and the United Kingdom has provided security for more than 100 years. It is a relationship that

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has, and continues to be, a force for good. That is why America should reverse any foreign policy objectives that jeopardise that special relationship. If Britain and America are a diminishing club of a few good men, then Washington policy makers should be alert to that stark reality and to anything that undermines or threatens it. A weakened Britain means a weakened United States. It is in the national interests of both countries to use all means necessary—however unpalatable and counter-intuitive—to keep this alliance strong and beyond the vagaries and transience of any particular Administration. The alliance should be defended at all costs against all enemies, both within and without, and against those who seek to put enmity between our two nations. Such enemies ultimately want to destroy our way of life and the shared values to which I have referred. America is still a beacon on a hill, as the new American President has paraphrased. It is an extraordinary country with extraordinary men and women. I should like to say without hesitation or equivocation, may God bless the United States of America.

11.22 am

Mr. Mark Field (Cities of London and Westminster) (Con): I congratulate my hon. Friend the Member for The Wrekin (Mark Pritchard) on securing this important debate. I am surprised to be making a full speech because I had assumed that there would be time only for a short intervention. I did not realise that so few Members would be present. It is a shame because, as my hon. Friend said, this is an important area of policy for both this country and the world at large. He made a heartfelt and thoughtful speech. Many of his wife's family are in the United States, so he spends a lot of time there and understands its ethos.

Let me turn to what the United States of America means to me. As a very young boy I was told of the experiences of a five-year-old girl in the last few months of the second world war. She was very fearful because she had been forced from her home and had ended up in a small village just outside Leipzig, which initially was liberated by the Americans—prior to Yalta and Potsdam—and put into what became East Germany. That young girl remembered the great kindness of the American GIs in the immediate aftermath of the war. Like some of the Russian soldiers, the Americans were by no means entirely innocent of some of the atrocities that went on at the time. None the less, those young GIs gave that young girl her first taste of chocolate and fruit, and she remembered that for the rest of her life. That young girl was my mother, who was a refugee in eastern Europe as the war came to an end. Her story is one of the reasons why, from a very young age, I have very much admired and loved the United States.

My hon. Friend referred to anti-Americanism. He was right to suggest that although there is a sense of a new dawn under the new President, anti-Americanism did not begin under the erstwhile presidency of George W. Bush. Such a feeling goes back many decades. I was an undergraduate in the mid-1980s at the height of President Reagan's rule, and a lot of the anti-Americanism that existed then was driven by envy—envy of America's wealth and of its superpower status. It was one of two superpowers at that juncture. It was the policies of Ronald Reagan—based on much of the thinking of President Nixon—that ensured that America reigned supreme and that the cold war ended in the defeat of communism.

There is, of course, another element of anti-Americanism. In an old country such as ours, we have tended to regard America as slightly naïve. Its love of freedom, opportunity and aspiration somewhat grates in much of British public life. As my hon. Friend rightly pointed out, we have seen great benefits from America over the last century, certainly in regard to the first and second world war when it bailed us out. Obviously, we stood very tall during those terrible months in 1940 and 1941 before America emerged on the scene. There were no great votes for President Wilson when he finally entered the first world war against the forces of the German and Turkish empires as they were then. Therefore, we have seen those benefits, and we should never underestimate them. One of the difficulties that we face today is that we have only one superpower, and that so much is being driven by America, particularly in the military field, in the aftermath of the terrible terrorist atrocities of 9/11.

My hon. Friend spoke in a very heartfelt way about the issue of the special relationship. However, such a relationship should not be overstated. I am not in any way being negative about the new President. I know that he brings with him great hope, but there is possibly an over-burdening expectation of what his presidency will achieve. Such feelings of expectation could, I suspect, turn to disappointment. None the less, I also suspect that his presidency will prove to be a success. I imagine that he will be re-elected with a very large majority in the future.

My hon. Friend talked about America's strategy in relation to Turkey, which stems from the fact that it regards Europe as a homogenous block. Much as we have a good relationship with America, which is based on common language, and common history, it would be wrong to overstate the nature of that relationship. If we look at the large Hispanic population in America, and then spool forward a decade or so, I suspect that we will find few people talking about the special relationship between our two countries. Instead, American foreign policy will focus on its relationship with Europe.

Although I instinctively agree with much of what my hon. Friend had to say about the importance of nation states, I also fear that the tremendous economic turmoil facing this country, and the world, will be with us for some years to come. We will hear increasing voices in this country—from across the political spectrum—calling for us to integrate with the power block in Europe. Remember, we eventually joined the EC in 1973 as a defence mechanism. We felt that the only way forward for this country was to latch ourselves on to Europe. That debate on our integration within an all-powerful European block will go on in the decades ahead. In the future, the world will be in blocks. For the short term, the United States will be the only economic, military and political superpower. Clearly, China and India are developing at a great pace.

We must also look to the future, and the United State's role going forward. Clearly, the 20th century was the American century, just as much of the 19th century, in the aftermath of the Napoleonic wars, was the British century. The great, tumultuous events in the financial markets and the economic downturn, and the sense of

insecurity that will be felt by a great many millions in this country and throughout the world, will mean that some of the trends by which power has moved eastwards will accelerate. China has 1.3 billion people, and India 1.1 billion people, and both have huge and growing middle classes. Although those countries will not by any means be immune from the impact of recession and the downturn, they will mean only that their growth will be lower than in the past. They will still have economic growth of which we would be proud even in our better times. We will therefore see the emergence of China and India not only as economic superpowers, but as political and military powers. Consequently, America's place in the world will be different, as will our relationship with it. I appreciate that I am moving slightly off topic, Mr. Olner—I saw a disapproving eyebrow.

As I said, I am a passionate supporter of the USA and its great ideals, especially when, on occasion, it does not quite reach those ideals. I am especially proud because I have always had a very strong sense of personal connection with the country. Of course, the American embassy is in Grosvenor square in my constituency, and I have been proud to play a small part as a parliamentarian in helping to develop relations between our two countries.

I will be interested in what the Minister says when she sums up. The debate has been thoughtful, and I appreciate that we have touched on a range of things. It is easy, in the euphoria following the election of President Obama, to look at things in a slightly superficial way, not least because he is a very forward looking, thoughtful and philosophical man. He has a sense—I suspect that it will develop in the months and years ahead—of America's place in the world and how the world will develop, and I will be interested to hear what the Minister has to say about it.

11.32 am

Mr. Edward Davey (Kingston and Surbiton) (LD): I congratulate the hon. Member for The Wrekin (Mark Pritchard) on securing this debate. I agree with the hon. Member for Cities of London and Westminster (Mr. Field) that it is a shame that more hon. Members are not here to take part, because it sets the framework for much of our foreign policy discussion in years to come. Understanding and appreciating America's role is critical.

Colleagues will not be surprised to learn that I am euphoric about the election of Barack Obama. It is one of the most welcome developments probably in decades for the message that it sends in America, for this country, and for the world. I know that some in the media throughout the world are indulging in superlatives, but I think they are warranted. It is a fantastic development.

I was privileged to be at the Democrat convention in Denver in the summer. I have never waved any flag as enthusiastically as I waved the American flag when I listened to President Clinton and Barack Obama. They made fantastic speeches. The atmosphere was fantastic, and the feeling of hope and that it was time for change was palpable. It communicated itself across America and the world.

My party has always been a friend and supporter of America. We have sometimes been critical of the incumbent in the White House, but that is different. In democratic politics, one can be critical of a Government or of a politician in another country, but still be a great friend of the country and a supporter of its values and people. It is important to make that distinction; otherwise, we do ourselves and the value of democratic debate down. I agreed with much of what the hon. Member for The Wrekin said, but hon. Member for Hemel Hempstead (Mike Penning) made an important point when he said that Britain needs to be the candid friend of America and to tell the truth as we see it. When we do so, we are at our most powerful.

The relationship with America is not simply about the relationship with one President or the incumbent in the White House, but with the whole American political system. More importantly, it is about our relationship with the American people. In the US Senate, President Obama voted against the war for Iraq. What is our influence with him? I am sure that it will be great. We need to explain our position, and I am sure that he will look at us objectively. Hopefully, he will look at us in a special light, but we must remember this: the fact that we went along with a President who, in my party's opinion, made a huge mistake in going to war with Iraq has done us no favours with the new American President. I make that important historical observation because it is best to be candid and to tell the truth to a friend, even if we fundamentally disagree with them. Not going along with just anything that is said or done by a friend is the surest way of sustaining our credit.

That relates to how we should approach our relationship with the new President. My party and I are extremely optimistic, given the foreign policy positions that he has taken in the past, many of the things that he said during the election and the hints and nudges given by Vice-President Biden in Munich the other day. The President's policies seem to be going in the direction of policies for which we have been arguing for some time, even if others have not.

How do we encourage and support the welcome new direction in American foreign policy? We should remind the new incumbent and his Administration that we have long historical ties, exactly as the hon. Member for The Wrekin said. I join him in paying tribute to the role that American citizens have played in securing the liberty and freedom of our country. It is important always to send that message. In doing so, we need to ask how we can help America to ensure her security and the security of the free world. I differ slightly from the hon. Gentleman in the answer to that question. If we are to help America to deliver on the new mission that President Obama clearly has, we need to be close to our European partners and to bring them along with us. If we are not engaged wholeheartedly with our European colleagues, we will be less able to persuade them to go in the direction in which America and Britain often instinctively go.

Mr. Mark Field: Is the hon. Gentleman therefore concerned about the strands of anti-Americanism in Germany and, to a large extent, in France? How can those two key nations within the European Union play their part in ensuring a strong relationship in the future?

Mr. Davey: Let me be clear: anti-Americanism anywhere is bad. One can be against a policy of a country, but anti-Americanism is, frankly, ignorant. Having said that, I have not seen the level of anti-Americanism to which the hon. Gentleman alludes in France and Germany since the election of Barack Obama. I have seen opinion

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poll ratings on the new President that the hon. Gentleman and I would die for in our constituencies. The reaction of the 200,000 people to whom President Obama spoke in Berlin during his campaign did not look like anti-Americanism to me. That is perhaps my point. There is huge good will for America and its values—we can also consider what President Sarkozy has said—and particularly for the new President, because of his policy decisions. The question for us in this House is how to encourage it.

Looking at the recent past, the danger is that if we are not careful, British support will be taken for granted. We have not been a candid friend; we have not appeared to ask the questions that should have been asked. America always assumes that we will be on its side and so almost discounts that support. That is the danger if we are not candid about times when we disagree. Furthermore, because we appear to go along with anything that America says or does, however misguided, we lose influence within Europe. That means that we are not influential in America or in Europe—the worst of all possible positions.

Our approach should be to stand up for our values and ideas and communicate them as strongly as possible. It is not about choosing between America and Europe, it is about ensuring that British national interests, which are clearly aligned with those of America in the long term, are delivered by having strong alliances with our neighbours in Europe. Immediate challenges, such as the need to increase NATO forces in Afghanistan, will best be met if we are able to cajole our European colleagues into doing more. We, too, must do more. Britain will almost certainly have to send more troops, despite the problems of overstretch, and a difficult judgment must be made about the number that we send. We must use our leverage with France, Germany and other NATO countries in Europe to try and get them to step up to the plate. If we were able to do that, President Obama would be happy with us, he would react to us in a grateful way, listen to us and be impressed by our level of influence.

Mark Pritchard: I admire the hon. Gentleman's optimism and I hope that it is worthy of the amount of time that he has given it this morning in relation to our European allies, but the fact is that we have been trying to utilise that leverage for the past five years, sadly to little effect. Of course we need to work with our European allies and America as much as we can, but when those European allies are holding back the British national interest and the joint UK and American national interest, we cannot keep waiting for them to change their minds.

Mr. Davey: On that point there is no difference between the hon. Gentleman's point and mine. The UK ultimately decides on its foreign policy and where its troops go, and I would be against giving up the veto on that. However, during the past five years that he mentioned, we have lacked influence because of previous mistaken foreign policy decisions, and we have not been in a position to persuade people to do more. That is the danger. However, with a new President changing the parameters and in the light of speeches made by Vice-President Biden, I hope that we can reach out and have more influence.

The hon. Gentleman may be right—I might be Panglossian in my optimism, but we should approach this as a new chance and opportunity to take difficult decisions and bring others with us.

Mark Pritchard: I am grateful to the hon. Gentleman for giving way again; he has been very generous. I want to be crystal clear on this point when foreign policy statements are made by the hon. Gentleman, not only in this debate but in future debates. In relation to the United States and wider foreign policy issues, is it the policy of the Liberal Democrats to give up the veto on foreign policy and defence matters? I understand that that was a stated aim of his predecessor.

Mr. Davey: I would be grateful if the hon. Gentleman could show me that statement. Our party passed a policy at its October conference, stating very clearly that we would not give up the veto on foreign policy or defence measures. My understanding is that that has been a long-standing policy of our party. That is factually the case, although I know that there are some in British politics who have tried to portray it as otherwise.

In some of the discussions about how we relate to the new American Administration, I have been slightly worried about the unseemly competition regarding who will shake hands with President Obama first. Will it be Chancellor Merkel, President Sarkozy or Prime Minister Brown? [Hon. Members: "Tony Blair."] People are mumbling Tony Blair. He may well have got there first, but I am talking in terms of incumbents.

We ought to get past this issue. Sir Nigel Sheinwald and others should try to persuade the Government and the American Administration to approach such diplomatic niceties in a different way. Perhaps it would be good if a number of European Union leaders met President Obama at the same time, whether in London at the G20 or elsewhere. We must make it clear that Europe wants to work in partnership with the new Administration as much as possible. It will be interesting to see whether there is any change in how we approach our relations with America in those respects.

I know that there is lots of time left in this debate, and I do want to hear from my colleagues. However, I have a few more substantive points to make.

Mr. Bill Olner (in the Chair): As long as they are about America.

Mr. Davey: They are on America, of course, Mr. Olner.

My first point regards the foreign policy team that Barack Obama has put together—it is absolutely fantastic. The wealth of experience, knowledge and judgment is tremendous, not only because of Secretary of State Hilary Clinton, or Vice-President Biden, but because of special envoys such as Senator George Mitchell in the middle east and Richard Holbrooke in Afghanistan and Pakistan. There are some talented people, and the way that Obama organised that team quickly is characteristic of the way that he fought his presidential campaign and developed his political career. It was done in a measured and structured way that bodes well.

I talked with Democrat foreign policy advisers during the convention in the summer. It was clear that they want to see a big change regarding investment in foreign policy. In terms of the smart power that we have been

hearing about, they want to build up the state department and the diplomatic weight and mass within America's diplomacy and foreign policy architecture. That is welcome. To give one example of the need for such actions, I am told that there is currently only one civil servant in the State Department who can speak Farsi. Given how significant Iran is, we need people who can speak Farsi and understand what is coming out of the country. That is a small matter, but it exemplifies my overall point.

Given what we heard from the Foreign Affairs Committee, which was worried about cuts in the Foreign and Commonwealth Office budget, I would say to the Minister—

Mr. Bill Olner (in the Chair): Order. The hon. Gentleman is drawing on my patience.

Mr. Davey: I was drawing on the lessons from the United States, Mr. Olner. It has many lessons for this country, not least that of investing in diplomacy.

One could stand here all day debating the many countries and issues in the in-tray of President Obama and his team. I would like to pick out one or two issues, not least because they were matters raised by Vice-President Biden. As the hon. Member for The Wrekin said, Iran will be high on that list. We have seen reports in *The Guardian* about a letter that was drawn up in response to President Ahmadinejad's welcoming letter following the election of President Obama. It tries to extend the hand of peace; we will see whether it is met by an unclenched or a clenched fist.

I am more optimistic and positive about that approach than the hon. Member for The Wrekin, who warned us not to be too hopeful that it will work. He may be right; if intelligence reports are correct, Iran is well along the road of having enough enriched uranium to produce a bomb. However, there is a danger that the policies tried over a long period have not worked. We need to think afresh, as President Obama clearly has been doing, about how to stop the Iranian regime's attempts to get a nuclear weapon. We all know how hideous that regime is in many respects and how destabilising it would be if it got a nuclear weapon. We must explore all options. I am delighted that the new President is genuinely open-minded about that. Given our critical situation, we need to try as many routes as possible.

On the missile defence system that President Bush wanted to establish, I note that Vice-President Biden's comments were carefully worded. It is true that the new Administration have not yet resiled from the project. However, they are talking about the costs and whether the technology works. Most interestingly, they are talking about involving Russia in the project. Many of us are not against the technology and can see its many advantages, but our major concern is how destabilising it was to the relationship between NATO and Russia. It was particularly notable that Vice-President Biden made that point in his speech in Munich.

It is fantastic to see an Administration who talk so positively about engaging with the rest of the world on climate change and who are so concerned about pandemics and how damaging they can be to hundreds of thousands of people, mainly those living in developing countries. The Obama Administration clearly want to tackle those issues, as well as—this was stated in the Munich speech—the problems of poverty and how it can create instability, tensions and misery.

Mr. Bill Olner (in the Chair): Order. May I ask the hon. Gentleman to bring his remarks to a conclusion? He has now spoken for longer than the Member who secured the debate, and has not allowed sufficient time for the Minister and the chief Opposition spokesman to have the same amount of speaking time as him.

Mr. Davey: I will certainly do so, Mr. Olner, as I am keen to hear from my colleagues. I thought that I was doing the House a service by keeping the debate going. *[Interruption.]* I thought that I was playing a helpful role. People do not normally acknowledge that they are trying to keep a debate going, but there we are. It is fantastic news that America has a new leadership. We welcome them, and we look forward to working with them.

11.52 am

Mr. David Lidington (Aylesbury) (Con): I congratulate my hon. Friend the Member for The Wrekin (Mark Pritchard) on securing this debate.

Anybody who watched the television coverage of President Obama's inauguration would have been moved by what they saw. For a start, as a number of other hon. Members have mentioned, it was the inauguration of the first African-American President. Some journalists described it as a second reconstruction. Hearing and seeing the reaction of ordinary African-American voters, I felt the sense of a country coming together, a century and a half after its bloody civil war. The inauguration also demonstrated what American citizenship and democracy mean, as the leaders of the nation, rival candidates and rival parties assembled at the Capitol and we saw the peaceful transition of power from one President and one political party to another.

Out of curiosity, I looked on the internet to see how al-Jazeera was covering the events. It was covering the inauguration live. I could not help but wonder what impression would be gained by the millions of viewers living in countries where people cannot choose their own Government or rid themselves of leaders in whom they have lost confidence when that spectacle of American democracy in action was displayed in front of them.

The starting point for this debate is that the United States, for all its faults, is still a land of opportunity and a beacon for much of the rest of the world. It is a country where central to the idea of citizenship is the notion that any ambition, any dream, can be realised. When I was observing the Republican convention in Minneapolis-St. Paul, I was struck by the fact that every taxi driver I talked to seemed to come from either Ethiopia or Eritrea, but that each was now determined to make himself into an American and achieve as much as he could in his new life in the new world.

It is a good thing that the dominant world power since 1945 has been a country committed to democracy and the rule of law, but American influence and power rest on far more than military force. One must consider as well its commercial influence and its cultural influence through television, film, music, sport, brands of clothing and the food that is conspicuous in virtually every country of the world that one can visit.

[Mr. David Lidington]

When it comes to relations between this country and the United States, we have shared and suffered a great deal together over the past 100 years. I shall not recount the history, but every weekend, when I go to Princes Risborough library in my constituency, I see a modest brick monument to an American pilot, Lieutenant Sparky Cosper from Texas. During world war two, he was flying over the Chilterns when he had a problem with his plane, and he deliberately steered it to crash in the countryside, killing himself rather than endanger the lives of citizens in the town below. That sort of individual case was replicated, I am sure, in many towns and villages throughout the United Kingdom.

[MR. ERIC ILLSLEY *in the Chair*]

Looking forward, I think that our relationship with the United States should be close, but it ought never to become slavish. We share a great deal—language, culture and a relationship built on trade, investment, defence and intelligence—but we do not need to be starry-eyed. There have been unhappy episodes in our history: 1812 is one such example; one also thinks of President Theodore Roosevelt's efforts in the late 19th century to build up a blue-water American navy, partly because of fears that the United States might have a military clash with the British empire. Although I certainly wish President Obama and his Administration well, we should not pretend that they will be anything other than hard-headed in the defence of United States interests first and foremost. That is what their electorate expect.

My questions for the Minister concern four subjects that seem important in terms of our bilateral relationship with the United States. The first is international trade and protection. Most of us in this country, across party boundaries, hoped that some of the Democratic party's campaign rhetoric about the need for protectionism would not be translated into legislative action. We have been concerned about the "Buy American" provisions that are now being debated in Congress.

I note that those provisions have been somewhat watered down by amendments tabled within the last week. However, when I was in Toronto last Thursday and Friday, the Canadian Ministers with whom I discussed the issue were certainly of the view that the deal was still far from being a satisfactory one. In particular, they felt that individual states and individual municipal authorities in the United States might be able to invoke protectionist clauses in their procurement contracts, on the grounds that they themselves were not parties to international agreements prohibiting protectionism.

I would be interested to learn what approaches on this subject British Ministers have made and intend to make to their counterparts in the new US Administration. I would also like to receive from the Minister some assurance that the British Government really will stand by our long-standing commitment to free trade, as something that is not only in the interests of our own country, but in the interests of spreading prosperity among the poorest countries in the world.

Secondly, I want to say a few words about Iran. I welcome without reservation President Obama's decision to have contact with the Iranian regime. It is very easy to talk to one's friends, but if one simply refuses to talk to people one ends up diminishing the opportunities for mutual understanding, let alone the opportunities for diplomatic progress. However, in line with that new American approach to Tehran, there needs to be real determination on the part of European countries to back up America's carrot with a rather bigger stick than European powers have been willing to brandish up to now.

I know that it is difficult to get European agreement on these matters. However, more than 12 months have passed since the Prime Minister said that we needed to have a block on new European oil and gas investment in Iran and so far no legislative action to give effect to that ambition has been forthcoming. Frankly, it is galling to hear the Iranian deputy Commerce Minister boast, as he did last month, that 67 per cent. of Iran's foreign trade in 2007 came from Europe and that he is able to say:

"EU members are not paying any attention to the UN resolutions against Iran."

I hope that the Minister will be able to tell us what her colleagues are saying to their counterparts in other European countries about the need to back up President Obama's diplomatic overtures to Iran with sanctions that clearly demonstrate the intention of the whole of the European Union to isolate Iran commercially if it is not willing to enter into serious discussions about how to obtain verifiable assurances that it will not develop nuclear weapons.

Thirdly, the question of Iran brings me on to broader questions of nuclear doctrine and nuclear policy. In the past 12 months, it has been striking to see how men who have been characterised as hawks in US politics—men such as former Secretaries of State Kissinger and Shultz and former Senator Sam Nunn—are now campaigning very publicly for significant changes in US nuclear doctrine and for a major reduction, to be achieved through negotiation, in the stocks of nuclear weapons that are held internationally. Do the British Government support those initiatives? The Foreign Secretary's paper last week suggested that they are behind such an approach, but I want to tease out from the Minister whether our Government believe that that new strategy has implications for their policies on the modernisation of Trident and the future of the British nuclear deterrent.

Finally, I cannot avoid saying a few words about the allegations that have been made about torture and abuse. Harking back to my opening remarks about the importance of America's democratic moral example, if we and the United States say that we stand for democracy and the rule of law, evidence that we have failed to live up to those standards in practice does us significant harm in international relations and indeed in terms of domestic public confidence.

Can the Minister say whether the Government are minded, even at this stage, to make fresh representations to the US Administration following the court ruling in the case of Mr. Binyam Mohamed? In a letter to my right hon. Friend the Member for Richmond, Yorks (Mr. Hague), dated yesterday, the Foreign Secretary said:

"I did not, however, discuss the details of Mr Mohamed's Judicial Review proceedings."

That is, he did not discuss them with Secretary of State Clinton when he visited the United States. In the letter, the Foreign Secretary goes on to argue that that was because the High Court had given British Ministers a

copy of its judgment in "advance" of it being handed down, on "strict conditions" of confidentiality. However, the Foreign Secretary went on to say in his letter to my right hon. Friend that a US spokesman had said on 4 February that

"The United States thanks the UK government for its continued commitment to protect sensitive national security information and preserve the long-standing intelligence sharing relationship that enables both countries to protect their citizens."

The right hon. Gentleman went on to say in his letter:

"On that basis, I saw no need to speak again to Secretary Clinton in the period between the judgment's public release and my statement on Thursday."

The problem that we have here is that the judges stated on 4 February that it was

"difficult to conceive that a democratically elected and accountable government could possibly have any rational objection to placing into the public domain such a summary of what its own officials reported as to how a detainee was treated by them".

The judgment said that there would not be a breach of national security if that summary was made public. I accept, straight away, that it is possible for judges to get it wrong and to make assumptions that the disclosure of particular material would not harm national security interests when, in fact, it could do so. I also accept that the terms of an intelligence-sharing relationship must give to the country supplying the information a veto on whether or not that information is disclosed, but it is of course open to a country supplying intelligence to decide to waive that right of confidentiality. I find it baffling that the Foreign Secretary appears not even to have made a request to the US to do that. I therefore hope that the Minister will also be able to say something about that point when she responds to the debate.

In my view, relationships between Britain and the United States need to be built on both friendship and frankness. There will be times when our interests clash and there will be occasions when we disagree about particular issues. However, I am confident that our shared values and our shared interests mean that the relationship between our two countries will remain of critical importance to both in the years to come.

12.10 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): I congratulate the hon. Member for The Wrekin (Mark Pritchard) on securing the debate, which is, as he said, timely. Indeed, it could not have been much more timely if he had chosen the date. I endorse his congratulations to President Obama, and I join him in his tribute to the Americans who have stood by us and those who have fallen with us. I am sure that the whole House would do the same.

The UK's relationship with the United States is our single most important bilateral relationship, and is vital to our prosperity and security. It is based on shared values and shared objectives, and has been cemented, over many years, through the work that we do together on a wide range of issues that are important to the peoples of both countries. Those issues range from climate change to terrorism and the economy, with many points between. We will be a close and productive partner to the new Obama Administration—I look forward to that—and will seek to grow and strengthen the partnership through a common commitment to tackling the challenges faced by the people of Britain and America. In that context, I, too, welcomed Vice-President Biden's speech, in Munich on Saturday, on foreign policy, which set out with clarity and vision how we can expect our partner to act in future.

Our Prime Minister was among the first world leaders to speak to President Obama after his inauguration, and my right hon. Friend the Foreign Secretary held discussions with Vice-President Biden in Munich at the weekend. Hon. Members will be aware that the Foreign Secretary was one of the first Foreign Ministers to hold face-to-face discussions with Secretary of State Clinton last week in Washington. Hillary Clinton has summed up the UK-US relationship as having stood the test of time, and I believe that to be the case.

We strongly welcome the early steps and commitments that have been taken by President Obama, including those on climate change, and the Executive orders of 22 January on the closure of Guantanamo Bay and on the review of detainee treatment and interrogation techniques. The Government have long held that the Guantanamo Bay detention facility should be closed, and those early moves demonstrate to us a real commitment to addressing the challenges of violent extremism in a manner that is consistent with human rights, civil liberties and the rule of law. We strongly welcome that.

Mark Pritchard: Will the Minister put on record whether the Government would be prepared, on the request of the American Administration, to take into this country detainees who have been released from Guantanamo Bay but who are not UK citizens?

Gillian Merron: No, I cannot confirm that. The Foreign Secretary has said recently that we have undertaken our duty. However, we will work with countries that are already seeking our assistance in facilitating the closure of the detention facility.

Mr. Davey: The Minister has said how much she welcomes the new Administration's commitment to closing Guantanamo Bay and to opposing torture. Does that not make more ironic the Government's positions of not being prepared to take any more detainees from Guantanamo who are not British residents or citizens, and of not pushing the American Administration to publish summaries of intelligence reports that British judges wanted published, because they might reveal torture? The Government's position on both those issues is the reverse of what the Minister is welcoming from the American Administration.

Gillian Merron: I have listened to the hon. Gentleman's comments, but I do not share his views. The Government's position has always been that we wanted Guantanamo closed, and it has also been our position to support British citizens and those who were legally resident in the UK, and to seek their return. We have brought back a number of such people, but there are a small number outstanding. I refer the hon. Gentleman to the Secretary of State's statement of last week on the matter. I shall return to the issue, as the hon. Member for Aylesbury (Mr. Lidington) has asked me to do so.

Let me address some of the specific points that have been raised. The hon. Member for Aylesbury asked about protectionism. I assure him that the Foreign Secretary has already raised concerns, during meetings

[Gillian Merron]

with his counterparts, about perceived protectionism, and he will continue to do so. It is worth remembering that President Obama has repeated his commitment to avoid taking a protectionist approach in response to the global economic situation. I feel it is our duty to continue to build on that position.

Several hon. Members discussed Iran. The UK and the US are very much as one in recognising the threat that a nuclear armed Iran would pose to security in the middle east and beyond. We wholeheartedly support the new Administration's desire to engage directly with Iran, as expressed by President Obama and reiterated by Vice-President Biden at the weekend. Overnight, President Obama has again said that the US is looking for openings that can be created where we can start sitting across the table face to face. Also overnight, the Iranian President said that Iran is ready to hold talks in a fair atmosphere. We are discussing strategy closely with the US, with a view to convincing Iran to change its approach to nuclear. It is essential to dissuade Iran from progressing towards obtaining the technology that is needed to make a nuclear bomb. The possibility of direct US engagement may help to change the dynamic, but Iran must act to rebuild the confidence of the international community. It continues to enrich uranium and to increase its capacity to do so in defiance of five UN Security Council resolutions.

More broadly, we welcome President Obama's promise to take the lead in working for a world in which the roles and risks of nuclear weapons can be reduced and ultimately eliminated. Last week, the Foreign Secretary launched a policy information paper on the subject, outlining the UK's position and the work we have done in that area. We applaud the United States' decision to enter the multilateral debate about Iran's nuclear programme. That is vital not just for the middle east, but for the global integrity of the non-proliferation treaty. On 27 January, President Obama said,

"it is important for us to be willing to talk to Iran, to express very clearly where our differences are, but where there are potential avenues for progress. And we will over the next several months be laying out our general framework and approach. And as I said during my inauguration speech, if countries like Iran are willing to unclench their fist, they will find an extended hand from us".

The hon. Member for Aylesbury talked about sanctions. The UN Security Council has passed three sanctions resolutions imposing a range of measures—banning the supply of items that could contribute to Iran's nuclear and ballistic programmes, denying visas for key officials and entities associated with proliferation, and calling on states to exercise vigilance with all Iranian banks and to inspect cargoes on Iran Air and the Islamic Republic of Iran Shipping Lines.

Mr. Lidington: Will the Minister confirm whether the Government are content, even if not happy, with the current support of the Governments of France and Germany for such sanctions?

Gillian Merron: The EU has implemented those sanctions and has gone beyond them by freezing the assets of more entities, banning more officials from travelling and imposing further financial vigilance requirements against Iranian banks. We will work with international partners this year and beyond to bring further pressure to bear on Iran, including through extended and toughened sanctions. I say to the hon. Gentleman that this is something to which Iran has to respond. I hope that Iran will take that opportunity in the spirit that President Obama offered.

We welcome the priority given to climate change by the new US Administration. It is a distinct policy shift from the previous Administration and we welcome that. We will encourage the United States to define what it believes constitutes dangerous global temperature increase, and discuss what its contribution to avoiding it might be. However, of course, there is an immediate opportunity, and we encourage the new Administration to play a leading role when the world meets in Copenhagen in December to agree the follow-up to Kyoto. The new US commitment in the area of climate change means that we have a much better chance of securing an ambitious global agreement on how to tackle the problem.

On the economy, close working with the new US Administration to counter the effects of the global economic downturn will be crucial. The economic crisis is global in nature and has consequences for every country. As hon. Members have said today, we need global solutions, which is why we are in close and regular contact with the new US economic team and others to ensure a co-ordinated and effective approach. Of course, as hon. Members know, President Obama will join the Prime Minister and other world leaders at the London summit on 2 April, which will build on the action plan agreed at the Washington summit in November last year. The summit will include matters such as enhancing sound regulation, strengthening transparency, reinforcing international co-operation, and promoting integrity in financial markets. Crucially, it will also include reforming multilateral institutions.

Hon. Members raised the matter of the EU. A strong EU-US relationship is important for our opportunities and chances to improve the world. The relationship needs to be strong and I feel that hon. Members have acknowledged that. However, there will inevitably be disagreements. There have been disagreements at regional level, for example, over the US policy on Cuba, and between individual countries—as hon. Members have mentioned—for example, over Iraq.

The US and the EU have strong economic ties that will underpin the relationship and take us through the rough and smooth. The Foreign Secretary was heavily involved with the informal discussions with his counterpart EU Foreign Ministers last year during the French EU presidency. They considered key priorities on which to engage with the new Administration and the vital partnership that we need to develop. Transatlantic relations were a welcome priority for the French presidency. The EU needs to continue to present focused clear and positive messages to the US to cement early involvement.

The result of the meetings among the Foreign Ministers of the EU was a paper that sets out many of the important issues that require close EU-US co-operation, in particular, the middle east peace process, Afghanistan, Pakistan, Russia, Georgia and other matters. We should consider the comments made by the Foreign Secretary about the approach of the EU to the US. In relation to that, I have in mind the comments of the hon. Member for Cities of London and Westminster (Mr. Field). He wisely said that we should exercise caution in our expectations of the new President. The Foreign Secretary

suggested—I believe this is right—that the EU's message to the new Administration should be about what the EU can offer the US, rather than simply being a list of expectations and hopes for US movement and help. The EU needs to think about how it can add value and get the best from the relationship. It needs to exercise activity and suggestion in what it can do in key areas of EU-US co-operation.

I shall now refer to the specific matter raised in respect of Mr. Mohamed. Perhaps I could clarify the issue for the benefit of hon. Members. The hon. Member for Aylesbury asked a legitimate question about what was discussed with Secretary of State Clinton. It is, indeed, the case—as has been confirmed—that the Foreign Secretary did not discuss the detail of the judicial review of Mr. Mohamed's case because, under the terms of the embargo, he would have been in contempt of court to have discussed the matter with Secretary Clinton. However, I can say to the hon. Gentleman and other hon. Members that the Foreign Secretary will meet Mr. Mohamed's legal representative this week. I hope that that will be welcomed.

I also wish to put on the record that the subject of the ruling was not the position of any specific Administration; it was about the principle of intelligence relationships. I refer hon. Members to the Foreign Secretary's statement to the House last week when he made it clear that it is right

"that a country should retain control of its intelligence information, and that that cannot be disclosed by foreign authorities without its consent."

On the disclosure of intelligence, about which the hon. Member for Aylesbury asked, I can again do no better than refer to the Foreign Secretary's statement when he said that

"were our own classified information to be disclosed in such a way, it could compromise our work, our sources and therefore our security… the disclosure of the intelligence documents at issue, by order of our courts and against the wishes of the US authorities, would indeed cause real and significant damage to the national security and international relations of this country."—[*Official Report*, 5 February 2009; Vol. 487, c. 990-91.]

I would like to conclude my comments. Our relationship with the United States is, without doubt, as important now as it has ever been. As hon. Members have confirmed today, US leadership is crucial for us in so many important issues, including many that have not been raised today. I particularly wish to mention development and the reform of the UN, which are crucial to our advancement. We are right to be close to the US and we will continue to ensure that that is so. We will also continue to offer the US our support, which will be unequivocal, but not uncritical. It is emphatically in the UK's interest to do so. As Vice-President Biden said in Munich on Saturday:

"Our partnership benefits us all. This is the time to renew it."

Mark Pritchard: Does the Minister agree that it is particularly unhelpful to the so-called special transatlantic relationship when some Members of the House suggest that all this country's and, indeed, some of the world's current economic ills started in America?

Gillian Merron: It is important to say from where the economic challenges come, but perhaps the purpose of this debate—I am sure that the hon. Gentleman will feel that this is a good note on which to end—is to consider what we can now do together to overcome the challenges that we face.

12.28 pm

Sitting suspended.

School Buildings (Dudley)

12.30 pm

Lynda Waltho (Stourbridge) (Lab): Building Schools for the Future—BSF—is the largest single schools capital investment programme for more than 50 years. It aims to rebuild or renew England's state secondary school estate during its lifetime. It is generally welcomed by teachers, head teachers, governors and parents, and, at this point, I must declare several interests, being not just the local MP, or MP within the borough of Dudley, but a former teacher in Dudley and a mother of two teenage sons who are still in Dudley's state education system.

The Government will invest £9.3 billion in BSF in the 2008-2011 spending period alone. The sheer scale of BSF enables local authorities, such as Dudley, to move from a patch-and-mend system to rebuilding and renewal, with a more strategic approach to the funding, design, procurement and management of buildings. One reason why I support the BSF programme is that it is not just about buildings; it aims to create learning environments to inspire young people, unlock their talents and raise aspirations to help them to reach their full potential. It also aims to provide teachers with 21st-century workplaces and provide access to facilities that can be used by the whole community. As a former teacher, I know that that is just what is required in Dudley and in the wider black country.

Month by month, term by term, I see the BSF programme building momentum, but, alas, not in Stourbridge, Halesowen or Dudley. Why? Because Dudley's Conservative cabinet, the council leader and education portfolio holder, have decided to close the door on these vast opportunities, and, I suspect, for the worst of reasons—party politics. How did we get to the point at which on 2 November 2008 the education portfolio holder, Councillor Liz Walker, told local newspapers:

"There are many costs which we couldn't budget for, costs we weren't aware of"?

She added that money needed to be spent on other priorities, such as roads. In the same week, the council cabinet decided against entering the BSF programme to secure £200 million to revamp the borough's secondary schools, throwing away a once-in-a-generation opportunity to transform education provision in Dudley. Head teachers were reported by the *Express and Star* on 4 November last year to be "gobsmacked" and worried that Dudley risked becoming

"the poor relation of the West Midlands."

One head teacher, Graham Lloyd, of Holly Hall mathematics and computing college said:

"I am gobsmacked because it was my understanding we were working flat-out to be included in the next wave. I have said it before, if Dudley isn't involved in BSF it will be a disaster. It puts us at a significant disadvantage to all the other authorities in the region who have this funding".

The confusion that head teachers, parents and pupils feel is real, because, as Mr. Lloyd said, until the decision to withdraw, literally up to the day of the announcement, the local education authority was indeed working flat out to be included, having already applied to be included in earlier waves of BSF, and having worked on bids since an expression of interest way back in 2003.

In June 2006, Dudley borough council published its document, "Investing in the Future—Transforming Secondary Provision", a 57-page document setting out statements of principle and intent, reviewing secondary schools throughout the borough and developing the education vision for Dudley. The consultees to the process ranged from young people attending Dudley schools to governors, head teachers, councillors, MPs, the local learning and skills council, primary care trusts, local businesses and community groups—in all, 37 categories of Dudley stakeholders, covering hundreds of thousands of people. The stated intention in the first paragraph of the introduction was to work with the then Department for Education and Skills for Dudley's inclusion in waves 7 to 9

" or earlier if the national position allows."

The document spoke of vision, consensus, dynamism and the intention to address the needs of current and future learners. It underlined the strong link between capital spending, staff and pupil motivation, quality of teaching, learning, and pupil performance. A consensus emerged at the end of the consultation, and work began to pull together a bid that included planning for two academies in the borough and the significant development of long-established schools.

One scheme of particular importance to me is the Thorns community learning village in Stourbridge, costing £8.5 million, which the council acknowledged would transform special needs education in Dudley. It has now been shelved, or in Dudley council speak, "delayed indefinitely". The plan was to merge Old Park special school with Thorns community college and Thorns primary school in Quarry Bank, based in separate buildings but sharing joint facilities on-site. Funding is already in place for the relocation of Old Park, the initial phase of the project, but the funds that Dudley LEA planned to secure through BSF for phases 2 and 3 are now, once again in Dudley council speak, "yet to be determined", which roughly translates as, "We have no idea at the moment."

That is one instance of the effect of the surprise U-turn on BSF by Dudley's Conservative-controlled education authority. There are schools all over the authority which would have benefited and, indeed, are crying out for rebuilding. Halesbury special school in Halesowen still uses mobile classrooms that are at least 30 years old; Ellowes Hall school, a specialist sports college in the constituency of Dudley, North, was judged in its April 2008 Ofsted report to be

"hampered by inadequate sports facilities",

one example being the lack of an adequate sports hall; and, in the constituency of Dudley, South, Wordsley school, Kingswinford school and Hillcrest community college would all have benefited directly from BSF funding.

Dudley council's capital strategy for 2009 to 2014 still contains the following aim:

"By providing high quality accommodation with stimulating learning environments for school pupils and members of the community to ensure education standards continue to rise. Over the next five years the priorities will be to maximise external investment in the infrastructure from BSF".

So, after an extensive consultation, consensus, planning and a strong statement of intent, why the U-turn? Councillor Liz Walker said in 2007:

"This multi-million pound investment programme will give us the money and the opportunity to improve all schools. It could result in at least £10 million investment in each school, which will re-model and possibly rebuild many of our secondary schools in

the borough to an extremely high standard, fit for 21st century education. Investing for the Future is fundamental to inspiring learning for future generations. The proposals aim to secure the best provision for children, young people and local communities."

However, the council leader and education portfolio holder recently stated that the cost of managing the bid was too high. The estimated amount of money—£2 million—has been included in every document relating to the scheme as far back as 2003, however, and it was reiterated in the capital plans and visionary documents to which I referred earlier. Does this woman not read her own papers? Is she not listening to the briefings from her officers?

The Secondary Heads Association in Dudley is united in its condemnation of the snap decision not to proceed. It has engaged in the choice and diversity agenda, bringing in a range of educational provisions throughout Dudley and setting up two of the first trusts in the country, and it recognises the importance of academies to the overall BSF process in Dudley. The LEA has been committed to BSF, having applied already to be involved in two earlier waves, but it has now decided not to go for it a third time—when the chances of acceptance are highest.

The Secondary Heads Association felt let down by the LEA pulling the rug from under its feet, particularly when it heard that it was just the set-up costs that were holding the LEA back—£2 million to release £200 million. What has happened to the LEA's vision? The closure and sale of the Cradley high school site in Stourbridge was identified as the main vehicle for releasing the £2 million, but that decision was fought by the local population, with my support. However, although the school is now closed, the site has not been disposed of and we are now faced with the additional insult of council tax moneys to the tune of more than £250,000 being used to keep the site closed.

The Secondary Heads Association was so concerned by the announcement not to proceed that it offered to use part of its capital budget each year to raise the money for the LEA's perceived shortfall. The offer was refused, and a highly politicised scrutiny meeting of the council upheld the decision. The head teachers feel the decision so deeply not just because their vision of state-of-the-art facilities for 21st-century learning has, in effect, been shattered but because the consequences of not going down the BSF route are too awful to contemplate.

Although Dudley is at the heart of the black country—indeed, it is often proudly designated its capital—it does not exist in a vacuum. The surrounding authorities of Wolverhampton, Sandwell, Walsall and Birmingham have applied for and are receiving BSF funds and are creating vast palaces of learning. It is inevitable that Dudley pupils and future learners will vote with their feet and cross LEA borders to take advantage of state-of-the-art facilities elsewhere, leaving Dudley's secondary rolls to decline and deplete to the point that we fear closures will inevitably follow.

I am also dismayed that the potential for local employment that could arise from the BSF programme has now been thrown away by the council, which is, in effect, taking away opportunities for builders and other workers across the whole borough.

If the shortfall could have been made up by alternative funding, why still pull the bid? Could the decision possibly be linked to a report in *The Guardian* on 2 July 2008 about a meeting of Conservative council leaders that was urged to discontinue co-operating with Labour authorities in Whitehall and beyond, and to just say no? Or perhaps it was timed to link with this weekend's announcements about future Conservative policy. Sadly, we do not know, but nobody with any knowledge or experience in the area can make any sense of the decision to pull the bid after so much work has been done and so many fine words have been said in praise of BSF and what it could do for Dudley.

Where can we go from here? I hope that the Minister will be able to intervene to get Councillor Walker and the council leader, David Caunt, to account for their lack of vision and betrayal of the aspirations and life chances of children in Dudley and, perhaps, to explore possible ways forward. I hope that the Minister can get clarification as to what will happen in the meantime to schools with declining facilities and to the plans for academies in Dudley. The LEA's plans are in tatters and head teachers are condemned to firefighting one crisis after another, but they would all rather be watching their schools blossom in a joint visionary future.

The local politicians who pulled the bid appear to be "frit", in the words of one Stourbridge head teacher, and there is definitely a lack of capacity at officer level. The LEA released a position statement on 2 December in which it said that it wished to explore every possibility with head teachers in the light of the political directive not to proceed. That was more than two months ago but, as yet, there has been no move from the LEA to do so, nor any answers to head teachers who are desperate to move forward. Perhaps today the Minister can start to get the answers that we are all hoping for and that the children of Dudley deserve.

12.43 pm

The Minister for Schools and Learners (Jim Knight): I congratulate my hon. Friend the Member for Stourbridge (Lynda Waltho) on securing this important debate. I know that she, having previously been a teacher, is committed to this issue, and that, as the local MP, she is ambitious for regeneration in her area. I also know from the assiduous lobbying and collaring of me on various occasions in this building by her and the other three Dudley MPs how strong feelings are on this matter. Her ambition echoes that of the Government to transform education and children's services in this country to ensure that they are world-class.

The Building Schools for the Future programme represents the biggest investment in our school buildings in five decades. It is reinvigorating learners and regenerating communities. Fifty BSF schools are now open, with 1,000 schools across 80 local authorities now engaged in the programme.

Despite the current economic climate, which causes us to look at public spending, we remain committed to the BSF programme in full because we have seen what a difference it can make to children, schools and communities. That commitment emanates from the very highest levels of Government.

As I reported to the Children, Schools and Families Committee last week, to facilitate progress and the completion of projects in the current economic circumstances, and to minimise delays to programmes, we have accelerated the procurement process and reduced

[Jim Knight]

costs. There are indications of half a dozen or so banks returning to the schools lending market, and the European Investment Bank has agreed in principle to a funding package of up to £300 million.

The programme continues to gather momentum. By 2011, 200 rebuilt or refurbished schools will have been opened, and, by 2020, we expect the majority of local authorities to have completed their programmes in secondary schools. As my hon. Friend said, BSF is not just about making sure that we can build a few new classrooms. It is about creating inspiring environments in which children can enjoy their learning and feel safe. It is about 21st-century equipment and facilities for 21st-century learning. And it is about taking a real sense of pride in the institutions in which we educate our young people. As the consultation for secondary education provision reform in my hon. Friend's constituency shows, young people themselves feel strongly about this and want to get involved in it.

Turning specifically to BSF in Dudley, I share my hon. Friend's disappointment at Dudley council's decision to defer its participation in the programme. I know that her disappointment is shared by head teachers, governors, pupils and parents alike. She makes a compelling case when she speaks not just about the advantages of BSF but the disadvantage to Dudley of not joining the programme, compared with the rest of the authorities in the region. It is missing out on an opportunity to boost local employment through construction, and risking pupils and parents voting with their feet and moving to one of the adjacent areas where they deem provision to be better. BSF offers an excellent opportunity for local regeneration, and taking part would show a real commitment to children and families in the Dudley area and would demonstrate that it is worth investing in 21st-century schools, resources, and education.

Of course, local schools are ready to back the programme. Last week, I met Brian Heavisides, the chairman of the Dudley head teachers group, to discuss BSF projects in Dudley. He assured me that the schools in Dudley are keen to join at the earliest possible time and stand ready to support the bid financially.

As we heard, Dudley council expressed concerns about raising the estimated £2.4 million for the initial pump-priming phase. The intention would have been to appoint staff at an estimated cost of some £500,000 per year. It is essential that the local authority puts in place the correct resources to manage the project, but it is important for the council to remember that the total funding does not need to be in place from day one—it can be scaled up—and that some professional costs which relate directly to the construction of new buildings may be classified as a capital cost and funded from the authority's capital allocations. The cost of local authority staff, of course, should not normally be funded from capital.

As I said in my letter to Councillor David Caunt on 31 December—still working on new year's eve—judgments concerning which costs could be capitalised are a matter for the authority working with its district auditor. I urged him to discuss whether the cost of staffing and external advisers could be funded from capital funding streams as a matter of urgency. I have advised that a representative from Partnerships for Schools meet with the local authority, also as a matter of urgency, to discuss the matter, and my officials are working closely with the council to effect a solution that will allow Dudley to enter the BSF programme at the earliest opportunity.

Some people have suggested—we heard this today—that the reason for Dudley's decision to delay BSF is party political. I cannot comment on that, but I very much hope that it is not putting party politics before children's education. I say to the people of Dudley that it is not too late for their council to decide to enter the programme. I am willing to come to the council and work hard with it to make this possible, but in the end the council has to want to will the means.

My hon. Friend mentioned the two new academies in Dudley and the effect that the council's decision to defer its bid for BSF funding will have on those programmes. The buildings for the two new academies are being procured via the academies national framework, which makes provision for design teams and contractors in areas where new academy buildings are required outside BSF waves. Funding of up to £400,000 to deliver the two academies is available for the local authority in Dudley to bid for; this is standard for local authorities delivering national framework-procured academies. I therefore reassure my hon. Friend that the Dudley academies' new buildings should not be affected by the council's decision to defer application for BSF. Both academies are on track for opening in September this year and are to be in their new or refurbished buildings in September 2013. I hope that we will be able to get on and effect that change, because those schools in particular need the advantage that academy status will bring them.

My hon. Friend has mentioned Thorns community learning village in relation to BSF funding. As I understand it, the Thorns community learning village is a relocation of Old Park special school to an existing site already housing a secondary school and a primary school. Its construction is funded through a number of funding streams, including targeted capital funding, the asset management plan modernisation grant and the school's devolved formula capital. Its initial phase was not intended to be part of the BSF programme. Rather, BSF was intended to fund any follow-on work required to Thorns community college and the primary capital programme will fund any work required on Thorns primary school. As my hon. Friend said, time scales are yet to be determined for these programmes, although I understand that the council's position is that the follow-up work does not have sufficient impact on children's educational outcomes to make it a priority. I personally urge the council to revisit this matter, to clarify its situation and—I hope—to proceed with the work that my hon. Friend is strongly advocating.

In conclusion, despite the current economic climate we continue to invest record amounts in school revenues and school buildings, largely through councils such as Dudley. Nothing is as important as investing in our education infrastructure and in the education of today's young people and that of generations to come. Councils such as Dudley should be grasping the opportunities, the resources and the partnership that we are offering them to achieve gains for those children now.

Lynda Waltho: I thank my hon. Friend the Minister for his comments. I agree wholeheartedly, but what can we in Dudley do if the council does not go for the

opportunities? Where will we be when Wolverhampton and the surrounding authorities get their money and continue developing as they already are? What prospects are there for children like my son and his friends and for my former teaching colleagues? In my vision, the prospects seem horrendous. I wonder what could happen, should the council not go for it. That is the true worry.

Jim Knight: I am sure that, as a parent, my hon. Friend is not alone in being worried about the schools that she wants to send her children to and in worrying about how they will prosper if schools in neighbouring authorities have taken advantage of investment and it feels as though the schools in Dudley have not taken that opportunity because of decisions taken by the leadership of the council. Parents have a choice of schools; that has been an important driver in improving the standards of education over the past 12 years. The leadership of the council needs to be mindful of the fears that my hon. Friend has expressed as a champion for Dudley schools and as a local parent.

I will encourage the council and do everything that I can to work with it to help it make the right decision, which in my view is to invest now in children's education and in creating the best possible learning environment to raise their aspirations and make them want to achieve for themselves and for the Dudley community. BSF represents a real opportunity for pupils, teachers, and families in Dudley. As I have said, we will continue to work with the council to ensure a swift and satisfactory solution.

12.55 pm

Sitting suspended.

Jobcentres (Highlands)

12.58 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): Mr. Illsley, I am grateful to Mr. Speaker for granting time for this debate on an issue that is of great importance to my constituents and, I am sure, to other people in the highlands and islands.

I have great pleasure in seeing the Minister in her place. I look forward to her replying to some of the issues that I shall raise. I hope she will not regard what I say as in any way unhelpful, but will view it as potentially a way forward to help meet some of the current problems at a cost that is not disproportionate.

Jobcentre Plus currently has an important role to play in the recession we are in. I express my support and admiration for the many dedicated staff who work in Jobcentre Plus in Inverness, offering a full range of services, including work-focused interviews, back to work support and so on. I acknowledge the commitment of its local management in trying to ensure, as best it can, that Jobcentre Plus plays a role in meeting some of the economic needs of the area.

A major business, a fish processing company called Strathaird, announced that it will be closing its factory in Inverness with the loss of more than 300 jobs. Jobcentre Plus is very much to the fore among local agencies working together to ensure that people who work there have the best possible support to give them the best chance of finding alternative employment.

Clearly, the economic problems facing the country and the highlands are growing, and unemployment is rising rapidly. According to the monthly highlands and islands economic report produced by local economist Tony Mackay, in November unemployment rose by 820 in the highlands and islands, which is more than double the figure for the same month last year. November is a time when seasonal employees tend to become unemployed, but the figures suggest that there is a greater factor, and announcements since then, including that by Strathaird, suggest that there are many more problems to come in the local economy in Inverness, Nairn, Badenoch and Strathspey and the rest of the highlands compared with what we have seen so far.

There have been substantial problems in the construction sector and many other businesses, not least seasonal businesses, which have seen significant job losses. The broader current economic and financial problems are exacerbated in the highlands because it is a region of particularly low pay. According to Mr. Mackay's analysis, which is borne out by the official figures, the highlands have one of the lowest average rates of pay of anywhere in Scotland and the United Kingdom. Those economic problems are not being helped by the Scottish Government, whose substantial cuts in funding for Highlands and Islands Enterprise, amounting to almost £100 million over three years at the very time when the country is facing a recession, are grossly economically irresponsible, as is the slowing down of important infrastructure projects, particularly the construction of affordable housing, and transport projects. That will only exacerbate rather than ameliorate the wider economic problems.

The highlands and islands have benefited from European structural funding, and I hope that the Government will take advantage of the exchange rate opportunity. The

[Danny Alexander]

Minister and I have had various debates about exchange rate issues and the euro over many years before either of us became members of the House. The falling pound provides an opportunity for the value of European structural funding to increase quickly, and bringing forward projects to boost employment—her Department should have a role in that—would be a good use of additional funding that would be free and of great benefit in my area. I want to press the Minister on two key issues: delivery of benefits to people who have recently become unemployed, and changes to ensure that the delivery of back to work support is as effective as it can be, not just in the highlands and islands, but throughout the country.

The telephone network and the increasingly centralised benefit delivery centres throughout the UK seem to me, from local experience, to be struggling to cope with the rapid and substantial increase in benefit claims from people who have lost their jobs. The telephone service nationally is insufficient, and in 2008, Jobcentre Plus call centres dropped more than 2 million calls. In both June and November, more than 300,000 calls were dropped, and in seven of 12 months, more than 10 per cent. of calls were dropped. Evidence, not least anecdotal evidence from constituents, suggests that the Clydebank call centre—despite being hundreds of miles away, it now processes the benefit claims for all my constituents in the highlands—is having significant problems. It has been reported to me—I hope that the Minister will confirm the accuracy of this fact—that the call centre has only 20 lines to deal with all the queries from people in the highlands. I have still not had a response to a named day question that I expected to be answered a couple of weeks ago, asking for the number of calls being dropped, broken down by individual benefit delivery centres, so as to get to the bottom of that point about Clydebank. My constituents' experience suggests that those problems are real.

The Minister may know that the charity, Blythswood Care, operates a food bank in Inverness, and it is a sad state of affairs when charities must operate food banks to provide food parcels for people in the most severe hardship. The charity recorded and analysed the reasons for every person coming through its doors, and reported that 28 per cent. of those who access that important service do so because they have been left short of money due to delays in processing their benefit claims. Any delay is problematic, but long delays that leave people in particular hardship or for people who have experienced a sudden drop in income due to unemployment are even more severe.

Examples have been brought to my attention of constituents who have been forced to hitch-hike to Inverness to sort out their benefits because they do not have enough money to pay for the travel. Some travel claims are reimbursed—for example, for work-focused interviews—but people who want to make claims or to make their fortnightly trips to check up on available jobs have found the cost of travel difficult to afford without reimbursement. One constituent, Mr. Meredith, who came to see me in early January, had not been paid for a claim for jobseeker's allowance in mid-November. After my office intervened, it was dealt with, and I am grateful for the speed with which that was done, but the experience is not unique to that one constituent. I should be grateful if the Minister will say what steps she intends to take to ensure that benefit delivery centres in general, but particularly that in Clydebank, have appropriate resources and personnel to deal with what is likely to be a continuing, substantial increase in demand for its services during the coming year. It is important that the Government plan ahead for that, and do not simply respond to demand as it arises. Over the past two or three months, the response has not been good enough, and I would welcome the Minister's comments.

The second issue that I want to raise is the way in which Jobcentre Plus delivers its vital back to work support. Having visited and, indeed, opened the new Jobcentre Plus building in Inverness, I have seen at first hand the work that Jobcentre Plus staff do with work-focused interviews, and their interventions for lone parents and claimants for incapacity benefit and other benefits. They often link up with locally based organisations in the voluntary and private sectors. There is real effectiveness, and those interventions often make a difference. Sometimes, they do not, and there may be problems with claimants on two generic programmes rather than with individually tailored support. None the less, it is important to ensure that people have access as quickly and as locally as possible to that assistance.

My observation is that our effective local staff in Inverness will, if not now, over the next few months, face severe constraints with resources, both in the number of people dealing with an increasing flow of claimants, and with space. Obviously, the closure of Jobcentres—I shall return to the Jobcentre estate—and the rationalisation of buildings took place during good economic times. I shall propose a way of dealing with that problem in harsher economic times.

The Minister knows that on several occasions I have raised the specific issue of the closure of the Jobcentre in Nairn and the great difficulties that that caused for claimants there. It is interesting that the Inverness Jobcentre Plus had only three more staff—my information is that that was a 5 per cent. increase—in December 2008 compared with September 2007. It now has 61 staff instead of 58, despite unemployment rising by more than 50 per cent. in the constituency.

My figures go back only to September 2007, but that does not suggest a staffing-up to deal with the increase in demand for services at Jobcentre Plus. In the country as a whole, front-line staff numbers have fallen from about 76,000 to a little under 64,000. I know that plans are afoot to increase the number of staff. None the less, the fact that the number of work-focused interview advisers has fallen in the past couple of years means that there has to be a degree of speed in getting the new staff in place to help to deliver those services.

I observe that the problem has not been helped by the closure of Jobcentre Pluses throughout the country. In the past five years, 454 jobcentres—38 per cent. of the total—have closed. In 2008, 54 closed, in 2007 it was 49 and in 2006 it was 157. In Scotland, the number of Jobcentre Pluses has been reduced from 150 to 99 in the past five years. On current unemployment figures—sadly, they are rising so quickly that it is hard to keep track—there is now only one Jobcentre Plus for every 2,580 people on the jobseeker's allowance register. It is expected that figures out tomorrow will show another rise in unemployment—it will possibly even break the 2 million mark for the first time in many years.

I welcome the Government's announcement of a suspension of future closures of Jobcentre Plus, but I observe, particularly from my local experience in Nairn, that much of the damage has already been done. Although it is right to close the door on further closures, the Government must look much more directly at ways in which they can provide jobcentre services in communities, towns and villages that have been affected by closures, as well as potentially finding a way effectively and reasonably cheaply to make those services available to people in other communities that have been blighted by unemployment and that may not have had a jobcentre in the past.

I shall propose some ideas on how jobcentre services could be made more accessible throughout the UK. Given the number of closures, there is clearly a shortage of potentially appropriate facilities. It must be the case—perhaps the Minister can update me on this—that the Department will forecast space constraints becoming an issue, in some parts of the country at least, in the not-too-distant future. I know from previously having been Work and Pensions spokesman for my party that there have been very good pilots locating Jobcentre Plus services or advisers either from Jobcentre Plus or from private and voluntary organisations in other institutions—for example, at GP practices. I visited one such initiative in Camden in north London, which had proved very successful in helping people who had been distant from services before to access the services. What I am talking about now is not people who have been distant from the services—not necessarily hard-to-reach people—but simply dealing with the volume of people that sadly we are likely to see.

I hope that the Minister will consider seriously the proposal to allow jobcentre staff—advisers, for example—to deliver services on more of an outreach basis, taking advantage of the many publicly owned buildings and facilities in constituencies such as mine. I am thinking, for example, of public libraries. The Highland council has a network of service points. There are village halls in the highlands; a number of communities have recently benefited from new village halls, which would be very suitable for the task, allowing soundproofing, confidentiality, access to the internet and all the various things that would need to be available to allow the services effectively to be delivered.

When I raised the issue at Work and Pensions questions the other day, the response that I received from the Minister for Employment and Welfare Reform, although positive, was rather vague, so I would be interested to hear this Minister be more specific, if possible, about proposals that the Government might be bringing forward to make use of other public spaces for the delivery of Jobcentre Plus services.

It is time for Jobcentre Plus to operate on a more dispersed and accessible model, reaching into communities. In my constituency, there is only one jobcentre, in Inverness. The Nairn jobcentre was closed and even though it is not possible to reopen a permanent jobcentre in Nairn, I hope that an outreach model can be developed to allow the services to be accessed once again in Nairn. The same applies for people living in, for example, Dalwhinnie in my constituency, which is nearly 60 miles from Inverness. That is a small community. Other communities such as Newtonmore and Kingussie, which are 40-odd miles away from Inverness, have never had access to jobcentre services locally. If a way could be found to provide such services, that would be very beneficial.

If the Minister is looking for a place to pilot an outreach regime, the highlands of Scotland would be a very good place indeed to start such a pilot. I have already raised the idea informally with representatives on the Highland council and received a very positive reception. In particular, if a link-up could be devised in a way that would also help to increase benefit take-up, that would be beneficial not only to the individuals themselves, but to local authorities. I look forward to the Minister's response and hope that a more dispersed model of jobcentre services—an outreach model—can be developed to help people in the highlands to have greater access to those services.

1.15 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): I start by congratulating the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander)—I hope that I pronounced the name of his constituency half right, despite my accent—on securing the debate. It is a great pleasure to be able to debate with him. As many hon. Members may know, we worked side by side in a previous incarnation and we once joked about whether an occasion such as this would ever happen. It is nice—for us both, I hope—that it has.

I join the hon. Gentleman in paying tribute to the hard work of jobcentre and benefit delivery centre staff not only in his constituency, but throughout the highlands. I know that many of his constituents are being helped and supported by people, who presumably are also or are likely to be his constituents, working in Jobcentre Plus in Inverness, in Fort William, which I believe is also in his constituency, and in Forres, which is just outside it. This is not an easy time for many people up and down the country, and the highlands are no exception. I should like to place on record my understanding of how difficult things must be for his constituents who have recently found themselves, through no fault of their own, out of work. That must have been particularly hard for the communities around the Strathaird fish processing centre. Our thoughts are certainly with them.

The hon. Gentleman has engaged well in these difficult times. Only a few weeks ago, I think, he met the district manager in Inverness to discuss what more can be done, so he is a great example of a constituency MP doing a good job in difficult times. Before I move on to give my main response to the very good points that he raised, I of course want to express my agreement with him on the difficulties posed by some of the attitudes of the devolved Administration. Although we may not agree on everything across the party political divide, we can certainly agree on that. However, we continue to do our best as a delivery Department, despite some of the obstacles put in our way.

The hon. Gentleman is right to emphasise the seasonal nature of some of the work in his constituency; we acknowledge that there are seasonal variations. I am not in any way suggesting that the situation is particularly positive at the moment, but he may want to know that the increases in the number of people in the highlands and islands going on to jobseeker's allowance are not as

[Kitty Ussher]

large as those in the rest of Scotland, so they are doing something right, although the figures are not going in the right direction. In the period from April to December last year, the increase in new JSA claims for the highlands and islands was 13.8 per cent. compared with 17.7 per cent. for Scotland as a whole. Obviously, those numbers are still far too large.

The other contextual fact that may be useful as we discuss this subject is that the number of people going off JSA is also rising, so the situation is more dynamic than the headline figures suggest. That applies across the whole country. If anyone is listening to or reading the record of the debate, I want to send a clear message that there are opportunities across the country now and that we will support people in trying to take advantage of those opportunities, but they need to keep looking and working with us to do that, rather than giving up hope, because there are opportunities there.

The Government will be judged on how they respond to the current situation up and down the country and in the various nations of the UK. This phenomenon is affecting most of the world. Anyone who listened to Barack Obama a few weeks ago will realise that the problem is not confined to the highlands of Scotland or to the UK. The Government's response is that we have a choice. We could do what other Administrations have done during previous recessions and take the passive approach of merely being good at processing people on benefit and ensuring that they get their weekly or fortnightly payments. However, we take the opposite approach because we believe that it is the role of the Government to enable and support people and to enter into partnership with them to get the most out of what is not a particularly good situation, which can be seen just by looking at the headlines.

I am proud of the way in which people in our agencies have responded to the present circumstances. Across the country, clearance times for processing new benefit claims have been maintained under the target level, despite a 30 per cent. increase in the weekly uptake. It is not just the hon. Gentleman's constituents who are working hard in jobcentres, but staff across the country.

We do need extra resources—the hon. Gentleman made that point well. The pre-Budget report announced the investment of an extra £1.3 billion over the next two years in the delivery services of the Department for Work and Pensions in response to the economic downturn and the increase in people claiming jobseeker's allowance. The Government are determined not to repeat the mistakes of the past, when people who were short-term unemployed became long-term unemployed because they did not get the help to which they were entitled. We are investing a further £500 million to guarantee more support for people who are unemployed for six months by providing incentives for firms to hire, access to help with setting up a business, extra funding for training, and opportunities for work-focused volunteering. Our support will increase the longer the hon. Gentleman's constituents are out of work rather than decreasing and becoming more passive as people slip away from the labour market.

I am grateful to the hon. Gentleman for acknowledging that we have announced a moratorium on jobcentre closures, including a decision not to close 25 jobcentres as had been planned. It seemed perverse to continue with the rationalisation programme when we realised that we had to ramp up the support we offer. There will be 6,000 more front-line staff in Jobcentre Plus in 2009-10. Recruitment plans are on track to bring staffing numbers up to 69,000 by March this year. That will continue to increase as required. He asked how that work is going. We increased staff by 2,500 between November last year and this January. We are employing more than 1,000 people per month, so vacancies are certainly open at the Department for Work and Pensions. In Scotland, 1,400 posts are available. In the highlands, 18 new staff have been agreed, including five in Inverness and one in nearby Forres. That will be kept under review to ensure that we are providing the service that is required.

The hon. Gentleman mentioned that prior to the adverse macro-economic events, the jobcentre offices in Nairn, Thurso and Alness were closed. I have reinvestigated the reasons for those closures and found that they would have been necessary, despite the change in the economic situation. I will go through the detail if he is interested. Some of the offices were unable to cope with the adaptations that were necessary. In some cases, the service being provided was unacceptable because of the constraints of the buildings. We cannot offer services from a building that is not compliant with the Disability Discrimination Act 1995. That was an issue with the Nairn jobcentre, as he knows. The fact that it was a very nice listed building did not help with access problems and limited its flexibility. The question now is what we can do to ensure that his constituents get the service that they need and deserve.

The hon. Gentleman proposed some interesting ideas. The message I want to send is that we are up for innovation. We must continue this dialogue in Parliament and locally. We have increased flexibility by using telephone contacts and e-channels through the internet. If those cannot be accessed in the home, facilities are available in the community in libraries and elsewhere. We understand that different people find different methods easiest to use. For some people the internet is brilliant, but for others it is a nightmare. We must know what is most appropriate for each person, so that we can ensure that they are contacted appropriately.

I am sorry if some people have felt that the costs of complying with the requirements set out in legislation are onerous. I would be interested to hear examples, because we reimburse costs. It would be wrong not to. Perhaps the hon. Gentleman will write to me if there are issues that he considers should be looked at. We are always clear that when customers who do not live near an office are required to attend it at our request outside their normal signing cycle—perhaps because there is an anomaly or they are not being as co-operative as we would like—the interview time is arranged to best fit their travel requirements and, as I said, expenses are reimbursed at the normal rates. We try to be flexible and not to disrupt people's normal lives.

The hon. Gentleman mentioned that a community group that operates a food bank has seen unnecessary poverty among his constituents because of delays in the processing of benefits. Obviously, that is not desirable. However, benefit applications must be scrutinised properly to ensure that they are valid. He may know that the Welfare Reform Bill, which has just entered its

parliamentary stages in this House, proposes a power to pay benefit up front outside the social fund system when people have no other resources. In some instances, people who apply for income-based benefit will be able to receive it up front, prior to the application being processed in the normal way. His constituents are also eligible for crisis loans from the social fund. Those are usually processed within 24 hours and the national average is less than two days. I advise him to look into that.

The hon. Gentleman mentioned GP services. I have seen some great examples of those in my constituency. We are keen to explore ways in which collocation can make life easier for people. The Minister for Employment and Welfare Reform was in Glasgow yesterday and spoke at a forum hosted by the Scottish Government on enhancing joint agency responses to redundancies and ensuring that we intervene at an early stage. He visited one of a number of pilots that started across Scotland yesterday which aim to integrate employment and skills services. Jobcentre Plus and Career Scotland staff will work together to ensure that people are not just signing on, but that they have access to the support that they need to enhance their employment prospects. There are preliminary discussions on opening a one-stop shop to build on the work that is being done. We will evaluate that and, if it works, it may have national implications.

A number of other innovative projects are operating in the highlands. It is not in the hon. Gentleman's constituency, but perhaps there are some supporters of Ross County near him. There is a great project called "Get a Goal" that uses football to engage people and encourage them to get closer to the labour market. There are other projects further north, such as in Wick.

The message I have for the hon. Gentleman is that if somebody comes to us with an idea, we are up for it. I commend his enthusiasm and initiative in requesting this debate and in suggesting ideas that will be good for his constituents and could have a wider impact throughout the United Kingdom.

Agriculture (West Country)

1.30 pm

Mr. Oliver Letwin (West Dorset) (Con): In a way, I apologise to the Minister, because she and her predecessors have been assailed annually by debates on agriculture in West Dorset. However, I make no apology for the fact that I intend to continue the practice in future years; it is a useful way of enabling the Minister to get a snapshot of admittedly only one location where farming is a crucial part of the local economy and society.

As the Minister will be well aware, dairy farming is the preponderant form of farming in West Dorset. Last year, until about November, was the first time that I can remember when my dairy farmers began to think that there might be some light at the end of the tunnel for farm-gate prices, because for most of the past 13 years, milk has sold at below 20p a litre at the farm gate and for a brief moment, it did not look like that, somewhat offset by what were then sharply increased input costs of various kinds—both for fuel and raw materials, such as feedstock, fertilizer and so on. Unfortunately, however, since November, most of the prices experienced by most of my farmers have fallen by about 2p or 3p a litre, and dairy farmers have now returned to the very difficult position of being unable to cover costs, including capital costs, or to bring in a reasonable income or wage for themselves and those they employ, given the price levels they are able to obtain. It took some years for that to happen but it is now feeding through to a significant and, all the indications are, pretty sustained, reduction in output and capacity in West Dorset's dairy farms.

For some years the innate, long-term optimism of the farming community—that things would get better at some uncertain date—combined with deep love of a way of life, led people to remain in the industry beyond the point when rational calculation of rates of return would have kept them there. Over the past 10 years, for every farmer—there were many—who sold all or some of their livestock, there were others willing to absorb them. That led to an increase in the average scale of dairy farms and, probably, in average efficiency, which is to be welcomed, although it came with significant social effects, because the driving out of smaller farmers has been another nail in what I hope will never be the coffin of the local village—often the local farmer is the main, or an important, component of the local society.

For a while, from a sheer economic point of view, it looked as though concentrations were rising and productivity increasing, which one could celebrate. However, unfortunately the economics eventually came home to roost and people have been moving out of the industry without finding people willing to buy the livestock and maintain capacity.

Nationally, we reached a 30-year production low in 2007-08, which is paralleled in West Dorset, and as far as I can see the figures are still falling. Eventually, one might expect supply and demand in the liquid milk market to push prices back up, but clearly there is a great deal of resistance to that among hard-pressed consumers in times of economic difficulties. All in all, on the fundamental economics, the position of my dairy farmers is not good.

In addition, dairy farmers now face the very severe crisis of bovine TB, of which the Minister will be acutely conscious. Briefly, it once looked as though

[Mr. Oliver Letwin]

pre-movement testing might have had an effect, and the hot-spot concentrations were stabilising or perhaps even diminishing. Unfortunately, however, that is no longer the case. The number of bovine TB reactors is increasing again, and there are some very severe hot spots in West Dorset. Pretty much every week, a farmer tells me another terrible tale of the discovery, or now in most cases the rediscovery, of reactors and probables. That is another pressure pushing farmers out of dairying and out of farming.

The animal welfare consequences for the badger and cattle populations are also unfortunate. Nationally, that is causing considerable strain on resources, because of the fiscal cost of purchasing animals that have to be slaughtered. I fear that West Dorset is a large, and likely to be an increasing, contributor to that fiscal pressure. I know that the Minister, her colleagues and previous colleagues whom I and colleagues from other parts of the country have belaboured about this over the years, have expressed a desire to develop the gold standard—a proper vaccine for the badger population. We would all welcome such a vaccine. However, for the past 10 years, I have been hearing that it was about five years off, so I have no more confidence than my farmers that it will arrive five years from now. Even on the optimistic assumption that in five or six years there is some method of vaccination, there is no substitute for an interim cull, although that is not the Government's current position, which I maintain is not responsible in terms of animal welfare, fiscal costs or the costs to my farmers, emotionally and economically.

Alas, this is not just a question of milk prices and bovine TB: there is also the unnecessary fact of continuing bureaucratic problems. To exaggerate is no part of my purpose, and I pay tribute to the work of Lord Rooker, who in my experience was the first person in a long time to enter the Ministry of Agriculture, Fisheries and Food or the Department for Environment, Food and Rural Affairs who really tried to get to grips with the single farm payment system. I have exchanged so much correspondence with him that I feel that I know him extraordinarily well. He had an effect, and to some degree payments caught up—I pass over in silence the whole saga of the ghastly mapping exercises and the computers that still do not speak to one another properly.

A new problem, which I hope that the Minister will address, is coming over the horizon and beginning to affect my farming constituents quite significantly. As the Department or the Rural Payments Agency have caught up with the past, they have begun to discover that the past was not as accurate as they once thought that it was. They have started to ask farmers for repayments of overpayments, of which neither they nor farmers had previously been conscious. Farmers of mine are being asked for money from 2005, 2006 and 2007. Some of the cases are not meritorious; at a certain point, when the farmer has done everything in his power to provide accurate information and the RPA has made a series of errors, it becomes unreasonable, as with tax credits, to try to claim back the money. I warn the Minister that there is likely to be much pressure from me and, I suspect, other similarly disposed Members of Parliament, about that issue, although I accept that in some cases the RPA was misled or that farmers made mistakes. However, where farmers have tried to do everything in apple-pie order, and there has been an error on the other side, it is a bit tough on the farmers to try to claim back the money.

However, the bureaucratic problems are not restricted to the single farm payment. Another such problem relates to field records, with some 23 now having to be kept for each field. None the less, that issue pales into insignificance compared with the nitrate-vulnerable zones saga. I have said publicly on various occasions—I recently made a speech about it in the context of wider issues on regulation—that the whole NVZ apparatus is manifestly barmy. It constrains farmers from distributing slurry in the so-called wet months, including on the dry days of wet months, and allows them to distribute it during the so-called dry months, including wet days in dry months. That is not a rational process. When evaluation is carried out some years from now, I am sure that we shall discover that the NVZ direction has been translated in England in a way that has increased rather than reduced the nitrates in our rivers. Therefore, the system is crazy.

Let me park that issue because I know that the Minister only inherited the system and did not invent it herself. I pity her because she will go down in history as a Minister who presided over a barmy system. None the less, as the system is in place, there is at least one set of people who should not suffer from it, and that is the farmers who did not want it, who hired people such as myself—not that they paid me extra but they pushed me into action—to campaign against it. They also organised the National Farmers Union to campaign against it, and they themselves made powerful arguments against it. They are the last people who should suffer.

Putting up a serious slurry store on a significant-sized farm costs about £50,000. The whole apparatus of pillar 2—as I have just heard from the Secretary of State—is not contributing a single penny to that cost. Therefore, we have a totally non-productive investment in a wildly underinvested industry, on which the Government have repeatedly commented, as has the Chatham House report. The unproductive investment is compelled in regulation and exists because of a barmy system that did not need to be there in the first place and that costs the farmer £50,000 to comply with. Moreover, neither the Minister nor I can give the farmer the slightest advice on how to raise the money because there is not a bank in Britain that will give £50,000 for unproductive investment in a farm that is strapped for cash. That is a really serious problem that will come home to roost for the Minister in a very straightforward way—more of my constituents will leave the industry.

Recently, a constituent who has farmed for years told me that he is now on the way out. The straw that broke the camel's back was slurry. The same thing will happen all over West Dorset, and in many other places. The south-west of England is very wet, and there are real problems with NVZs. I have campaigned for years about the need to deal with nitrates, but forcing farmers to keep slurry stores so that they can dump the stuff on wet days in dry months at great cost is not the way to do it. That is barmy. Something must change. The very least that needs to be done is to find money from pillar 2 to pay for the slurry stores. It is not the right answer because that is to change the framework, but given that the framework is already there, the slurry stores must be subsidised.

In conclusion, I want to raise two issues to which I hope the Minister and her colleagues will attend. The first is bluetongue. The Government did well on bluetongue last time round, although neither they nor Conservative Administrations have had such a happy history with other diseases. The bluetongue vaccinations were ordered on time and were well distributed and the disease was controlled, but I fear that there is not sufficient protection against the new strains. I have corresponded with the Secretary of State about that. I am conscious that unless we have multi-strain protection pretty early on, we will hardly be able to surround the Channel ports and the patches of our coastline between the ports with large nets to catch the vectors. We will be under attack from minute objects and we must deal with them in any way we can, which means proper vaccination. I hope that the Minister is pressing forward with ordering to ensure that there is not a lag when we discover that the vectors carrying new strains are heading our way.

Finally, I turn to research and development. I have mentioned that the agriculture industry is probably the most severely underinvested industrial sector in Britain—not that there are no problems of underinvestment in many other sectors, but agriculture is peculiarly ill affected by it. Farmers do not have the capacity to carry out fundamental research. Research must be undertaken at the level of DEFRA and the other agencies.

One area of concern is beekeeping, which is of immense horticultural and ecological significance in West Dorset and many other parts of the country. Over the years, I have corresponded with Ministers about it. I do not think that there is any doubt in Ministers' minds that colony collapse is an increasing problem. Leave aside the economic and biodiversity effects, the sheer fiscal cost of widespread colony collapse, and the serious effect on horticulture and agriculture as a result, will beggar the tiny amounts of money that are currently invested. I know that an extra £400,000 has been invested, but that is not enough. I understand the causes. When DEFRA found itself fined by the Commission because of the RPA's delays on the single farm payment, it had to cut down somewhere, and research looked like an easy target. However, it is not a cost-effective place to be reducing investment. For tiny numbers of millions of pounds, huge additions to our knowledge could be gained, and there would be a real chance of preventing colony collapse. Now is the time to address the problem. I know that times are tough; we are in recession and I understand the pressures, but I believe that we are storing up for ourselves a considerable liability if we do not act.

1.46 pm

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): It is a pleasure to be here this afternoon and to respond to the second of what I anticipate will be a series of debates. It is obviously an annual occurrence, and one that I welcome. I congratulate the right hon. Member for West Dorset (Mr. Letwin) on winning this opportunity to discuss agriculture in his constituency. I participated in a very interesting debate on agriculture in the south-west on 20 January, but I welcome the opportunity today to put on the record my appreciation of all the hard work that our farmers do to put food on our tables.

The right hon. Gentleman opened his debate by talking about the trials and tribulations of dairy farmers, and I recognise the description he gave. The debate gives me an opportunity to express my disappointment with the tone of the recommendations of the Food Standards Agency, released in the past 24 hours, on our diet and how to deal with obesity. The FSA recommended that we should produce far less full-fat food, that dairy products should be consumed less and that we should remove all the fat, and that we should stop drinking full-fat milk and drink only skimmed milk. I do not know whether your experience is like mine, Mr. Illsley, but surely eating less is a better way to deal with obesity.

The more we remove fat from meat and milk, the less tasty food is. Am I the only one who thinks that? We should take a sensible approach and promote a balanced diet. I say that not only because I am regularly involved in debating such issues with farmers, but because I am a sensible representative of the public. The idea that we should eat as much as ever but consume fewer fatty foods is not such a good way forward. We should consider the amounts that we eat, as well. If we cook fatty meat properly, we remove a lot of the fat; it is also sensible to eat less of it. As a bit of a salad dodger myself, I am aware that I am on thin ice, but I was a little disappointed by the tone of the agency's campaign. I know, however, that the FSA is independent from the Government and an important commentator.

The right hon. Gentleman is right to draw attention to the difficulties faced by farmers in his constituency. I know that last week's snowfalls will have made their job even more difficult. I hope that their experience of working with the weather meant that they were reasonably well prepared. The present conditions follow the high rainfall in the autumn that made gathering the harvest particularly difficult.

I will come to prices in a moment, but I will first talk about disease. I agree with the right hon. Gentleman's description of bovine TB as a severe crisis. I take the disease seriously and I am committed to tackling it. A package of measures is in place to reduce the spread and incidence of the disease, including regular testing, zero tolerance of overdue tests and pre-movement testing. However, I accept, as he rightly mentioned, that there is a great deal of concern that the incidence of the disease is increasing and that the measures that we have in place do not appear to be sufficient to hold it back. We need to understand why that is happening.

We are making significant investments in TB vaccines. The right hon. Gentleman will know that we plan to spend £20 million on vaccines in the next three years. When I joined the Department for Environment, Food and Rural Affairs in October, I was told that it would take five years to create a vaccine for badgers, but I am encouraged by the progress that is being made by DEFRA scientists on advancing that. I hope that the eradication group will also bring forward some good ideas.

I accept that many farmers are unhappy with the decision not to cull badgers. As the right hon. Gentleman knows, the decision was based on a wide range of factors, including scientific evidence; the practicalities of delivering a successful cull; discussions with farming, veterinary, wildlife and conservation groups; the conclusions of the independent scientific group on bovine TB; and, not least, the contribution of the Environment, Food and Rural Affairs Committee.

[Jane Kennedy]

The eradication group was set up in November. Through it, the Government and the industry are working together to draw up a base strategy to bring about the eradication of the disease. I have met the group. The views of its representatives carry a great deal of weight, based on their experience and knowledge of farming and of the disease. I am hopeful that it will bring forward a strategy that will carry the confidence and support of the farming community. That is my objective for the group.

We rolled out a successful vaccination campaign against bluetongue. I am grateful for the right hon. Gentleman's kind comments on that campaign, which was a great example of farmers and Government working together. The seriousness with which farmers took the threat was indicated by the high take-up of the vaccination, which remains the only effective tool against the disease. Even now, I encourage farmers to continue to vaccinate to ensure that we remain bluetongue free. I listened to what he said about the developing strains of bluetongue and the need to ensure that our vaccines are kept up to date. Work on that is ongoing.

In that context, and bearing in mind our memory of foot and mouth disease, the Government have been discussing with representatives of the livestock industry how to change the arrangements for sharing the responsibilities and costs of animal health. Those discussions have been under way for some time. We plan to consult in the near future, and my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs hopes to bring forward some specific proposals soon. We anticipate that they may include a proposal to establish a new independent, arms-length body for England to deal with animal disease policy, and a livestock registration scheme to raise revenue for it. Those are difficult issues, especially given the potential costs for the industry, but there is a willingness to discuss how best to reduce the threat of disease. The scheme would differentiate the financial contribution according to the risks involved, which would provide an incentive to livestock keepers to improve their risk management. The consultation that we are considering would also seek views on the potential for private insurance to play a role.

The right hon. Gentleman mentioned the economic climate, which provides a serious challenge to all industries. However, farming as a whole is well placed to weather the difficulties, because demand for food will remain reasonably stable, even if different sectors face different difficulties, as he rightly said. For many farmers, 2008 was a relatively prosperous year. Total income from farming has increased by 9 per cent. in real terms and the outlook for livestock farms in 2008-09 is more favourable than it was in 2007-08. Average prices for fat cattle and finished and store lambs increased in 2008 by around 30 per cent., and store cattle prices increased by between 10 and 15 per cent, although I appreciate that his primary concern is the dairy sector and the price of milk.

The right hon. Gentleman will know that the current exchange rate has increased the value of all farmers' income from European Union payments, and the exchange rate is good for exports. The reduction in the base rate of interest will also help all businesses to invest by reducing the cost of borrowing. It is an ill wind that blows no one any good.

The Rural Payments Agency is making good progress towards its 2008 single payment scheme targets. I pay tribute to the work of my predecessor, the noble Lord Rooker, on the subject. He rightly takes a lot of credit for improving the RPA's performance. Nationally, £1.3 billion—80 per cent. of the total funds—has been paid out to almost 93,000 farmers. However, I hope that the right hon. Gentleman will be reassured to hear that I am not complacent. Once the main bulk of the RPA's work on the single payments is concluded, I intend to undertake a review of the system, how we could introduce improvements without too much disturbance to the system, and the appeal process for the kinds of cases that he described. I anticipate a significant correspondence with him on that in the weeks to come.

West Dorset, like other parts of England, will benefit from social and economic investment under the rural development programme for England. The budget for the south-west region as a whole is more than £150 million. Officials meet regularly with the regional development agencies to discuss the development programme and to identify how we can improve its delivery. The South West of England Regional Development Agency is taking steps to speed up delivery of the programme and to ensure that it has sufficient capacity to appraise projects and administer funding.

Successful farmers are entrepreneurs who respond effectively to market demands. The EU protected food name scheme provides farmers and producers with a way to add value to their food products and to develop the market for regional and local food. The right hon. Gentleman may not be aware that an application is being made to include south-west beef and lamb in the scheme. I encourage local producers to use European standards, kitemarks and protection of names to their best effect.

Farmers look after much of our countryside and how they farm has a huge impact on the environment and biodiversity. The right hon. Gentleman rightly expressed concern about the impact of regulation, but it has an important role in safeguarding our environment and public health, as the latest food scare—about dioxins in Irish pig meat—demonstrated. That British pork could be demonstrated to be safe resulted from the farm assurance scheme. Regulation of that type brings huge benefits, but I want to ensure that we do not hold back farming with the burdens of excessive regulation. I am working to strike the right balance. Part of the problem is understanding the likely impacts of proposed new regulation. We are working hard in Europe to ensure that decisions are based on solid analysis of what needs to be done and the impact that decisions will have. A good example of when that did not happen is the electronic identification of sheep, on which he and I agree.

The Nitrate Pollution Prevention Regulations 2008 came into force at the beginning of this year. The right hon. Gentleman described them as barmy—I am sure that he would have been sent out of the Chamber had he used stronger language. Some 60 per cent. of nitrates enter water from agricultural land. The new measures will help to tackle the problem, but I understand the concerns of farmers in nitrate-vulnerable zones. An extensive programme of advice and support is being

rolled out to help farmers to control nitrate pollution, with guidance documents, practical workshops and a helpline. I saw the potential impact for myself when I visited a pig farm. The farmer met the higher welfare standards by raising pigs in barns where they had proper bedding and straw—there was a mountain of bedding. The consequences for that farm were significant, considering the potential impact on the environment and the regulations. I am studying the situation carefully.

I heard what the right hon. Gentleman said about bees. A number of his colleagues on both sides of the House have raised the issue, and we are responding to it.

Question put and agreed to.

2 pm

Sitting adjourned.

Westminster Hall

Wednesday 11 February 2009

[HYWEL WILLIAMS *in the Chair*]

Retained Firefighters

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Watts.)*

9.30 am

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Welcome to the Chair, Mr. Williams. I am delighted to have secured the debate. It is the first debate of this sort that I have been able to secure in Westminster Hall for some time. For my constituents and many people living in rural and more remote communities, the issue is of great importance.

The debate is timely, as is reflected by the significant number of briefings and comments that it has generated. In particular, I place on record my appreciation of a briefing that hon. Members received from the Retained Firefighters Union. In highlighting the issue at this stage in the proceedings, the union has served not only its members but the communities they serve exceptionally well. It has been a model of engagement in that regard.

It is important to be clear about the parameters of what we are debating. This is not about the working time directive generally—we have debated that ad nauseam and beyond on occasions—but about its impact on retained firefighters in particular. That is distinct from any issues that the end of the opt-out from the directive might create for full-time firefighters.

Retained firefighters, who are employed under a retained duty scheme, are generally already in full-time employment with a primary employer. They supplement that employment by giving service to their communities and being available for anything up to 120 hours of "inactive on-call" time a week. They are available at the drop of a hat or the press of a pager button. They respond to road accidents, fires and the whole range of situations in which any firefighter might be called on to serve.

In some ways, the existence of the retained duty system is an historical accident; it is just how the service evolved. Often, such historical accidents provide a service that does not quite fit the needs of the community, and change can be challenging. That is not the case with the retained duty system. If we were to set out today with a blank sheet of paper to design a service to provide fire and rescue services for less densely populated areas of the country and more remote communities, I suspect that we would end up with something that looked pretty much like the retained duty system.

That is why I take any threat or challenge to that system seriously, as we all should. It is one of the most important services that any community can call on. Its importance is that, looked at in the abstract, the service is designed to meet the needs of the communities that it serves and not necessarily those of the people who provide the service.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate the hon. Gentleman on obtaining this important debate. Of course, as we are not starting from here, there may be slightly different arrangements, but does he agree that the vast bulk of retained firefighters, 70 per cent., work no more than 50 hours a week, including their basic job? That is slightly in excess of the 48-hour limit, but many fire authorities operate with a built-in shortage of full-time and retained firefighters, which exacerbates the situation. If they could be encouraged to staff their fire stations to the appropriate establishment, many problems, particularly south of the border—I cannot speak for Scotland—would not be as acute as the hon. Gentleman may be about to describe.

Mr. Carmichael: I support anything that will improve the service. If more slack can be built into the system that way, it is devoutly to be encouraged. However, for reasons that I will explain in greater detail later, the question is not just about strict interpretation of the working time directive. There are issues about how attractive it would be to allow staff—particularly those employed by small or medium-sized enterprises, which describes a lot of businesses in rural areas—to undertake duties in the retained service in the face of that pressure on working time. The law of unintended consequences can easily come into play. We must be careful to ensure that we maintain not only the structural integrity of the retained service but an environment where the service is attractive to those who would serve in it as well as to their primary employers.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): I congratulate my hon. Friend on securing the debate and join him in his tribute to the retained fire service as well as to full-time fire and rescue servicemen and women. They are essential to all our communities.

In hundreds of square miles in south-east Scotland, only two stations have full-time crews, each of which is backed up by a retained service. The number of call-outs for the vastly different smaller stations can range from 40 to 200 in a single year. Does my hon. Friend agree that that hints that we need as much flexibility as possible, and that we need to get out from under the strictures that the directive would enforce?

Mr. Carmichael: I could not agree more. My hon. Friend is right to emphasise the importance of the retained service in working alongside the full-time service, which it does very effectively in the bulk of the areas of which we have experience. He also used the word "flexibility". That is key. The retained duty system offers all of us, in communities urban and rural, an extra degree of flexibility. If we lose that, we will lose a lot.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I, too, congratulate my hon. Friend on securing this important debate. Further to the previous intervention, the mainland highlands of Scotland have one full-time station. All the others—scores of stations across a huge rural area—are staffed by retained personnel. In my constituency, the A9, one of the most dangerous roads in Scotland, is covered between Inverness and Perth by a series of retained stations. They provide important cover. Flexibility, particularly in dealing with road traffic accidents, is highly important. Does he agree that that could be threatened if the regulations are implemented as proposed by the European Parliament?

Mr. Carmichael: If we did not think that there was a threat, we would not be here, to put it bluntly. The situation that my hon. Friend describes—one full-time unit for the highlands and islands in Inverness that must work alongside the retained units, which it does very effectively—is a model of joint working that we would like to see followed across the whole country.

My hon. Friend leads me nicely to my next point, which involves considering what the alternative would be to the present mix of full-time and retained duty provision. Inevitably, it would involve, in effect, a move to a full-time fire service across the whole United Kingdom. With the best will in the world, there will never be a full-time station everywhere there is currently a retained service, and anyone living farther away from full-time stations—although I grant that there would be more of them—would have longer response times. I hear that concern time and time again when I speak to people served predominantly by stations with retained duty workers.

Mr. Jonathan Djanogly (Huntingdon) (Con): I am slightly confused by the hon. Gentleman's message. Is he arguing that we should retain the opt-out, or is he agreeing with what has been happening in Europe and saying that we should get rid of the opt-out, but exclude retained firefighters from it? I am not exactly clear where he is coming from.

Mr. Carmichael: If the hon. Gentleman had listened to my earlier remarks, he would have heard me say that I want to limit the scope of the debate quite strictly to the issue of the retained fire service.

Mr. Djanogly: Why?

Mr. Carmichael: Does the hon. Gentleman not think it is an important issue? If I had wanted to have a debate on the general question of the opt-out from the European working time directive, I would have called for such a debate.

Frankly, I am pretty agnostic about whether there will be retention of the opt-out, or some provision that will allow continuation of the opt-out for retained firefighters. Regarding the question of retained firefighters, what is important is the service that we are left with at the end of the process, not the mechanism by which we get there. If it is possible, as it were, to have our cake and eat it—I am sceptical, but we will hear what the Minister has to say—I would certainly be interested to hear it.

Mike Penning (Hemel Hempstead) (Con): That is a very Liberal Democrat way of doing it.

Mr. Carmichael: I am sorry. Does the hon. Gentleman wish to intervene?

Mike Penning: Yes, I do, and I will repeat what I said. That sounds like a very Liberal Democrat way of doing it. On the one hand, the hon. Gentleman is saying that he wants the 48-hour week restriction and on the other hand he is saying that he wants retained firemen to be excluded from that. You cannot have your cake and eat it. I am an ex-fireman and I have worked with retained firemen, no one has more admiration for them than me. Frankly, if the restriction went ahead, they would probably work for nothing, because they care about their community. The issue is about Europe deciding that we cannot have retained firemen paid in the UK.

Mr. Carmichael: Perhaps the hon. Gentleman should listen more carefully to what I am saying. I am not saying that we should have ended the opt-out; indeed, he will find that the vast majority of Liberal Democrat MEPs voted against the ending of the UK opt-out in the European Parliament when it came up for decision. I am saying that even if the opt-out is to end, we must have some mechanism that recognises the importance of the retained firefighters. I do not want to see the end of the opt-out, but if it happens we must have some provision that recognises the importance of the retained firefighting service, implemented in such a way that it will have the flexibility to ensure that we can maintain that service. That is why it is important that we engage in debate now, rather than waiting until we have a crisis in 2012.

Malcolm Bruce (Gordon) (LD): My hon. Friend is making a powerful case for the fact that we in the United Kingdom have developed a system that serves our communities well and we are trying to find the best mechanism to ensure that it can continue, with or without the opt-out, although, like him, I would prefer to retain the opt-out—if we can retain it, we should do so.

I want to pick up on the point that my hon. Friend was making. Immediately after the vote on the opt-out was taken in the European Parliament, Councillor Mike Raeburn, who chairs the fire service in the Grampian region, contacted me, as well as other MPs and MSPs, to say that if the proposed change goes ahead, it is likely to cost the Grampian fire and rescue service between £35 million and £100 million to implement. He also said that response times would be increased. There would thus be a massive increase in cost for a reduced service and that is not an acceptable solution.

I commend my hon. Friend for trying to ensure that, working with the Government, we get something that will ensure that we can continue to provide the service that people enjoy today.

Mr. Carmichael: Indeed. My right hon. Friend is aware that I know Councillor Raeburn very well, having worked with him previously, and the councillor's views should be taken seriously.

We know what the situation would be if we were to lose the flexibility that is offered by the retained firefighting service, because we have seen something similar before. It is not many years since we did exactly the same thing in Scotland with the ambulance service. The consequence of the change to the ambulance service is that although we have full-time ambulance cover across the whole of Scotland, there are longer response times and the service is patchier, notwithstanding the significant amount of money that the Government have put into the ambulance service in Scotland. Ultimately, the quality of the ambulance service has been diminished. Rather than bringing dogma to the issue, we should focus on the quality of service that we have at the end of the day.

The scale of the retained firefighting service, and its importance to people, should not be underestimated. In 2007, the UK statistical information service recorded that there were 67,931 personnel in the fire and rescue

services across the UK, of whom 37,596 were in full-time units and 18,827 were in the retained duty system. In fact, 91 per cent. of the UK's total land mass is covered by crews who operate as part of the retained duty system. Scotland has 391 fire stations, of which 321 are staffed by retained duty firefighters. That is a total of 3,429 retained duty firefighters in Scotland.

How would the ending of the opt-out affect the retained duty system? At its simplest, let us consider the firefighter who, in his primary employment, has a full-time job that engages him or her for 37 to 40 hours a week. They have a standing commitment of between two and three hours a week for training for the retained duty service, leaving them, at most, five to eight hours a week to provide the service as part of the retained duty system.

At present, individual workers enter into an agreement with their employer that they can work for more than 48 hours a week. It is called an opt-out agreement, which is a voluntary arrangement signed by both the employer and the employee. Generally, it will include an agreed period of notice to end the opt-out agreement. Obviously, employers cannot force their employees to sign it.

The agreement is flexible, fit for purpose and it works very well. It is particularly important for businesses that would be classified as SMEs. If we are talking about the provision of a fire service in rural communities in particular, hon. and right hon. Members will be aware that the vast bulk of the economic base in less populated areas tends to be SMEs. Certainly the economic base of my constituency is almost entirely built on SMEs. It is a sector where one of the unintended consequences of the ending of the opt-out may come into play, which is the point made earlier by the hon. Member for North-West Leicestershire (David Taylor). It is quite foreseeable that if we end the opt-out, the primary employer—if I can use that term—of a retained firefighter will say to his or her employee, "I need you to be available for 40, 43, 44, or 45 hours a week". That may particularly be the case in the current economic climate, when everybody is trying to keep their cost base down and their margins tight. That pressure on SMEs will make it less attractive to employers to release employees to provide the type of fire service that they provide at present.

David Taylor: The hon. Gentleman describes the situation very well, outlining the economic trends in his part of the world. Nevertheless, has there not been a countervailing trend towards self-employment? That means that about a quarter of retained firefighters in Scotland could be self-employed—I would guess that is the proportion. Of course, the regulations do not apply to self-employed people, so is that not a factor that needs to be brought into the equation?

Mr. Carmichael: It is certainly a factor that must be brought into the equation. I keep coming back to the point about flexibility and, in fact, the importance of people being able to make these decisions for themselves. It would be nonsense to say that although this week I am employed in a particular capacity doing a certain job, next week I will be self-employed, so suddenly I shall be able to perform a service that otherwise I would not be able to undertake.

I have gone on for rather longer than I had intended, and I know that others want to participate, so I shall finish by addressing recent comment on whether this is a live issue. Some people, who unfortunately have not seen fit to attend the debate, have suggested that we are engaged in some sort of scaremongering. The Scottish nationalists in particular seem to prefer engaging in debate in the columns of *The Press and Journal* and *The Scotsman*, rather than coming to put their case in the Chamber.

Our briefings for today's debate come from pretty impeccable sources. The Local Government Association, which covers England and Wales, said in its briefing:

"The LGA believes that the loss of the opt-out provision that currently exists would result in a reduction in the number of retained firefighters and would also see the need to increase the number of wholetime firefighters employed by FRAs to cover shifts. This would of course have a financial implication. The Chief Fire Officers Association is undertaking research to identify precise figures. The opt-out is an important tool in maintaining flexible labour markets, and if it were removed it would be a major blow to both employers and employees."

In its response to the consultation on the working time directive, the Chief Fire Officers Association said:

"The Fire & Rescue Service could not function effectively without RDS employees, and when there are larger scale operational incidents, RDS employees will respond from their normal location to support full-time employees."

Those comments make it clear that this is a live issue, which is of concern to those who are charged with providing fire services. Indeed, David Dalziel, the chief fire officer of Grampian fire and rescue service, was reported as saying, in *The Scotsman* of 24 January, that unless a

"compromise could be reached, the new rules would signal an end to the part-time service in Scotland."

Mr. Dalziel, who is also secretary to the Chief Fire Officers Association, said:

"It represents a significant threat to the wellbeing of people across Scotland. Retained firefighters, already working 40 hours at their own work, could be restricted to only eight hours a week or even less."

Those people do not have a political axe to grind; they are at the sharp end of providing fire and rescue services, and their views must be taken seriously.

We know what will happen if we do not engage in debate now, because we have seen the same thing before. I remind the Minister what happened with the Road Transport (Working Time) Regulations 2005, which also implemented a European directive—directive 2002/15/EC. Those regulations caused enormous problems for the retained fire service and the Territorial Army before we eventually found a rather messy compromise to get us out of the situation. As a consequence, I am told, although I have not been able to check, that the road haulage company Eddie Stobart no longer allows its employees to work as part of the retained duty service. The service will face that sort of threat if we do not take these matters seriously and engage in debate now.

9.53 am

Mr. Andrew Dismore (Hendon) (Lab): I congratulate the hon. Member for Orkney and Shetland (Mr. Carmichael) on securing the debate. I chair the Fire Brigades Union parliamentary group, and before becoming a Member of Parliament, I was the FBU's

[Mr. Andrew Dismore]

solicitor for 17 years, so I have a little knowledge of these issues. The FBU represents 11,000 of the 14,000 firefighters who work on retained duty, so it represents the vast majority of them.

The debate has so far been focused on Scotland, but of course it goes beyond Scotland, as its title includes the country as a whole. We recognise that there is an issue to address, but I think that the hon. Gentleman has come to the wrong conclusion. We can get a little lost in double and treble negatives about what the directive is all about and ending the opt-out, but essentially it is about restricting the maximum number of working hours to 48. Why is that being done? It is not because of some European desire to screw up the British fire service; it is a health, safety and welfare issue that aims to improve the lives of individuals. Jobs such as those in the fire service have many inherent risks and are dangerous enough already. We do not want to increase those risks either for the firefighters concerned or for the people whom they might be called upon to rescue.

Let me deal with some of the myths that surround working time directive requirements. The fire service has peaks and troughs in demand, like many businesses and services, and the working time directive recognises those problems by requiring an average 48-hour week over a 26-week period, so it can provide the operational flexibility that the fire service needs. Moreover, the directive does not apply in emergencies when property, life or limb are at risk, so no firefighter will be stopped from doing their job. Services can waive the 48-hour week requirement in a wide range of emergencies, such as when they have temporary staff shortages, or in periods when they might be called on because of severe weather conditions, as they have been in the past few days.

Mike Penning: I thought that the hon. Gentleman would mention that there are no retained firefighters in London—in fact, London refuses to allow retained firefighters to come on to its patch. Should not that have been an important part of his opening remarks, as a London MP?

Mr. Dismore: Of course, I am a London MP, and it is correct that London operates on a whole-time fire service basis, but that is not to say that I do not have some knowledge of this subject, because my constituency is the last one before the countryside of Hertfordshire.

Mike Penning: Will the hon. Gentleman give way?

Mr. Dismore: No, because the hon. Gentleman may make his point later. I do not see—

Mike Penning: You have misinterpreted what I said.

Hywel Williams (in the Chair): Order.

Mr. Dismore: I do not think that I did misinterpret the hon. Gentleman. He may make his point later, but it does not make a great deal of difference to the points that I am making.

As I was saying, emergencies are not caught by the 48-hour rule, so protracted incidents can be dealt with. Obviously, managers have to roster staff to try to avoid overwork, but when there are major crises such as the Buncefield oil fire, relief crews will inevitably be brought in from other brigades, as happened then.

Some firefighters might have to change their working patterns, but that could be managed through relatively minor adjustments in the years between now and when the rule changes occur. Full-time firefighters work a variety of shifts, but typically work 48-hour shifts in four-day patterns, which provides for a 42-hour working week. Only 4,000 retained firefighters work more than 50 hours, with 2,500 working more than 60 hours. It should therefore be possible, over time, to manage arrangements to reduce requirements on them.

There is a UK-wide shortage of retained firefighters—between 3,000 and 5,000 across the country—and the way to deal with that problem is to improve recruitment and retention to ease the pressure on retained firefighters and to comply with the directive. The hon. Member for Orkney and Shetland mentioned that the labour market is tight, but it should be easier to recruit retained firefighters at such a time because that is a secure form of employment. Given that many people are losing their job or being put on short-time working—a trend that has been adopted in many parts of the world to deal with the financial pressures being faced—this is a good time to recruit firefighters. That has to be considered.

Under the retained system, firefighters have other jobs and make themselves available on call. On-call periods are up to 120 hours a week, rostered over five days. However, those on-call hours do not count towards the 48-hour requirement. The only time that does count toward it is time spent on duty when attending incidents or training. It is not beyond the wit of any fire service gradually to reduce the limits to bite-sized chunks to achieve the objectives required by the working time directive. It is important to recognise that the average retained firefighter works 47.7 hours per week, when all their jobs are put together, which is within the time limit set by the directive. A very small number of retained firefighters who currently work very long hours might, as the hon. Gentleman suggested, choose to reduce the amount of overtime that they do in their main job. As my hon. Friend the Member for North-West Leicestershire (David Taylor) said in his intervention, one in five retained firefighters are exempt anyway because they are self-employed.

The hon. Gentleman is approaching this from the wrong direction. He thinks that the reduction in working hours to a maximum of 48, which would be phased in over time, is the evil, but it is not. The evil is the fact that we in this country expect people to work ever-longer hours, which is not in their best interests from a health and safety or a welfare point of view. We should be considering alternatives to enable people to work shorter hours, so that they can have a family life and they are not subjected to such pressures.

Mr. Djanogly: Will the hon. Gentleman give way?

Mr. Dismore: In a moment. I have nearly finished and the hon. Gentleman will make his own speech later.

It is important to recognise that this is being done for the benefit of workers, not to wind them up or frustrate them. There are other options. The hon. Member for Orkney and Shetland has overstated the problem. There is plenty of time to adjust to the new requirements—for example, we could consider increasing recruitment—so let us not overstate the problem initially.

David Taylor *rose—*

Mike Penning *rose—*

Hywel Williams (in the Chair): Order. I call David Taylor.

David Taylor: Does my hon. Friend agree that although those who tabled and supported early-day motion 552 were, no doubt, well intentioned, they were really taking part in the usual Liberal tactic of scaremongering? They stand in front of schools, post offices and retained fire stations that they say are going to close and when they do not close—and they never were going to—they claim the credit for it. That is what this is really about, is it not?

Mr. Dismore: My hon. Friend makes a party political point, but I have tried to rise above the party politics in the debate. However, the right hon. Member for Gordon (Malcolm Bruce) referred to a £100 million price tag in relation to the change, which I think is a bizarre figure that is simply not credible.

Mr. Carmichael: Will the hon. Gentleman give way?

Mr. Dismore: No. The hon. Gentleman has made his points and many others want to speak. I have now concluded my remarks.

10.1 am

Mike Penning (Hemel Hempstead) (Con): I thought I had been called to speak a few moments ago, and having listened to the hon. Member for Hendon (Mr. Dismore), perhaps it would have been better if I had. This is a serious debate and I congratulate the hon. Member for Orkney and Shetland (Mr. Carmichael) on obtaining it.

We have just heard the hon. Member for Hendon demonstrate a complete lack of understanding of what retained firefighters are about. I will quickly touch on the point that I made in my intervention on him. I did not say that he had retained firefighters in his constituency. I am sure that his constituents would like Hertfordshire firefighters to come over the border to help them in their hour of need, as happened at Buncefield when the London fire service came to us. The London fire service categorically will not allow retained firefighters across its borders to come on stand by in London; it will not allow that to happen. *[Interruption.]* Is the hon. Member for North-West Leicestershire (David Taylor) saying from a sedentary position that it is a safety issue?

David Taylor: The reason why retained firefighters are so successful and necessary in deeply rural areas is the relative sparsity of the population. In London, there must be thousands of people within five minutes—or whatever the time is—of a retained fire station. In rural areas, that is less often the case. That is the reason—it is a city.

Mike Penning: The hon. Gentleman simply does not understand what retained firefighters do. I slightly disagree with the hon. Member for Orkney and Shetland: this is not a rural-urban issue. I was a firefighter in urban Essex and every day of the week that I was on duty, I worked with retained firefighters.

Mr. Carmichael: If I gave the impression to the hon. Gentleman that I regard this as a rural-urban issue, I apologise. That was certainly not my intention. If he recalls the response that I gave to my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey—and God knows where else—(Danny Alexander), he will recall that I emphasised the ability of retained and full-time firefighters to work together in his area and the importance of that.

Mike Penning: I thank the hon. Gentleman for clarifying that point. It is crucial that people reading and listening to this debate understand that retained and whole-time firefighters work together daily in rural and urban areas. The point I was trying to make to the hon. Member for Hendon is that the London fire service does not understand that; it never has and never will. I have stood by at stations whose personnel have been pulled into London and, on the way in, driven past retained stations whose personnel could have gone into London to help stand by. Regularly in my constituency, when the two pumps at the Hemel station are called out and detained at an incident, it is the retained firefighters who come out and stand by to protect my largest town and community. Retained firefighters are a crucial part of community spirit, and that is proved every day.

I pay tribute to the Retained Firefighters Union and the Fire Brigades Union, and I declare an interest because I was a member of the FBU for many years. The fire service was a closed shop in those days. I had no choice but to join, but I made sure that I stopped the donation to the Labour party that came from my dues to the FBU as soon as possible. However, it is crucial that the two unions work together on this and do not bury their heads in the sand. I hope that that will happen. For many years, the FBU was anti-retained firefighters to the extent that when I served in Essex, they locked firefighters out of the station when they arrived for stand by. I have seen it and I know that it happens—in certain parts of the country, it still takes place today. The unions need to work together as one national fire service.

In certain parts of the country, the system has worked well. We have four types of firefighters in this country: whole time—the type that we have in London—whole-time retained, day manning, and retained. The system is different from that in any other part of the world. We pay retained firefighters for their dedication—we give them a pension, and payment for the time that they commit to their community—and that is why they fall inside the ludicrous rule on the 48-hour week. The rest of Europe is not affected in the same way. Local community firefighters in the rest of Europe are just as dedicated as ours: they want to serve their community and they regularly go out to protect their community. However, they are classed as volunteers and only get expenses. They are therefore not classed as employed and are exempt from the

[Mike Penning]

directive. Our firefighters are not. Will the Minister explain why we do not have an exemption because of the special circumstances we have in relation to the different types of firefighters?

Those of us who have lived on the continent will have seen that ours is a better system. People should not be asked to put their lives on the line and not be paid for it. We should not have an "us and them" situation where whole-time firemen are paid and retained firemen working next to them on jobs are not paid. That is wrong and is something that should be dealt with. I would have thought that that was something the Labour party would understand and fight the cause for.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Does the hon. Gentleman agree that one of the vital points about the retained system is the level of first-class training that is given to the retained firefighters, which I have seen in my constituency at Invergordon? It is appropriate that retained firefighters are properly paid, so that they are properly committed to that training and deliver the excellence and professionalism he describes.

Mike Penning: I could not agree more. When I first served, in the early 1980s, it was horrible because the retained did not train with the regulars and no whole-time fireman was allowed to be a retained firefighter. That seemed ludicrous to me. When I left the Army and joined the fire service, I was a skilled professional and a huge amount of taxpayers' money was being dedicated to my training, but I was not allowed to go and serve my community on my day off, as retained firemen were allowed to do. Fortunately, that has changed and we have developed whole-time manning stations—there is an excellent day manning station in Woodham Ferrers in Essex, where I used to stand by when I served. In my county, we are carefully considering day manning stations because they provide a better way for the fire service to serve the community.

I pay tribute to the fire services around the country that came to my constituency on 11 December 2005, when the largest explosion in this country since the second world war, and subsequently the largest fire, took place at the Buncefield oil depot. I was there with the firefighters for four days, and I never knew who was a retained fireman or who was a whole-time retained or a regular full-time fireman. Actually, that is not true. I did know because the London fire service wear silly pink uniforms these days, and I knew that they were whole time. I do not know why on earth they wear pink, but that was how we knew that they were London firemen. However, in terms of the job that they did on the ground, we did not know whether the firefighters were whole time, regulars or what. They came from all over the country. At the time, my mayor paid tribute to every single fire service, and they were invited back to a dedication ceremony.

That tells us about the situation of retained firefighters. During the debate, we have heard about the cost and what would happen if the retained service is undermined by the directive. I do not agree about the cost. We know what would happen: the communities would do it—they would do it like they do it in Europe. I am not an expert on Scotland but, in my part of the world, we recently lost retained fire stations when the Government reconfigured the response times. Scotland could not have whole-time firefighters. The position would be as it was all those years ago, when the fire service started, when people rose up and established fire stations to protect their community. They did it because of their love for and belief in their fellow residents, but it would not be right to have to do that now.

If something is not broken, we should not destroy it. The current system works fantastically well. I simply do not understand why we must kowtow to comments such as, "No one should be forced to do more than a 48-hour week." No retained firefighter is forced to do it; they do it for the love of their community and to protect their community, and such comments undermine their dedication to their community. I never, ever met a retained firefighter who came on shift and said, "I hate being here; I don't want to be here." They love it, because they are serving their community. If we allow that to be undermined by the ludicrous idea of people being told that they cannot work for their community because they happen to have done another job during the course of the day, it will be a sad day for this country.

10.10 am

Mr. David Drew (Stroud) (Lab/Co-op): I am aware that a number of hon. Members wish to speak, so I shall be brief. I declare an interest: my son-in-law is a retained firefighter, and he knows rather well what this debate is all about. With the deepest respect, I must say that the major points about the threats to the retained service have been missed in this debate.

I am happy to engage with the issue, but I did not sign early-day motion 552, even though I have some sympathy with it and recognise that we must consider the opt-out. I am a member of the Fire Brigades Union parliamentary group, and it must be stated that the most important issue is that the opt-out became such a political issue in terms of working hours because of health and safety. If firefighters do not abide by health and safety regulations and do not have them at the forefront of their minds, who will? It is absolutely wrong to put in harm's way people who may have done too many hours. I worry about my son-in-law in that regard, although I recognise that there needs to be some flexibility.

Mr. Carmichael: The hon. Member for Hendon (Mr. Dismore) would not take my intervention, so may I stress that I am not peddling my own scaremongering? As I made clear at the end of my remarks, significant, objective voices recognise the problem, too, so will the hon. Member for Stroud (Mr. Drew) not accept that there is a real problem with the argument that firefighters must have an absolute cut-off point? Why is it healthy and safe to work for 47.5 hours but not for 48.5 hours? *[Interruption.]*

Mr. Drew: My hon. Friend the Member for North-West Leicestershire (David Taylor) says from a sedentary position that the figure is rounded up over a period. Indeed, there is much more flexibility than people would have us believe. People recognise that I am no fan of the European Union, nor is my hon. Friend, but they must

also recognise that retained firefighters are put in an exploitatable position because of the number of hours they have to work.

I want to turn the debate on its head.

Mike Penning: *rose—*

Mr. Drew: I give way briefly, because other people want to speak.

Mike Penning: I am very conscious of that. The way in which the retained call-out system works means that it is entirely up to the firefighter whether they respond to the call. If they have been on night duty and are tired, it is entirely up to them. There are more than four to a station—they need four to a pump to ride—and it is entirely up to them, so it is not true to say that even if they have been up all night they will have to respond.

Mr. Drew: I wish that was so.

Mike Penning: It is.

Mr. Drew: I know very well that call-out is voluntary, but, at the end of the day, people do the job not only because they love being firefighters, but because it is an important consideration in terms of income. As a father-in-law, I must say that it is not unimportant. When retained firefighters do not get the shouts, their income goes down, and that is of not inconsiderable importance.

In my constituency, there are four stations with retained firefighters—Stroud, Nailsworth, Painswick and Dursley—and I have nothing but praise for the people who work as retained firefighters. At the Stroud station, they work alongside the full-time firefighters, a situation to which the hon. Member for Hemel Hempstead (Mike Penning) referred, and it is a very amicable arrangement, although there are some problems. Until recently, it was difficult to recruit people, but the fire and rescue service in Gloucestershire has done well to up its recruiting standards, and the good thing is that full-time firefighters and retained personnel are treated exactly the same in terms of equipment and training. The latter have less time to train, but they are given every opportunity.

There are two problems, however. The first problem, about which I bear some angst, is that the relationship between retained and full-time firefighters is not helped by some of the recruitment policies that fire services operate. I know that, these days, it is important that we reflect the balance of ethnicity, gender and so on, but it is also important that retained firefighters are given opportunities to enter the full-time service. Many people become special constables because it provides access to the police, and, similarly, access is one reason why people join the retained fire service. Many people—not just my son-in-law, who would love to join the full-time service—tell me that there are problems doing so, however, and that people can be strung along: they are told that they have a good chance of entering the full-time service, but it never seems to happen. That causes disillusionment, and disillusioned retained firefighters are not a good entity within the wider fire service.

The second and more important problem is how we get employers to release people so that they can serve in the retained fire service. That is the crux of recruitment. Such service used to be a point of honour, and firms would willingly make people available. In Dursley, the whole station was staffed with retained firefighters when 6,000 Lister-Petter employees worked next door. Now, the firm employs about 350 people at best and, from memory, I do not think that any retained staff come from there anymore—for all sorts of reasons. It is nice that the opt-out—the working time directive—is at the root of the issue, but the fundamental question is: how do we give people security, so that if they take on such an important role their employer will support them and, to some extent, be compensated for their time?

The difficulty with the job, as the hon. Member for Hemel Hempstead knows, is that training does not happen every Thursday, and every call-out does not come on a Friday night; firefighters may be on call for the entire weekend because there is a major fire in Stroud, as there was recently, but then they may not be called out for another two or three weeks. That is fine if they have a sympathetic employer, but, too often, employers look at the bottom line, as we know in relation to the Territorial Army. We must find a way to protect people, so that we do not put them at risk. Instead, we must assure them that if they do this very valued job, we will give them the opportunity to enter the full-time service or to secure their employment in other ways. That is the key issue, and I do not want to get too hung up on the working time directive.

10.18 am

Mr. Alan Reid (Argyll and Bute) (LD): I congratulate my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) on securing this important debate. The working time directive should prevent employers from exploiting workers by forcing them to work long hours, but it should not prevent workers, such as retained firefighters, from carrying out the vital, life-saving work of answering emergency calls, if that is what they want to do.

Retained and volunteer firefighters are one group whose work will be threatened if Britain loses its opt-out. In remote communities, emergency service work, such as firefighting, is carried out by local volunteers, and in those communities there is always a tremendous willingness to work together for the good of the community. There is never a lack of volunteers for emergency service work, such as firefighting, crewing the lifeboat, mountain rescue and so on.

It is right that retained firefighters should be rewarded—remuneration is part of the job—but in my experience that is not the main reason why people in remote communities volunteer for the retained fire service. They do not get high remuneration—serving the community is their main motivation. In my constituency, there are only two whole-time fire stations—in Oban and Helensburgh—and even they have retained crews as well as whole-time crews.

In addition to those two stations, there are 13 retained and 27 volunteer units. Given the size of my constituency and others in the highlands and islands, it would obviously take far too long for a fire brigade to get from fire stations such as those in Oban or Helensburgh to many outlying areas in the event of an emergency. In the case of the islands, it clearly would be totally impractical to send a unit from the mainland.

Mr. Carmichael: Does my hon. Friend agree that for island communities—he represents many—there is an added imperative because the presence of retained

[Mr. Carmichael]

firefighters contributes to the ability to maintain lifeline air services to and from the island, particularly where the provision is very small planes?

Mr. Reid: My hon. Friend is right. Argyll and Bute council recently started air services to the small islands of Coll and Colonsay, but they would be completely impractical without volunteer firefighters.

As an example of the time it takes to get to a fire, a retained firefighter from Cove, which is in my constituency but is by no means in the remotest part, told me:

"Response time from Helensburgh to Cove is in the region of 40 minutes, whereas our retained crew has an average of a 4 minute response and will normally be mobile within 5 minutes."

Sending a whole-time fire crew from the stations in the towns is completely impractical. Equally, it would be completely impractical to staff the 42 fire stations in my constituency with round-the-clock, full-time crews. Some of the hon. Members who have spoken in favour of Britain losing the opt-out have not come up with an alternative to the present system of using retained firefighters in the provision of a fire service for the highlands and islands.

As was explained earlier, retained firefighters do normal jobs as well as the job of a retained firefighter. On top of their ordinary job, they can be on call for up to 120 hours on what is termed inactive on-call. I accept that the proposals in the directive do not include inactive on-call in the number of hours that would be capped at 48, but all sorts of complicated formulas have been proposed by the European Parliament and none of them would allow retained firefighters to be on call for anything like the 120 hours that many are at present. Any of the formulas put forward by the European Parliament would simply make the whole retention system impractical.

As my hon. Friend said, in rural communities at present, the retained firefighter's main employer is more than willing to allow time off for training and for fighting fires. However, in these difficult times, if restrictions were to be placed on the number of hours that the retained firefighter could work in their main job, many employers may reluctantly have to refuse them permission to carry on doing their firefighting job.

Many of the fire stations in my constituency are crewed by volunteer firefighters rather than retained ones. My understanding of the difference between a volunteer and a retained firefighter is that the volunteer does not get paid a retainer for inactive on-call, but they are still paid for the time that they spend training and responding to incidents. They, too, would be affected by the directive. The volunteer stations are on small islands or remote communities on the mainland. Again, it would be totally impractical to service them with whole-time crews.

In many rural communities, people volunteering for extra work over and above their main job is the only way that any of the emergency services can function. That is particularly true of the smaller islands, where most people do several jobs. It is the only way that a small island can function. The EU cannot be allowed to destroy years of traditional ways of working and saving lives throughout rural Britain. As other hon. Members have said, the present system works, so it should not be broken up.

The Government have my full support in their efforts to keep Britain's opt-out, and I urge them to do all that they can to ensure that whatever comes out at the end of the negotiations means that our retained and volunteer firefighting services can continue working successfully, as they have for many years.

10.25 am

Mr. Russell Brown (Dumfries and Galloway) (Lab): I shall make only a brief contribution. I congratulate the hon. Member for Orkney and Shetland (Mr. Carmichael) on securing this debate, which has shown that the issue is not straightforward. My hon. Friend the Member for Hendon (Mr. Dismore) outlined the complexities of the working time directive and its impacts.

Unlike other hon. Members, I have not been contacted by any of the councillors from the local administration in Dumfries and Galloway council, but perhaps that says more about my relationship with the Conservative-Scottish National party Administration than anything else. However, I have been asked why the working time directive is an issue. In the view of some people, there is no difference between a retained firefighter who works in a daily job and is called out on fire and rescue duties, and a whole-time firefighter who does a second job. I have tried to explain to people that the issue is just not that simple. We have to deal with the complexity of the working time directive.

I merely want to put on record the fact that the significance of retained firefighters to the Dumfries and Galloway region—not just my constituency—is there for all to see. There are 17 fire stations: one whole-time, 15 retained, and one auxiliary firefighting crew in the village of Drummore. More than 200 uniformed staff are based at the retained stations. As someone who was the chairman of the Dumfries and Galloway regional council public protection committee between 1990 and 1994, I very much value the job that those people do in our constituencies. I agree with my hon. Friend the Member for Stroud (Mr. Drew) about those who employ retained firefighters, because the system would collapse if they were unable to release staff.

Mr. Carmichael: Does the hon. Gentleman share my concern that if a rigid limit were imposed on the number of hours for which an employee is available to a primary employer, several employers, especially those in small and medium-sized enterprises, would be more likely to refuse permission to somebody who wishes to undertake service in the retained service?

Mr. Brown: I would not disagree with that, but, in agreeing with it, I would say that we need to deal with some of the complexities. It is good that we have two or three years' breathing space, but we should not let this issue run for that period and achieve a solution at the 11th hour. We need to work with our colleagues in the European Parliament to determine how we might be able to secure an opt-out. I know that there is a commitment to retain as best we can—in some areas, at least—an opt-out that delivers the right working conditions and hours, and the family-friendly policies that we all want for workers in the UK. I know that work is continuing

in respect of this matter, and I hope that the Minister and our colleagues and counterparts in the European Union can reach a conclusion well in advance of the 2012 deadline.

10.29 am

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I congratulate my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) on securing this debate, whose importance is shown by the number of hon. Members who have attended the Chamber to speak, intervene or just listen. The matter was brought to our attention by the Retained Firefighters Union. I did a bit of homework and spoke to a number of people, as I am sure my hon. Friend did, and discovered that this was a real, live issue that was causing grave concern. That is why I tabled early-day motion 552, which sets out the concerns that have been expressed to me.

I have been accused this morning of scaremongering for tabling EDM 552, but I refute that suggestion, because I did so to reflect both the views of many of my constituents who are concerned about the fire service that they will have and the views of many retained fireman whom I know personally: they are friends of mine. I know exactly what those retained firemen do and the amount of training that they put in. I know how much they enjoy what they do and how much they like to be part of that service. The EDM was tabled to reflect their concern and that of the community. I am grateful to my hon. Friend for having got off the mark far faster than me in securing this debate.

My hon. Friend stressed the importance of the work of retained firefighters overall and, naturally, as I do, stressed their importance in remote and rural areas. I confirm the comments that he made to the hon. Member for Hemel Hempstead (Mike Penning): this is not about how the fire service is dealt with in rural areas as opposed to urban areas. The fact that we choose to stress the importance of the service in our remote and rural constituencies does nothing to gainsay the exceptional job that is done by retained firefighters in urban areas, where, as he has explained, they fulfil a vital role.

I am sure that the hon. Gentleman would permit me to emphasise that, in my constituency, for example, there is not one fire station that is wholly manned by whole-time firemen. The typical arrangement is for a full-time fireman to be in charge of the station, possibly with an assistant, with the rest of the teams—the crews—made up entirely of retained firemen who form the backbone. I believe that there are some 391 fire stations in Scotland, of which some 321 are manned by retained firemen. A statistic I always appreciate is that 91 per cent. of the landmass of the UK is covered wholly by retained firemen.

Mike Penning: I thank the hon. Gentleman for clarifying the point on the urban and rural situation. Just to clarify things further, I have a very urban seat in Hemel Hempstead and a very rural constituency surrounding it. I only have one whole-time station: the rest are manned by retained firefighters. That shows exactly what can happen in and around London.

John Thurso: I am grateful for the hon. Gentleman's clarification.

Over the years I have visited many fire stations, which provide a vital emergency service and do a great job. I do not think that a single hon. Member from any party in the Chamber would say anything other than that our fire services do a splendid job. I was most impressed, as I mentioned in my intervention on the hon. Member for Hemel Hempstead, by the training facility of the highlands fire brigade at Invergordon. I visited that facility and observed the professionalism with which the training was given to everybody who passed through, including some of the volunteer firemen from community response units; that was of great interest to me and underlined how well all those firemen operate.

Hon. Members have asked whether there is a problem. All the sources to whom I have spoken indicated that a real problem is brewing. However, there is some confusion about the extent of the problem, which is why my hon. Friend called for this debate. There are three years to go until the impact of what is being discussed at the European Union will come into force and it is much better to discuss the matter now and seek a proper solution than, as my hon. Friend said, wait for three years to see how it pans out and deal with a problem when it arrives, rather than today. That is why I am looking to the Minister to give—I hope—some reassurance about how the Government are going to take this matter forward.

A number of Government Members sought to argue that this is all a matter of health and safety and that those of us involved in tabling the EDM or who brought forward the debate are looking through the wrong end of the telescope. The hon. Member for Hendon (Mr. Dismore) said that we should simply look at it the other way round. He then told us that in emergency situations, retained firefighters are exempt anyway, which struck me as rather curious, because if ever there was a moment when people needed health and safety I would have thought it would be in the middle of an emergency. I put it to the hon. Gentleman that, in fact, he is looking through the wrong end of the telescope.

I have never met a fireman who was not concerned about health and safety. Indeed, I have always been impressed by the way in which health and safety has been both inculcated in the fire service, how it has trained for it and the way in which it practises it. That is not the issue. The issue is that people want to volunteer to do something for their community, and they can do so in various ways. Some volunteer for charitable work. In a number of areas of charitable work individuals, not least the sea cadets and others, spend a considerable number of hours undertaking dangerous work on the sea, for example, and nobody says that they should not do it because they have already worked 40 or 44 hours in their main job—we would not think of doing so. We have to understand that people choose to volunteer for certain exercises, and limiting that where there is a good system for health and safety in place—with the consequences that that might deliver—is looking at this matter from the wrong direction.

I should like to read a letter from a retained fireman, which goes to the point about volunteering:

> "Although fully paid-up by the Fire & Rescue Service, it can be argued that we volunteer to do this work. The primary motivation for the vast majority of RDS personnel is a love of the job coupled with a genuine desire to help make our communities as safe as possible within our remit. No one asks us to do this difficult and demanding job, and the pay is relatively modest for what we commit to do."

[John Thurso]

That sums up the attitude of the people who are there and working as retained firemen.

The silly thing is that if a retained fireman who was an agricultural employee and worked for the fire service, as often happens in my constituency, was called out to a major muirburn fire—if he were to heed the call, don his kit and safety gear at the station and work under the auspices of the trained leadership that he enjoyed—he would be subject to a limit on the number of hours he could work. However, if he went straight to the fire without obeying a call to go to the station, remained in civilian clothes and did not use any of the fire service's equipment, but was one of the many civilian volunteers who always turn out, he could work as long as he liked. That is completely back to front; it is the wrong way to do it.

I urge hon. Members to take into account the voluntary nature of the work, the excellent training in health and safety that is given and the fact that the full-time officers understand and take care of the men under their command. I suggest that this is one of those unintended consequences that are the result of so much legislation, particularly from Europe. I say to the Minister that this is an unintended consequence that we need to deal with, so will the Government do so?

10.39 am

Mr. Jonathan Djanogly (Huntingdon) (Con): I congratulate the hon. Member for Orkney and Shetland (Mr. Carmichael) on securing this debate, and I agree with much of what he said about the retained firefighter system. The debate has benefited hugely from the input and expertise of my hon. Friend the Member for Hemel Hempstead (Mike Penning), but I do not agree with the hon Gentleman' core contention that the issue is not the working time directive—it is the core of the debate. This is a key time in the destructive history of the directive, so it is a timely debate.

The working time directive requires employers to take reasonable steps to ensure that workers do not work more than 48 hours a week, averaged over four months. Despite that, workers may currently opt out of the 48-hour limit on the working week. For workers who opt to derogate from the 48-hour limit, the common position adopted by the Council of Ministers in 2008 lays down a maximum of 60 hours' work a week, averaged over three months. That may be increased to an average of 65 hours over three months when there is no collective bargaining agreement and when an inactive period of on-call time is regarded as working time. Inactive on-call time is a period in which a worker is on call but is not required by his employer to work, as opposed to active on-call time, which is a period in which the worker must be available at the workplace to work when required to do so by the employer.

There is not enough time to discuss the wider issue of the working time directive. I would have liked to address the points made by the hon. Member for Hendon (Mr. Dismore), but I shall simply say that for us the evil is not allowing people to work when they want to do so. The opt-out provision, which enables key workers to be available for longer hours as and when necessary, is flexible, and for workers who undertake potentially life-saving work, such as firefighters, that is extremely important. However, in December last year, the European Parliament voted to abolish the opt-out provisions, which have been widely used in the UK. The new category of "inactive" on-call time, approved by the Council and the Commission, was disapproved by the European Parliament. Consequently, there is a possibility that the ability to opt out will be abolished, contrary to the common-sense approach currently in place and developed by the common position. If implemented in the UK, there will be an across-the-board limit of 48 hours with no concession for inactive on-call time. That appalling position was strongly supported by the unions and, unbelievably, voted for by Labour MEPs over whom the Labour leadership seem to have lost control. The impact on the retained duty system is significant.

The background is important. Retained-duty firefighters respond to calls on a needs-only basis. They are often fully employed in other occupations, and their commitment as firefighters is typically part-time. They are indeed a valuable part of society, and a national asset, as many hon. Members have said. They are a crucial supplement to the full-time force. They are qualified to deal with the full range of everyday emergencies, and statistically the system covers 30 per cent. of all firefighters. Indeed, only 96 stations are wholly staffed by full-time firefighters, which gives a great deal of support to the point made by my hon. Friend that the debate is not a city-rural debate.

Retained firefighters play a crucial role in communities throughout the United Kingdom, and their flexibility is a particular strength. The rules reflect that importance, and allow a more flexible interpretation of the regulations, but as a result of the vote by the European Parliament on 17 December, we risk damaging that vital lifeline. In the current political climate, which is overshadowed by terrorism, it seems perverse that we are putting vital security and safety services under threat. Unfortunately, it is not only in the specific case of firefighters that the proposals will have an impact. Even without the implementation of these proposals, the directive has placed a great burden on businesses and service providers throughout the UK. Preventing people from exercising their ability to opt out of the 48-hour week would make things far worse for thousands of hard-working firefighters and many other employees in valuable employment. Unemployment is expected to reach a 12-year high without this extra legislation. For firefighters particularly, any justification for ending the opt-out rings hollow. The issue is not one of heath and safety—some Labour Members suggested that it was—as the Retained Firefighters Union confirmed:

> "Appropriate management within the Fire Service has ensured that our members *do not* work excessive hours with any negative impact on their Health, Safety and Welfare. There are arrangements in place to relieve crews at protracted incidents".

That being the case, the legislation serves no valid purpose, and is in fact counter-productive, denying retained firefighters and others vital work. The Minister with responsibility for fire and rescue, the Under-Secretary of State for Communities and Local Government, the hon. Member for Tooting (Mr. Khan) confirmed those fears and, to be fair, only last month said:

> "Application of the working time directive, by setting a 48-hour maximum to the working week, would be likely to greatly reduce the hours which firefighters working the retained duty system

could be available for duty, especially the substantial numbers who work full-time for their primary employer. The UK Government, therefore, places great importance on retaining its opt-out from the directive, a position that was acknowledged by the European Union Council of Ministers in June when it agreed in the Common Position that it should be retained, and will continue to defend it."—[*Official Report*, 19 January 2009; Vol. 486, c. 1076W.]

Will the Minister for Employment Relations and Postal Affairs tell us whether that is still the position? He, too, has said in my presence, that the Government place great importance on retaining the opt-out, but that is what the Government said for six years about the temporary and agency workers directive until they folded under the great weight of the unions. Will he give us the comfort that this time they really intend to hold their ground, and can he persuade us that the nonsense emanating from his MEP colleagues and the unions is all smoke and no fire?

10.45 am

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): I congratulate the hon. Member for Orkney and Shetland (Mr. Carmichael) on securing this debate. The issue is important, and in the time available I want to deal with two aspects of it: the importance of the retained firefighting service, and updating the House generally on the working time directive and the individual opt-out, which is at the heart of the difficulties that he and other hon. Members have raised this morning.

We have heard about the importance of the retained firefighting service as part of the overall fire and rescue service in the United Kingdom, and I endorse the comments of support, gratitude and appreciation for the role that the retained fire service plays. The hon. Member for Hemel Hempstead (Mike Penning), with his first-hand experience as a firefighter, told us how the full-time and retained services operate together. On the working hours of retained firefighters, my information is that about 10 per cent. of firefighters who work in the retained duty system already work 49 hours or more for their primary employer, and a further 25 per cent. work between 41 and 48 hours. It is clear what effect the opt-out could have on that group of workers.

One benefit of the debate is that although we have concentrated on a particular service and a particular sector, it shows the sort of impact—it has not been brought out properly in other debates—of simply adopting the European Parliament's amendments to get rid of the opt-out and of not dealing properly with European Court judgments on inactive, on-call time, and the effect of that on our labour market. I shall explain the Government's position. First, the opt-out from the 48-hour week is sometimes referred to as a UK opt-out. That is not so. The European Commission estimates that 14 or 15 member states use the opt-out. It is not a British issue, but extends throughout the European Union, as I know from my regular discussions with other employment and social affairs Ministers.

In June last year, we reached agreement in the Council of Ministers on a common position, which would have retained the opt-out and would have also dealt with the issue of on-call time, which has caused difficulty in a number of services, particularly health and social care, where residential on-call—that is at the heart of those judgments—has caused problems in shift patterns and so on. We were able to reach that agreement, precisely because it was not just a UK issue. We had the support of the majority in the Council of Ministers. The European Parliament amendments, to which the hon. Member for Huntingdon (Mr. Djanogly) referred, were then introduced, and there is a process called conciliation between the Council of Ministers and the European Parliament to try to reach a solution.

The UK Government's position has not changed. It is our aim, in the process of conciliation, to secure the future of the opt-out. Throughout the discussions, one thing that we have stressed is that it is a matter of choice for the individual and for member states. It is important, in European legislation on these issues, that we respect the different labour markets that operate in the 27 member states and that there is a choice. We have stressed that throughout the negotiations. That does not mean that we were not prepared to support change in the way in which the opt-out worked. For example, we were happy to support a position whereby the opt-out would not be signed at the same time as an employment contract, so that people could be assured that it was a genuine choice, because choice is important. We were happy for workers to renew their agreement to the opt-out periodically, making it clear that it is a matter of choice. However, with those changes, we have made it clear that we want to retain the opt-out. I was asked whether that was still the Government's position, and it is.

Let me deal with the issue of health and safety. The working time directive has been in operation in the UK for a number of years, with the opt-out as part of it. Some 3 million workers in the UK regularly work more than 48 hours a week, and we do not have a worse health and safety record than other countries. In fact, the UK has the lowest rate of work-related fatal injuries and the third-lowest rate of non-fatal injuries, according to recent surveys of EU member states. Compared with many other countries, we have a low proportion of those in employment reporting that work affects their health or causes them to suffer stress. In fact, since the working time directive was introduced, the proportion of UK full-time employees working longer hours has fallen by about one fifth, so it is not the case that there is a longer and longer working hours culture in the UK. The proportion of people working long hours has fallen, but we want to retain that important flexibility for workers.

This is not just about retained firefighters; it is also a matter of choice for workers in other areas. Let us say that during the downturn, one partner in a married couple loses their job. I want the other partner in that relationship to retain the choice to increase their hours, if possible, increase their earning power and help to keep mortgage, home and family together. It is important that people have the right to choose their working hours. That is why the Government intend to do what they can to retain the opt-out.

We are in the conciliation process. We are arguing for the retention of the opt-out and we will maintain that position during the current negotiations. The Government's position has been consistent throughout, not only because of the retained firefighter service, which has been stressed in the debate today, but because of wider reasons relating to the economy. The hon. Member for Hemel Hempstead asked about sectoral opt-outs and specific changes. The view that we have advanced is that the opt-out is widely

used across the economy and a sector-by-sector approach would not give us the same flexibility. We believe that we should retain a wider choice in relation to the opt-out.

Malcolm Bruce: The Minister has made a very powerful argument and I think that he has reassured us about the Government's commitment. Given that the current Commission reaches the end of its life in a few months, and given the impasse between the Parliament and the Council of Ministers, does he have any indication of whether there will be an agreement or whether we might have to negotiate the whole process again?

Mr. McFadden: We would like to reach an agreement that preserves the opt-out. There are scheduled time scales built into the conciliation process of six weeks for this process and eight weeks for that process, so it should be possible to reach agreement before the present Commission and European Parliament reach the end of their life in a few months, but of course there is a danger that if we cannot reach agreement, the directive will fall. That is not the Government's intention. We would like to reach agreement. This issue has been hanging over Europe for six years, but we want to reach the right agreement for the UK.

To pick up on what the hon. Member for Huntingdon said, when it came to agency workers, the reason why we were able to sign the directive in the end was that we negotiated an agreement that gave us the flexibility that earlier drafts of the agreement did not. We did not simply sign the draft that had been put in front of us in the past; we negotiated an agreement that suited the UK. We want to retain the opt-out. It is important to stress that, while the negotiations are going on, a sudden change will not occur in UK workers' hours. If there is an impression that that is about to happen, it is mistaken. Nothing will happen in the short term. In the immediate future, our priority is to negotiate a deal in Europe that continues to offer choice for individual workers and choice for member states about how they implement the provisions on working hours. We have argued for that throughout and we will keep arguing for it in the negotiations.

10.56 am

Sitting suspended.

Further Education Colleges

11 am

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I thank you, Mr. Williams, and Mr. Speaker for the opportunity to raise this important subject in an Adjournment debate. I thank the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon) for being here to provide further illumination.

I am sorry to have to stand here today to represent two colleges in my constituency that I have visited on many occasions while representing the Cotswolds. The first is the National Star college, which the Minister visited recently. Under its principal, Helen Sexton, it is the leading national provider of specialist education for severely disabled people. The Minister knows, but others may not, that it provides magnificent residential training for disabled people who can do virtually nothing, but who emerge from a residential course at the college able to live a largely independent life and to hold down a job.

Yesterday, the Minister presented the college with an Association of Colleges beacon award for its innovation. I am sure that the college would welcome a visit from the Secretary of State, so that it can demonstrate its work to him. The dedicated and talented staff provide opportunities and assistance for those with disabilities. They are a lifeline for students and their families.

The second college, Cirencester college, remains one of the most popular choices for over-16s in my constituency. It is a beacon college and the principal, Nigel Robbins, is rightly proud of the consistently excellent performance of his staff and students. The college was rated outstanding by Ofsted in the most recent inspection and for the past three years has topped the national league tables for tertiary and general further education colleges for level 3 students.

I hope that I have made clear the esteem in which I hold both colleges. I was therefore disturbed to hear of the delay in capital funding for colleges announced by the Learning and Skills Council, because it will affect both institutions. That is the reason for this debate. I know that colleagues have experienced similar problems with colleges in their constituencies and they may wish to intervene to give some of the details. In the debate on skills and further education in the main Chamber on 3 February, many hon. Members mentioned how the announcement has affected colleges in their constituencies. I welcome this opportunity to mention the colleges in mine.

The National Star college was the first independent specialist college in the Cotswolds to secure a groundbreaking 50 per cent. capital support from an application to the LSC for principal status in 2006. The funding was for its development programme to secure first-class resources and accommodation for specialist education for young people and adults with disabilities.

In 2007, I was invited, as the vice-president of the college, to open student accommodation built at a cost of about £1 million as part of phase 1 of the development. According to the principal, that development has enabled severely disabled students who had previously been totally reliant on personal support to develop skills to use specialist technology that allows them to open and close doors, windows and curtains and to switch on

lights and televisions. When I visited the college, I saw a disabled student who was able to drive a wheelchair merely using eye movement. That is the type of technology that that college and others up and down the country deploy to help severely disabled people.

Being in control of their environment for the first time in their lives leads to a growth in confidence and a sense of achievement for severely disabled people, which increases their motivation, enhances their quality of life and advances their belief in their own skills and abilities. Consequently, many seek employment with the help of the college. Many of my constituents are generous in adapting their workplaces so that such people can gain employment.

Phase 2 of the development is near completion, with £3 million of investment enabling infrastructure development, the introduction of biomass sustainable heating, a new access road, car parking and an improvement in the student accommodation. However, phases 3 and 4 have been affected by the announcement of the delay in funding. About £700,000 has been spent in readying those phases for approval in detail. Work should have started on site immediately and completion is due in early 2010.

Phases 3 and 4 are the most substantive phases of the development and will provide about £10.5 million of specialist education and therapy facilities and residential student accommodation. A new community and work-related learning centre will provide enhanced opportunities for the development of work-based skills. The new therapy centre—the hub of the college—will build on the college's exemplary practice. Its highly successful multi-disciplinary approach is recognised as outstanding by Ofsted. I pay tribute to the excellent staff at the Star college, who are exemplars for everybody. Their patience with the students is amazing to watch.

The funding delay has serious consequences for the Star college. Contractors have undergone extensive tender submission processes, and the college's supporting teams of consultants have been placed on hold until a revised funding approval process is established for the LSC.

The college has raised two serious concerns about the implications of the LSC announcement. Delay to the completion of the project in the following academic year will result in the college's resources being reduced, which will affect its leading specialist provision and its delivery of the national learning for living and work strategy for learners with learning difficulties and disabilities. Furthermore, the development is unlikely to be in place before the college's next full Ofsted inspection. Anybody who has heard what the college can do for the most disadvantaged students will think it a national scandal if its improvement is delayed, postponed or cancelled.

Mr. Graham Stuart (Beverley and Holderness) (Con): In recent years, no organisations have done more than FE colleges to tackle disadvantage and to provide opportunity for all. They are the great unsung successes of our education sector and provide perhaps the best value for money in that sector.

The move of the East Riding college to the centre of Beverley will play a major role in the regeneration of the town. It is important to continue to provide opportunity, not least to those who have not had a great deal of it. Any danger of a spending freeze from the Government will impact greatly on Beverley.

Mr. Clifton-Brown: I concur with my hon. Friend's remarks. The role of FE colleges is critical to the future of this country. As shadow trade spokesman, I recognise that adding value to people's intellectual skills, so that they can be applied in the rest of the world, is of paramount importance to our economic future and vital to the fulfilment of employment.

My hon. Friend intervened at a good point because I now move on to Cirencester college, the second college in my constituency that has been affected by the LSC decision. It expected to hear of the decision on the application in principle in March this year. An almost complete rebuild of the college was planned, eventually costing about £80 million. The first phase is an important part of that. To back up what my hon. Friend said, in the past year the college has seen its student numbers increase by 22 per cent.; they are drawn by the high standards set by the college. That demonstrates how popular and successful the college is. People enjoy going there.

So far, the college has spent £500,000 on preparatory work to get the process under way—for example, by employing architects, designers and consultants. As the downturn worsens, the capacity of colleges to deal with such financial shocks will be reduced greatly. The work is essential to accommodate the growing enrolment figures, while providing the facilities to ensure that the high standards of educational and personal achievement are maintained.

Furthermore, the college desperately needs engineering, construction and land-based training facilities to prepare for the introduction of the diploma entitlement and for its collaborative work with local schools to provide pre-vocational training and vocational skills for 14 and 15-year-old pupils, for whom there are no such dedicated provisions in the locality. Everybody, probably including Ministers, recognises that not everyone can undertake an academic qualification; vocational qualifications for those not able to do so are critical.

That and the fact that, as I mentioned, the college has for the past three years topped the national league tables for tertiary and general further education for level 3 studies fits perfectly with the words of the Building Schools for the Future document, which was issued by the Minister's Department. That document states:

> "The necessary capital support will be prioritised to enable high-performing FE colleges"

—such as the one mentioned by my hon. Friend the Member for Beverley and Holderness (Mr. Stuart)—

> "and school sixth forms to expand their provision, to fund the outcomes of 16-19 competitions, and to support new policies (such as extending compulsory participation in education or training to 18) as they are introduced."

That is a worthy ideal, and I hope that the announcements will not undermine it.

Until the announcement of the delay, Cirencester college could have expected at least half of the £500,000 expenditure to be covered by the Learning and Skills Council. As it stands, the college may have to cover all of those costs using its revenue budget. That would place a severe hole in its budget, yet it was encouraged to go down that feasibility route by the LSC on the expectation that the application would be approved. I am sure that the Minister will know that the Association

[Mr. Clifton-Brown]

of Colleges believes that his Department and the LSC do not fully understand the scale of the effects of the delays.

I have referred to the two colleges in my constituency, but we are all aware that the delays have caused problems nationwide. The Association of Colleges believes the effects will be felt directly or indirectly by more than 100 colleges throughout the country.

Mr. Robert Syms (Poole) (Con) *rose—*

Mr. Clifton-Brown: Several of my hon. Friends are here today to mention the problems in their own constituencies.

Mr. Syms: My hon. Friend is making a most convincing case on behalf of the colleges in his constituency. Lawrence Vincent, the principal of Bournemouth and Poole college, has contacted me about a proposed £70 million project. He says that proposed redevelopment has been "sequenced" and that the college has received an application in principle, but that it is waiting for the application in detail, which has been delayed. The college is a vital part of the local economy, and it does great and good work. We need a decision from the Government on when the capital expenditure will be approved.

Mr. Clifton-Brown: The real problem is that colleges were encouraged to come forward with such schemes in the expectation that the money would be available and the schemes would be approved, only now to be left in limbo. It is incumbent on the Minister to at least clear up the situation and say clearly whether those colleges are likely to receive the money, so that they will know how to proceed. I entirely agree with my hon. Friend.

Mr. Andrew Turner (Isle of Wight) (Con): My hon. Friends and I are concerned that a number of further education colleges are in limbo. The Isle of Wight college, whose principal is Debbie Lavin, deferred major building works from last year to this. The college is not being told by the Learning and Skills Council at national level whether it is able to get on with the work or whether it must defer it again. The regional LSC office is trying to achieve clarity, but apparently no information is available. Will the Minister let us know when the college will be told what is happening?

Mr. Clifton-Brown: My hon. Friend echoes what I have been saying. The colleges need certainty, whatever the decision. I hope that the Minister will be able to provide that today.

Those colleges that were due to begin construction immediately face a number of grave financial concerns. They include the cost of extending time-limited tenders; the cost of re-tendering; the complications arising from property transactions; and the bank costs incurred. Those colleges whose projects are still in the planning stage now have to choose between paying for advisers out of their own pocket—as Cirencester college will—or releasing people and putting an indeterminate delay on their development projects. That is why we need certainty.

How did the situation develop? Last week, the Secretary of State stated that

"in some cases, unrealistic expectations have been allowed to develop or have been encouraged, which is unacceptable."

He was correct to describe that as unacceptable, because as we have heard it has caused a number of problems. He also said:

"Some colleges that have anticipated early approval will be disappointed. Priorities will have to be set and hard decisions will have to be taken."—[*Official Report*, 3 February 2009; Vol. 487, c. 719.]

The tone of those statements causes further concern. I am sure that all those colleges would like to be informed how the priorities will be set and who will set them. Above all, I hope that the Minister will assure us of the transparency of the process, a factor that will be truly essential because there is a suspicion that the criteria will be altered so that the projects have to demonstrate employment skills and regeneration aspects. We might agree with employment and skills being included in the criteria, but regeneration? Is that the purpose of further education? Surely it is about educating the people of this country in order to get the best possible skills.

During the same debate, the Secretary of State was asked by my hon. Friend the Member for Havant (Mr. Willetts) if he could

"add a bit more information about the number of colleges whose plans are 'in the pipeline' and on the value of those projects".—[*Official Report*, 3 February 2009; Vol. 487, c. 719.]

At the time, the Secretary of State was unable to provide an answer. I hope that the Minister and his Department have done some work since then so that we can have a little more clarity on the numbers, the types of projects involved and their value. If he cannot do so today, I would be grateful if he put more information in the Library.

Questions must be asked about how the change was announced. The decision was made on 17 December 2008, yet the announcement was not properly communicated to colleges until 16 January. Perhaps we shall hear more today. When exactly will the final announcements be made? What progress has already been made in assessing the applications since the moratorium was announced? Can the Minister give us any indication of what will happen to the two colleges in my constituency?

I hope that the Minister will fully recognise the appalling discrepancy between the encouragement that the Government offered colleges to develop and the capacity actively to support that development financially. The realisation that the discrepancy existed has let down education institutions across the country, leading to confusion and possible financial loss. The problem cannot have occurred overnight, and the Minister's Department must have had close communication with the LSC on the programme. Why then did his Department allow the situation develop to the confused state that it is in now? I look forward to hearing some answers from the Minister.

11.17 am

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): I congratulate the hon. Member for Cotswold (Mr. Clifton-Brown) on securing this debate, and on having the privilege of representing two outstanding colleges. As he said, yesterday I awarded an Association of Colleges beacon award to National Star college. As it happens, I also awarded beacon status to Coleg Menai. Both are

outstanding institutions. As the hon. Gentleman said, Cirencester college is consistently graded as outstanding by Ofsted. I am sure that he is proud of their achievements.

The matter raised by the hon. Gentleman is one on which I have received many representations from hon. Members. Indeed, more Members have intervened in today's debate than is customary. I shall therefore endeavour to do what the hon. Gentleman asks and restate some of the basic facts on where we are and where we are going.

The position is pretty simple. Before 1997, there was no distinct capital budget for further education colleges. The capital budget was nil. That is why the FE estate was in such an appalling state of disrepair and why we set in train the ambitious Building Colleges for the Future project. By 2007, we had spent £2.4 billion building some fantastic colleges, and over the next three years—the period of the current comprehensive spending review—we are scheduled to spend another £2.3 billion.

I stress that that figure has not changed, and is the same as that announced in the comprehensive spending review, except that in response to the Chancellor's desire to accelerate capital infrastructure projects, we brought forward into this year and next year £210 million from three years' time—£110 million and £100 million respectively. In that sense, the capital programme has been accelerated. It has not been frozen, stopped, cut or anything of the sort. More further education building projects are taking place than ever before. Since the programme began, nearly 700 projects at 330 colleges have been agreed, and only 42 colleges in the country have not yet benefited from investment. Likewise, it is important to stress that the position of the 253 colleges that have received approval in detail at all stages and have begun building has not changed. All those colleges are unaffected.

The problem is partly a result of the downturn. Many of the deals put together by colleges to finance their building programmes rely on land sales, some of which have been jeopardised or have fallen through because of the downturn. Almost all of them rely on a bank loan, but the ability of some people to meet the conditions of those loans has been altered by the downturn. As hon. Members have said, and as the Secretary of State and I said in the debate last week, the pace of demand has increased rapidly over the past year. Nationally, colleges' expectations, and the likely effect of that demand, were not managed as they should have been, and the current situation is unacceptable.

In last week's debate, my right hon. Friend apologised, and I am happy to add my apology now for our having got into a situation in which, as hon. Members have said, people's expectations have become out of step with the size of the capital budget, even though it is very large and indeed has grown slightly. The most important thing is that the situation be resolved as quickly as possible, as we are determined it should be. My right hon. Friend agreed with the LSC to appoint Sir Andrew Foster to undertake an independent review of how the problems arose, and we expect the LSC to set out the position in more detail and to give us a clearer idea of the way forward following its council meeting in early March.

I shall turn to the specific questions concerning the constituency of the hon. Member for Cotswold. As I understand it, in July 2006, National Star college was granted in-principle approval for its development programme, which includes the re-development of the college's main campus at Ullenwood with a variety of new build and refurbished accommodation. The estimated cost of development is £15.393 million, with LSC support of £7.697 million. Phases 1 and 2 have been completed and phases 3 and 4 are awaiting approval in detail. The college is not the only one in the country with such a structure—a single in-principle approval followed by in-detail approvals for each phase of the application and planning process. Ultimately, the LSC must manage every case at local and regional level. In partnership with local colleges, the local LSC should go through the plans to get a sense of the entire picture regionally and, thereby, nationally. By that process, it should find a way forward by readjusting plans where necessary, but always to the minimal extent possible, while to the maximum extent possible helping people to do what they originally wanted to do, in broadly the way that they wanted to do it, and hopefully in their desired time frame.

As I said, that structure is not unique to National Star college, and I have spoken to several others about the matter. It is for the LSC to manage the situation, and not for me to second-guess the detail of the solution. However, such projects have particular pressures, of which I am convinced and have been apprising the LSC. All the evidence is that the council is sensitive and sympathetic to the particular pressures of such projects and is doing everything possible to help people remain as close as possible to their original time frames and budgets.

Mr. Clifton-Brown: I thank the Minister for responding to my debate very reasonably. Two things occurred to me during his reply: first, he said that he wanted to bring forward £210 million to advance these construction projects, yet the whole re-evaluation process started on 16 December seems to be doing exactly the opposite and providing a great deal of uncertainty; secondly, the National Star college was part of a package, and I do not think that it would have so embarked on phases 1 and 2 had it known that it might not be able to develop phases 3 and 4. Importantly, the college is a national not a local provision college, so I do not understand how the local or regional LSC will make the evaluation. Surely evaluation of the provision of disabled residential facilities must be made on a national basis.

Mr. Simon: I shall try to answer those three points quickly, because we are running out of time. I understand the hon. Gentleman's third point. I could be wrong, but as I understand the structure of the LSC, even though the provision is national, the building is regional. These are capital projects being managed—I would have thought—by the regional LSC. On his first point, we have brought forward the capital to the next two years of the CSR period not in response to the current situation; it was being brought forward anyway in response to the economic situation, as part of the broader move across Government to try to accelerate capital infrastructure projects. Far from shrinking or stopping the scheme, it is being slightly expanded and accelerated. The difficulty is that expectations have run ahead of the size of the capital budget, even though it is very large and growing.

The hon. Gentleman said that Cirencester college was expecting its application approval in March. According to my information, the college was expecting to submit an in-principle application in April. It has now decided

[Mr. Simon]

not to proceed according to that time frame, but to defer until it has a better idea of what is going on. It has committed expenditure and is discussing its early plans with the LSC, but that is not being done formally, and nothing is yet in the system or pipeline. It has not yet even applied for any kind of approval.

Mr. Clifton-Brown: Perhaps the best way to deal with the matter is by correspondence. We could have a word later.

Mr. Simon: Perhaps that is a good opportunity—

Hywel Williams (in the Chair): Order

11.30 am

Sitting suspended.

Pleural Plaques

2.30 pm

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): As you can see from the number of hon. Members present, Mr. Williams, there is a great deal of interest in this issue. If my memory serves me right, this is the fourth debate on pleural plaques. It has taken us a long time to get an answer to the problem, and we are not there yet. However, given what the Prime Minister said about an hour ago, we are extremely confident that something positive will be forthcoming.

First, may I thank a number of people? Through you, Mr. Williams, I thank Mr. Speaker for affording us the time to debate the issue. He has been extremely generous with time, and we should like to put our thanks on record. I also take this opportunity to mention the trade unions that have been extremely helpful and vigilant. Unite—my union—the Union of Construction, Allied Trades and Technicians and the GMB have been helpful. I thank Thompsons Solicitors for advising all those who have taken an interest in the matter.

Mr. David Hamilton (Midlothian) (Lab): Will my hon. Friend also congratulate Karen Gillon MSP who put through the Scottish Parliament the Bill that now receives all-party support in Scotland?

Jim Sheridan: My hon. Friend is absolutely right. Karen Gillon worked tirelessly in the Scottish Parliament to bring forward that Bill. I will touch on progress in the Scottish Parliament later.

Finally, I put on record the apologies of my right hon. Friend the Member for West Dunbartonshire (John McFall) for not being in the Chamber. As Chairman of the Treasury Committee, he is currently raising some serious questions with bankers.

Although most people know where pleural plaques come from, it may be worth while for me to put on record the background. They are caused by asbestos fibres lodged in the lungs. In and of themselves, they are generally symptomless. The most likely source of exposure is the workplace. People diagnosed with pleural plaques are often very fearful of developing asbestosis or full-blown mesothelioma, which is always fatal. Our late great friend, John MacDougall MP, died from mesothelioma earlier this year.

Anne Moffat (East Lothian) (Lab): I congratulate my hon. Friend on securing this debate. I am quite sure that he is aware of what is happening within John MacDougall's family. His wife and daughter are very keen to set up a trust, which is supported by our hon. Friend the Member for Glenrothes (Lindsay Roy), who is on another Select Committee and gives his apologies as well. They want to set up a trust fund for all sufferers of lung disease, including conditions that could be related to pleural plaques. Would it not be a fitting tribute for our Government to give money for that in John's name?

Jim Sheridan: My hon. Friend is absolutely right. When John MacDougall was alive, he campaigned long and hard for people with asbestosis. Unfortunately, he, too, fell victim to the disease. I am well aware that his family—his wife Cathy and his daughter Julie—are working to secure a trust fund for people who are suffering from that terrible illness.

David Taylor (North-West Leicestershire) (Lab/Co-op): My hon. Friend is talking about the links between pleural plaques and mesothelioma. He will be aware that insurance companies routinely argue that if someone has pleural plaques the probability of them getting mesothelioma is as low as 1 per cent, yet Thompsons Solicitors and others who have done well-rooted research show that the proportion is somewhere between 10 and 20 per cent. We need to work with sounder and better resourced figures than the ones that the insurance companies are using. Does my hon. Friend agree?

Jim Sheridan: My hon. Friend is absolutely right. Some would say, "The insurance companies would say that wouldn't they?" I think that I speak for many of my colleagues when I say that I would rather trust the words of Thompsons Solicitors than some of the Shylock legal people who are doing the rounds. It is worth remembering that if this problem is not solved, we could, in years to come, face a similar situation to the one that we now face with the bankers—we could be asking the insurance companies why they did not fulfil their obligations.

John Battle (Leeds, West) (Lab): I congratulate my hon. Friend on campaigning on the issue and on gathering us all together. For the life of me, I cannot understand why the Government will not move on the issue. The villain of the piece is the insurance companies. They are the backers of the polluters, and they have been moving away from the problem for years. All we ask is that the insurance companies pay up—not the Government, the insurance companies. I hope that our Ministers are not hiding behind Departments that say, "Don't do it. Don't do it." I agree with my hon. Friend that we could end up back in this Chamber in a year's time with an insurance crisis on our hands as those companies back further away. We will be pulling insurance companies into public ownership and having to deal with things ourselves. Why go down that route when we can change the law now?

Jim Sheridan: My right hon. Friend is right. Many of us know about the work that he has put in over the years. He was involved in the whole issue of asbestosis for many years, long before I was involved with it. I respect and value his views on the matter.

Mr. Andrew Dismore (Hendon) (Lab): I congratulate my hon. Friend on securing the debate. If he wants to change the law back, there is now a vehicle for doing so—the Damages (Asbestos-Related Conditions) Bill, which I tabled after my famous sleepover to get priority for it on 24 April. The Government have a couple of months to make up their minds. Then all they have to do is back my Bill and give it Government time.

Jim Sheridan: I am sure that the Minister was listening with interest and taking note of everything that my hon. Friend said. I genuinely wish him well with his private Member's Bill.

In a recent decision, the Judicial Committee of the House of Lords held that pleural plaques do not constitute sufficient harm to justify any award of compensation, even when the individual is so upset by the diagnosis of future harm that he or she develops a diagnosed psychiatric illness. That unfortunate decision could adversely affect tens of thousands of working people along with all the major trade unions and other Labour Ministers.

I support a change in the law to overturn that adverse decision, otherwise the insurance companies will have a windfall. For many years, damages have been awarded for pleural plaques, so insurance companies have factored it in to their premiums, and have thus received the premium income on the basis that they would have to pay out a certain proportion of it to pleural plaques victims. If the court decision is not overturned, the insurance companies will simply be able to pocket the money they had planned to pay out, and that cannot be right.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): I join other hon. Members in congratulating my hon. Friend on his campaign and on securing the debate. Does he agree that our Government must reverse the law before the next general election? We have waited for too long, and the pace and progress on the issue have been miniscule. The time has come for the Government to act, and they must act before the next election.

Jim Sheridan: My hon. Friend is right. I hope that the Government will come forward with a positive reply soon—either yesterday or tomorrow and not simply before the next election.

Recently, my colleagues and I had a very helpful meeting with the Secretary of State for Justice, and he was sympathetic. However, he pointed out that if the decision is legislatively overturned, there would be a cost to various Departments, particularly to the Ministry of Defence and the Department for Business, Enterprise and Regulatory Reform. I sincerely hope that the insurance companies, rather than taxpayers, pick up the costs relating to pleural plaques.

We have to raise other questions about the trigger litigation to be used when a condition develops into mesothelioma, or indeed into pleural plaques. Mesothelioma, as I understand it, is a fatal illness caused by asbestos. Around 2,000 people in the UK will be diagnosed with mesothelioma this year and tens of thousands more will die in the next 10 to 15 years. People who worked in the manufacturing, engineering or construction industries, in which employers routinely failed to protect them from exposure to asbestos, are among those most at risk.

John Robertson (Glasgow, North-West) (Lab): I congratulate my hon. Friend on securing the debate and thank him on behalf of all the ship workers on the Clyde. One person we missed out is Tony Worthington, the former Member for Clydebank and Milngavie, who did excellent work on asbestosis, and I hope that my hon. Friend agrees that shipyard workers still need to be looked after, even all these years after losing their jobs.

Jim Sheridan: My hon. Friend is absolutely right, and he has a proud record of representing the men and women on the Clyde in terms of this terrible disease. I too make brief mention of the late Tony Worthington, who worked hard and tirelessly for the victims of pleural plaques, as did John MacDougall. We must remember that there are tens of thousands of John MacDougalls and Tony Worthingtons, and every one of them deserves our attention and support.

[Jim Sheridan]

The practice of the insurance industry for decades was that the insurer on cover at the time of exposure to asbestos paid the claim. If someone was exposed in 1965 but diagnosed with mesothelioma in 2006, the employer's insurer in 1965 paid the claim. In the last 18 months a number of insurers have refused to pay out in mesothelioma cases, arguing that the wording of the insurance policies they sold to employers decades ago means something very different to what they previously accepted it to mean—in other words, a cop-out.

The insurers have run test cases arguing that the trigger for the insurance policy is not the exposure to asbestos, but the development of the disease, so the benefit for those insurers will be to escape liability completely. The problem for victims will be that 40 years or more after they were exposed to asbestos, many employers have ceased trading and no insurance details can be found.

Anne Moffat: I thank my hon. Friend for indulging me once more—I will not test his patience again. Does he agree that there are more health issues related to mesothelioma and pleural plaques? A person who develops pleural plaques sees how many people have developed mesothelioma as a result of pleural plaques, so they think that they will die. That produces the most distressing anxiety for them and their families, and often gives rise to mental health issues as well. The family unit and communities can be affected by pleural plaques in so many different ways. By the way, Tony Worthington is not dead—I saw him last week.

Jim Sheridan: I was referring to his father.

Mr. Dismore: On the point that the hon. Gentleman was just making about the difficulty of tracing insurers and about insurers either going bust or disappearing, may I plug my other Bill, which also relates to the matter, the Employers' Liability Insurance Bureau Bill, which is scheduled for Second Reading on 13 March? It would provide for a register of insurers so that if employers disappear, we will still have a register of insurers and also an insurer of last resort. If negligent drivers can be required to compensate people through the Motor Insurance Bureau, why should negligent and uninsured employers not also be, because they have broken the law by not having insurance in just the same way? My Bill will provide for that, so perhaps the Government would consider it as well.

Jim Sheridan: My hon. Friend is introducing Bills that are of tremendous interest to me.

Mr. Denis Murphy (Wansbeck) (Lab): I congratulate my hon. Friend on securing this important debate. I reinforce what my hon. Friend the Member for East Lothian (Anne Moffat) has just said. As someone who spent 30 years in the mining industry, and indeed was exposed to asbestos for the whole of that period, I regularly meet friends and colleagues whose lives have been ruined as a result of such exposure. People who have been diagnosed with pleural plaques can think of little else, and all that they can consider is that their next step could be a fatal one, so it is vital that compensation is paid.

Jim Sheridan: My hon. Friend makes a perfectly valid point. The anxiety that is caused when a person is told that they have pleural plaques is such that I think that it is incredibly irresponsible of the legal profession to blame the medical profession for causing anxiety because they told someone that they had pleural plaques.

Mr. Stephen Hepburn (Jarrow) (Lab): I, too, pay tribute to my hon. Friend not only for securing the debate, but for all the work he has done to get some form of compensation for the disease, and indeed that work has been done by many Members on the Labour Benches. Will he join me in congratulating my local newspaper in Newcastle, the *Evening Chronicle*, which has launched a people's campaign to bring justice to a "forgotten generation"? That is the sort of campaign that all newspapers across the country should be adopting to get all MPs on board on the issue.

Does my hon. Friend agree that the sorriest part of all is that the Law Lords accepted advice from lawyers representing insurers who will save around £1 billion by not compensating pleural plaques sufferers who are also suffering from stress and that that is entirely wrong? It might be all right where the lawyers and insurers live and breathe the air, but where we come from, in areas such as Tyneside and Clydeside, people are dying every day from mesothelioma, and that puts real stress on families, communities and the individual.

Jim Sheridan: My hon. Friend raises an important point. I have read the press releases and news reviews from the *Evening Chronicle*, which has been very positive and helpful, focusing on things that really matter to people. Perhaps our friends in the news and media could take that point on board and report the positive things that parliamentarians of all parties do every day.

Returning to the question of the trigger litigation, the trigger test cases were heard in the High Court over nine weeks from June 2008. The judgment was delivered on 21 November 2008, and the insurers lost. They argued for an appeal, and have been given leave to appeal the case to the Court of Appeal. They successfully sought a stay on any payment of compensation until the decision of the Court of Appeal. The prospect of the trigger issue appeal means that the frustration and delay in the process of obtaining compensation for those dying from mesothelioma and for the families of those who have died will continue until next year.

If the insurers' appeal is ultimately successful thousands of mesothelioma victims and their families will be deprived of their entitlement to compensation. It is supremely cynical of Anthony Hughes, the president of the Forum of Insurance Lawyers, a lobby group representing insurers, to say, as he has been quoted by the BBC:

"We welcome this clarification of the law. We hope this will now unlock the flow of damages to mesothelioma victims."

He must know full well that the insurers obtaining leave to appeal signals a further delay to any payments.

Across Britain, asbestos-related diseases claim the lives of approximately 4,000 people every year, which is more than the number of road traffic deaths. The heat-resistant mineral was used widely in the UK construction sector from the late 19th century until it was banned in 1999. In the UK, with its history of

heavy industry, the consequences have been acute and will continue to be so as the latency period can be as long as 40 years.

I also wish to pay tribute to photographer Louie Palu, who has journeyed from Canada to India, England and Scotland, taking stark black and white pictures of sufferers. He said:

"No one deserves to die because they go to work and breathe a dust that gives them a death sentence…I met workers in the late stages of cancer from asbestos who looked like they had wandered out of a concentration camp. That shocked me and made me angry. Thanks to these brave people consenting to having their stories told and images published, we will not forget that the next victims of asbestos could be or already are our friends, mothers, sisters, wives, husbands, brothers, fathers and children. Their experience, memories and suffering should not be forgotten. There is asbestos all over the place, and people need to know and see that average everyday people can unknowingly poison themselves and die."

Dr. Ian Gibson (Norwich, North) (Lab): I congratulate my hon. Friend. There is another important aspect to the issue. Some of us are interested in radiation's effects on Christmas island; the veterans in that case are often told that asbestos is different in terms of getting the evidence. That often seems to be an excuse—we know that the evidence has not been given—to hide behind. If we can win this one, we can win many other battles where people know that they have been subjected to radiation, chemicals and so on. If we cannot win on asbestos, we will lose an awful lot for many people. Does my hon. Friend agree that it is important to win this one, so that we can carry on with other problems that have been inflicted on working people?

Jim Sheridan: My hon. Friend is absolutely right. He has extensive knowledge of safety in the workplace. If we succeed on pleural plaques, I hope it will send a clear message to all UK employers that they cannot play with people's lives, and that if they subject workers to serious conditions or toxic chemicals, they will suffer the appropriate consequences and pay for it.

Mr. David Anderson (Blaydon) (Lab): I thank my hon. Friend for raising this issue yet again. It is frustrating that we have to keep coming back to it, but it is only right that we do. His point about how people are treated at work fits in with what has been called the compensation culture. It is clear to us, at least on this side of the House, that the best way to do away with compensation culture is to stop killing, poisoning and injuring people at work. Then there will not be any need for compensation.

Jim Sheridan: My hon. Friend is absolutely right. He has a proud record of working with people, particularly in the third world, who have suffered serious damage from the workplace, and of campaigning on the issue.

It is important that the UK Parliament should take responsibility for dealing with pleural plaques. The deputy leader of the Democratic Unionist party, the hon. Member for Belfast, North (Mr. Dodds), came to the last debate on this subject in Westminster Hall and talked about the situation in Northern Ireland. He said to my hon. Friend the Minister:

"In Northern Ireland, the Department for which I have responsibility is currently undertaking a consultation on this issue. We have followed closely what Scotland has done and proposes to do…We must make a priority of dealing with and tackling the issues facing ordinary families, who have been devastated by the consequences of this disease and other effects of asbestosis. Hopefully, we in Northern Ireland will be able to move forward on this issue at the earliest opportunity, taking account of the consultation process."—[*Official Report, Westminster Hall*, 26 November 2008; Vol. 483, c. 304WH.]

As I understand it, that is similar to what is happening in the Scottish Parliament.

Stewart Hosie (Dundee, East) (SNP): I welcome this debate, congratulate the hon. Gentleman on securing it and apologise for not being able to stay for all of it. He said that the UK Government must take responsibility. They have not yet made clear what they intend to do in relation to funding, but in Scotland, the first and second stages of the legislation have been passed. Notwithstanding the UK Government's failure so far to declare, it is the intention to pass the Bill at the earliest possible opportunity. I hope that that gives the hon. Gentleman and his English and Welsh colleagues more leverage in the campaign that they are running, particularly for constituents who are not in Scotland.

Jim Sheridan: I thank the hon. Gentleman for those comments. I have put it on record that at the end of the day, victims and families simply want compensation. Where it comes from and who is responsible for it is secondary. On a practical level, however, I think it will have to happen through UK legislation. Most people who have been diagnosed with pleural plaques or mesothelioma travel all over the UK. For them to be subjected to different laws in Scotland, England, Northern Ireland and Wales would make no sense. There must be a blanket UK legislation solution to the problem. Although I welcome what is going on in Scotland and I wish the Scottish every success, in the long term, the aspirations and compensation claims will be more effectively dealt with at UK level.

Rob Marris (Wolverhampton, South-West) (Lab): I congratulate my hon. Friend on securing this debate and on his hard work. Does he agree that at the end of the day, it is a question of justice? All the legal niceties, the House of Lords decision and so on can take a running jump. What the families, survivors and victims want is justice. The issue is a political one that should be sorted out in our country's democratic arena, the House of Commons. The Government should get on, sort it out politically and stop worrying about technicalities. The insurance companies have had the money; they should pay out now.

Jim Sheridan: My hon. Friend is absolutely right. I can sense the frustration in his comments. It is probably shared by most of my colleagues in Parliament.

I shall now make some progress, as I am conscious that other people wish to contribute. I offer my commiserations to the lawyer David Pugh on failing to clinch an award for his campaign to deprive workers of compensation for the effects of asbestos. He was shortlisted for the personal injury awards 2008 after clinching a ruling in the House of Lords that he claimed saved the industry £1.2 billion. He argued that workers who develop pleural plaques, a scarring of the lungs, should not receive compensation, as the symptom is not dangerous in itself. Asbestos campaigners point out that plaques are often terrifying early warnings of worse to come

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and that the insurance industry has been paying out for them for 20 years. Pugh, a partner with Sheffield-based solicitors Halliwells, won what he described as

"one of the most groundbreaking personal injury litigation decisions in UK legal history".

I was delighted to find out that he did not win the award. Perhaps we should recognise his lack of contribution.

Dr. Pamela Abernethy, of the Forum of Insurance Lawyers, gave evidence before the Scottish Parliament's Justice Committee. She said that

"the consensus...is clear that pleural plaques are simply the body's physiological response to the presence of foreign fibres."

The fibres, she said, are then walled off by the body's defences to prevent them from causing harm, so

"my submission would be that plaques are a good thing and do not cause harm...The plaques are markers of exposure to asbestos."

The Bill before the Justice Committee is intended to reverse a decision by the House of Lords that people with the condition cannot claim compensation. That gives us a flavour of how the insurance industry feels about the situation.

During the last debate on this issue, my hon. Friend the Member for Keighley (Mrs. Cryer) asked the Secretary of State for Justice whether he was aware that trade unionists were demonstrating and lobbying at that moment outside Parliament and in this very Chamber. The Justice Secretary said:

"I am indeed aware of today's lobby and demonstrations. I fully understand the concern of all who are here and the people they represent about the implications of the Law Lords' decision...The consultation that I initiated earlier this year closed three weeks ago. We have received more than 300 responses to it and we are currently assessing them. I hope to announce our response next month."—[*Official Report*, 28 October 2008; Vol. 481, c. 726.]

We are still waiting for that to happen.

The Prime Minister has said on record:

"Asbestosis and mesothelioma are terrible diseases, and all of us who have seen the effects that they cause know that we have to do more to help the victims of those diseases."—[*Official Report*, 12 March 2008; Vol. 473, c. 276.]

Later in 2008, he said:

"I met a delegation of hon. Members concerned about pleural plaques. It is a serious issue that has arisen as a result of a High Court judgment, and the Government are proposing to bring forward a consultation document on it in the next few weeks. We are looking very carefully at the representations that my hon. Friend and others have made. We are very sensitive to the fact that people with pleural plaques may suffer from asbestosis and other diseases as a result of their exposure to asbestos, and we are determined to do what we can to help them. I think that we will look forward to the document that we will bring forward in the next few days."—[*Official Report*, 21 May 2008; Vol. 476, c. 317.]

This is a very important debate. Thousands of our constituents are concerned about the lack of compensation. They look to their legislators, from all parties, to come up with a solution to the problem, so that they can receive the compensation they so richly deserve and so that, most importantly, we send this message from Parliament to employers: "If you treat your workers badly, if you cause them harm, we will be after you."

3 pm

Paul Rowen (Rochdale) (LD): I begin by congratulating the hon. Member for Paisley and Renfrewshire, North (Jim Sheridan) on securing this debate and on his excellent speech. The number of hon. Members who are here this afternoon, all of us representing the industrial backbone of this country, shows the great strength of feeling in our communities about the Law Lords' decision.

I want to pose one question: why is it that, when bankers are threatened with losing one year's bonus, they threaten legal action straight away, but when ordinary people who have worked all their lives and then become ill because of an industrial injury, whether it is pneumocosis, byssinosis or asbestosis, the history all along is that those folk have had to fight for what is their right and their just dessert? This issue of pleural plaques is yet another example of that, and that is why people are so mad.

I hope that when the Government announce their decision, they will not just deal with this one issue. I hope that they will set in train a system that will prevent employers and insurance companies from avoiding their responsibilities. It is quite clear to me that, whether it is from the trigger case or whatever, there must be legislation in place to ensure that employers have employer's liability insurance and that records are kept.

We also need to keep records of when people are diagnosed with an injury. In Rochdale, we had Turner and Newall, a company that used to boast about the annual medical inspections that it gave its work force. The fact is that the workers were never told what injuries they had contracted, and when workers tried to chase things up, the company denied that they ever had an injury.

John Battle: I want to put on the record that that company, Turner and Newall, which was the parent company of J. W. Roberts in my constituency, where people died in the 1980s, denied that it even had any records. We had to go to court to force the records out of the company to find the list of employers, because they claimed, rather amazingly for an asbestos company, that the records had been destroyed by fire.

Paul Rowen: Of course they were not destroyed. Some of us are concerned that there may still be changes in the Turner and Newall compensation fund. That is why I believe that the Government, in dealing with the issue of pleural plaques, must go further and not just deal that issue alone, as a one-off, so that next time round the insurance companies find another way to weasel out of paying people their due.

Dr. Gibson: Does the hon. Gentleman also remember a time when Turner and Newall argued that blue asbestos was the danger and white asbestos was so safe that people could eat it on their sandwiches? That was a lie as well, which was backed by the medical brotherhood.

Rob Marris: And by the Tory party in this House.

Dr. Gibson: Yes, absolutely. There is a lot of guilt hanging about, so I do not think that we should feel guilty about any of the things that we are saying now about the lies that the medical, academic and other professions spread in the days of Turner and Newall.

Paul Rowen: I agree. The hon. Gentleman is exactly right. As I said, at every stage throughout this whole sorry saga, hon. Members and ordinary members of the public have had to fight for what is their right. The issue of pleural plaques is yet another example.

As I say, I hope that the Government will consider broadening the scope of their response to measures to ensure that there is a register and that the records are kept. It is quite clear that the voluntary register is not working and that people are being denied their rights. I hope that the Government will go further and insist that anyone who is diagnosed with pleural plaques receives regular medical examinations, so that the extent of their injury can be determined and they do not have to go into a legal fight to receive what they are due when, say, they have a terminal illness such as mesothelioma. I also hope that the Government will use some of the subsidy because, let us be honest, we are not saying that the Government should pay. The employers have paid their liability insurance, so this is now an insurance company matter. Finally, I hope that a levy can be introduced to ensure that research into asbestos-related diseases receives the priority that it deserves.

In my view, this is a marker for whether the Government are serious about taking on the insurance industry. That is the root of the problem. Are we going to take the industry on, or will we continue to allow it to use every legal trick in the book to deny people who have worked all their lives, often on low pay, what they deserve? I hope that in the Minister's response today and in the announcement later on, we will see not only a resolution of the pleural plaques issue, but a root and branch review of the system of dealing with industrial injury compensation. At the moment, clearly, the only winners are the insurance companies—and the lawyers.

3.6 pm

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): First, I congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan), not only on securing this debate but on the long campaign that he has waged to try to get justice for the victims of pleural plaques.

As my hon. Friend rightly said, pleural plaques are caused by the asbestos fibre coming through the lung on to the lining of the lung. Some time ago, during a meeting with a Minister, we encountered an adviser who said at that time that pleural plaques were not confined to people who had been exposed to asbestos. As a result of that, we got the report of two eminent consultants, who made it quite plain that pleural plaques occur only when a person has been exposed to asbestos. We know that after 15 years the plaques generally show up, and that after about 20 to 30 years, there is a calcification of the plaques.

The decision that was made by the Law Lords was a perverse decision. I realise that many lawyers say that the decision complies with the law, but I take the view that my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) expressed. We are not talking about the "niceties" of the law. We want to see justice and fairness. The law may be correct, but it is unfair and unjust. We want to see that judgment of the Law Lords overturned, to give people with pleural plaques fairness and justice. We know from evidence that pleural plaques can, in certain circumstances, lead to a worsening of the disease.

Mr. David Hamilton: My hon. Friend says that the law may be correct, but if it is, why have the legal systems in Scotland and Northern Ireland rejected that same law? Surely, the law being an ass is normal.

Mr. Clapham: I hear my hon. Friend's comment. In many circumstances, the law is an ass, and in this particular case I believe that it is an ass. In our last debate on this subject, I recall the hon. Member for Cambridge (David Howarth), who is the spokesman for the Liberal party, talking about where the law became very complicated and complex in relation to this case. As I say, it is not the "niceties" of the law that we are concerned with. We want to see the judgment overturned and we want to see justice and fairness.

We know that there is a relationship between pleural plaques and mesothelioma. When the courts dealt with these cases before 2004, they accepted that relationship. Then we got the 2004 High Court judgment that gave us this term about the well-being of people who had pleural plaques. Since then, we have seen the law move on from November 2005 to the recent House of Lords decision. In that period, as my right hon. Friend the Member for Leeds, West (John Battle) said, the insurance companies have waged a continual assault on the legislation as it relates to asbestos and diseases that are brought about by exposure to asbestos.

I hope that when we get the decision from the Ministry of Justice, it sends the message that we will not tolerate the insurance industry interfering, as it has over the past five years, to set back decisions in cases involving asbestos, asbestosis and mesothelioma cancer, thus depriving people of compensation. We have to reinforce people's right to compensation.

My hon. Friend the Member for Hendon (Mr. Dismore) has mentioned his private Member's Bill, with which he hopes to introduce an employers' liability insurance bureau based on the principle of the Motor Insurance Bureau. That is the way forward, because we need to know that people who take out employers' liability insurance will also pay a little extra into a fund that would then be available to someone whose employer's insurance certificate could not be traced. That person would then be able to obtain compensation and would not be denied it because the insurance certificate that his employer might or might not have had could not be traced, or because his employer had gone out of business. It is important to develop that concept, and I hope that the Minister is prepared to take that on board.

The employer's liability insurance bureau would be very important in relation to mesothelioma and other cancers that are caused by exposure to asbestos—it does not cause only mesothelioma. As has been noted, about 4,000 people a year die from exposure to asbestos, although the TUC argues that the number is twice that. An expert on the subject, Peter Martin, set out in *The Sunday Times* magazine of 17 April 2007 that between 2000 and 2050, there would be 186,000 deaths as a result of exposure to asbestos. We have to ensure that people who are exposed to asbestos have a fair and just system by which to proceed with compensation claims if they have been negligently exposed and have then developed the diseases that we have heard about as a result of their employer's negligence. That applies particularly to pleural plaques, which come about only through such exposure. In 99 per cent. of cases, exposure has been negligent.

The Government have done a number of things, and the Minister has played an important part in ensuring that we got the Compensation Act 2006, which dealt quickly with the Barker case and reductions in compensation. The House of Lords' decision in that

[Mr. Clapham]

case was delivered in May 2006, and the Government had overturned it by July 2006. The Government's speedy action on that was welcome, as was the Child Maintenance and Other Payments Act 2008, which set out a compensation scheme for mesothelioma cancer sufferers that kicked in on 1 October 2008. Anyone who is diagnosed with mesothelioma cancer may make a claim and receive compensation, so the Government have acted very speedily in certain areas. The dual diagnosis system that was used when people claimed for industrial injuries and disability benefits has gone. Now, the report of the consultant who diagnosed the mesothelioma cancer can be used when claiming industrial injuries disablement benefits. A great deal has been done, but we must overturn this case to give justice and fairness to people who suffer from pleural plaques.

Rob Marris: I agree with my hon. Friend about having an employers' liability insurance bureau, and about the other steps that the Government have taken. However, does he agree that although it is important to have state insurance and state help for victims, the Government should not cast the burden on to taxpayers and let insurance companies off the hook in pleural plaques cases, allowing them to save £1.5 billion? Does he agree that although we want state support for victims, we also want insurance companies to pay out the money that they have taken in premiums in previous years?

Mr. Clapham: I totally agree with my hon. Friend; the polluter should pay. In cases in which a man or woman has been exposed to asbestos, and that has brought on a disease, their employer should pay. On the basis of the polluter pays principle, the employer should be made, through its insurance, to ensure that there is compensation.

Dr. Gibson: And through its bonuses.

Mr. Clapham: Indeed.

I shall wind up by drawing hon. Members' attention to the fact that a group of consultants met here just before Christmas with a view to setting up a national centre for asbestos studies. They have been in touch with Mike Richards, at the Department of Health, and things seem to be going very well. I hope that such a centre will be set up in the UK early this year, because there is such a lot to be done and so much that we do not know about the effects of asbestos on the body. We do not know whether people tend to develop mesothelioma after a number of brief exposures or whether it can be brought about by a single exposure for a short period.

In 1997, I brought to the attention of the House a case of a former miner—like my hon. Friend the Member for Wansbeck (Mr. Murphy), who is no longer in his seat—who had kept a fair record of his work and could recall that he had worked with a machine for four months in 1954. Because of the long latency, he was not diagnosed with mesothelioma cancer until 1997. It is important that we give fairness and justice to our people by overturning the Law Lords' decision through legislation.

3.17 pm

Nia Griffith (Llanelli) (Lab): My hon. Friends have explained the situation clearly. I thank my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham) in particular for his excellent work on mesothelioma, and I thank my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) for securing the debate.

One issue of concern is that there was a precedent for compensation payments back in the 1980s, and there was recognition of why we needed those payments, so their subsequent disappearance has made people extremely angry. In 2004, when insurers brought test cases before the High Court for England and Wales, Mr. Justice Holland gave a judgment in favour of the claimants. One cannot believe that that case was not well prepared. I am sure that absolutely every effort would have been put into it, because the insurers were trying desperately to wriggle out of their responsibilities. Clearly, the message was sent that there was a need for compensation, so it came as a disappointment to everyone when the Court of Appeal and the House of Lords turned that decision on its head.

Mr. Martin Caton (Gower) (Lab): I know that my hon. Friend has met my constituent, Brian Legge, the chairman of the boilermakers' section of the GMB in Swansea, who is a pleural plaques victim and an assiduous campaigner for justice for his fellow victims in south-west Wales. Does she agree that this issue will not go away until the Brian Legges of this world have got justice?

Nia Griffith: I certainly do agree. The campaign has been going on for a long time, as my hon. Friend says, and many people who are more experienced than me have done a tremendous amount of work on it. The current situation is that the Government consultation closed on 1 October. Although it is a decision that is extremely significant and will take some time, four months have gone by and we really want to have answers now.

The important question about the answers that we get is: what sort of message are we sending to insurers? Are we sending out a message that they can wriggle out of payments? We have made huge strides forwards since the 19th century in terms of health and safety and improving working conditions and, indeed, in our development of the understanding of occupational medicine. However, in any profit-making industry, there is always the temptation to cut corners. Often, the first things to go are the measures necessary to protect workers from the harmful substances with which they are working.

Such cost-cutting exercises are often exacerbated by the fierce competitive tendering culture that we have seen in the past few years. Taking no action on the issue or, indeed, letting insurers think that they can get away with wriggling out of compensation for conditions such as pleural plaques sends out a powerful message—to my mind, the wrong sort of message—that workers do not matter, that any hardships, difficulties and diseases that they suffer are not of any importance, and that companies and insurers can forget about social responsibility. Taking no action tells employers to spend money on finding ways of dodging their responsibilities, paying their lawyers, and dining out with their cronies in the insurance business, rather than looking after their workers and making their workplaces as safe as possible.

That is not my vision of a just and fair society. I want a society in which people come before profit and where a worker's health and lifespan are more important than a boss's bonuses. I stress to the Minister that the Government's response to the consultation must send out a clear message to society, employers, insurers, and workers, that goes much further than the issue of compensation for pleural plaques. That message will go to the heart—or perhaps I should say the lungs—of what sort of society we want.

3.22 pm

Mr. David Anderson (Blaydon) (Lab): When this debate was proposed, I asked my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) whether anything had changed because I have been involved in the past few debates on the matter. He said, "No, Dave, nothing's changed." I wondered whether it was worth coming here today, other than to give support.

Are we going to discuss again the history of working people across the world who have been abused and the fact that in Namibia they put young children inside great big plastic bags to stamp down the asbestos and make sure that they have more of the poisoned substance loaded up to send around the world? Are we going to talk again about civil servants who described pleural plaques as being little more than freckles? Do we talk about employers who for many years knowingly and criminally exposed workers to the substance, despite the fact that they knew for more than a hundred years that it was killing people? Do we go over the debate about people arguing in court that if it cannot be proven which fibre from which factory killed a worker, they cannot get compensation? Do we have to speak again about the £1.4 billion that the insurers said that they would save as a result of the Law Lords' rulings last year or the year before? Do we again have to go through the issue of doctors saying that people only get stressed because they have been told that they have pleural plaques—the inference being that they should not tell somebody that they have an illness? That seems quite wrong.

Do we again talk about the frustration that we all feel about the debate? We should not have had to have a debate here in the first place, but we are now here for the fourth time. We have been to see the Prime Minister, and we have met the Minister, and I have nothing but total respect for the way in which she has dealt with the subject. However, the truth is that we have met Ministers time and again. We have asked questions; we have tabled early-day motions; we have had debates. In addition, as mentioned before, there have been campaigns in the local press, and it would appear that, more or less, nothing has changed.

However, the truth is that some things have changed. One of things that I have heard today makes me feel confident, but also worries me. We have heard that in Scotland—as we clearly said would happen—Karen Gillon has introduced a Bill. I am pleased to tell hon. Members that Karen Gillon is a close friend of mine and my hon. Friend the Member for East Lothian (Anne Moffat)—it is good to see one of our apprentices doing well. If the legislation in Scotland is all we can get, it is great for the people in Scotland, but there is a real worry that if we have different legislation in this part of the United Kingdom, we will end up creating another bun feast for the lawyers.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I thank my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) for securing the debate, and I apologise for not being here at the beginning. The last time we were here, I told the Minister that a solution to the problem must be found in this House. I reiterate that I have a constituent who probably became ill during his working life without knowing it. He now lives in my area. The last thing that we want is people living in one part of the country and finding that they cannot get compensation, which can only be paid in relation to something that is happening in a devolved Administration. We need a solution here in this House of Commons—in our Parliament.

Mr. Anderson: I agree entirely with my hon. Friend, who first made that point about four months ago—it could even have been in the debate about eight months ago. The thing that I worry about is if we have legislation here and other legislation in Scotland, the lawyers will once again get their hands on it and have an argument, but while that is going on, people are dying.

The real reason that I want to speak today is that something has changed. Three hours ago, I was advised that a close friend of mine who was a leader of the community for which I am MP died. She had been suffering from mesothelioma for two years. She had worked in the health service and was a vivacious woman. She was well known in the area, full of life, and at the top of the tree in her career. I will not name her, because her family and friends might not be aware of what has happened yet. However, her death has brought home to me what far too many people in this country are going through, day in and day out. People are dying as a result of criminal negligence—there is no other way to describe what has gone on. We must make sure that we put an end to the matter as quickly and as fully as possible today.

3.26 pm

Ian Stewart (Eccles) (Lab): First, I pay tribute to my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) for securing the debate. I am sorry that he has had to do so. The comments made by my hon. Friend the Member for Blaydon (Mr. Anderson) about how long this has been going on show that the situation is clearly unacceptable.

In the few minutes available, I shall talk about an aspect that we sometimes forget. All contributors have spoken eloquently about the victims, but we never really define who they are. We talk about compensation for the person suffering from asbestos-related disease, but the person suffering from the disease is not the only victim, because this is a whole-family issue. The family suffer and we never stop to think about that and how to compensate them.

We heard earlier that money is not the only compensation. First and foremost, how do we recognise how devastating this disease is? How many of us have had members of our family contract these diseases and die from them? From my own personal experience, through which I wish I had not had to go, I have had two such people in my family. I do not wish that on any family in the country. There might, for example, be someone who has an uncle who is told that the pleural plaques are nothing, but who then goes on to develop a

[Ian Stewart]

full blown asbestos-related disease from which he subsequently dies. A member of the family will have had to visit the hospital—not during the normal hospital visiting times—and stay there all through the night so that they can turn their loved one and ensure that the fluid in their lungs does not cause them discomfort. People cannot expect hard-working health care nurses and doctors to turn a loved one every couple of minutes through the night. When someone spends 28 nights in one month before their loved one dies, working through the night turning them and they hear the suffering of the other patients, they realise what a horrible death results from respiratory disease.

I would like the Minister to take away from today the understanding that although the comments about compensation and the legal decisions are correct, this is not simply about the person who suffers the illness; it is a whole-family issue.

3.29 pm

David Howarth (Cambridge) (LD): I know a bit about industrial lung disease myself, because my grandfather, who was a coal miner and then a foundry worker, died of it; and, only last month, a former colleague, who was a scientist, died of mesothelioma. The disease affects not only industrial areas, such as the one that I am originally from, but the area in which I now live. It is important, however, that we do not let our natural anger at these negligent and often deceitful employers—or at the insurance companies which, as the hon. Member for Paisley and Renfrewshire, North (Jim Sheridan) rightly said, have had a windfall as a result of the events—divert us from proposing practical and fair solutions to the problem.

I shall say a couple of things about where I think the solution lies. I agree largely with what the hon. Member for Hendon (Mr. Dismore) said in an intervention about setting up a better insurance system, and I strongly agree with the hon. Member for Paisley and Renfrewshire, North about the psychiatric injury cases. However, I am perhaps the last person around to have some doubts about the Damages (Asbestos-related Conditions) (Scotland) Bill, which does not quite work. It defines pleural plaques simply as personal injury, but there are two problems with that. First, it is unfair to other people who are exposed to asbestos and have an equal chance of developing mesothelioma or asbestosis but who do not have plaques—we must sort that out. The second problem, which is more distant but still bothers me, is that the Bill does not help people who are in a similar position but suffer from other diseases—for example, people who have been exposed either to contaminated blood and have HIV-positive results but no symptoms of AIDS, or to other blood diseases. The Bill leaves them no better off than they are now, even though, in many respects, their cases are equivalent to the pleural plaques cases.

The explanatory notes to the Scottish Bill state that the average compensation will be about £8,000, but that the lawyers' fees will be £14,000, which is not right. There must be a better way than just handing all the money over to lawyers, but I fear that the result will be worse, because the relevant Scottish Parliament Committee assumes that the compensation payment will be roughly the same as it was before. I am not too sure that it will, however, because the law, after Gregg *v.* Scott, states that one cannot get compensation simply because of the risk of developing a future disease, and a good part of previous pleural plaques payments were associated with the idea that one could.

I fear that the Scottish Bill will not produce compensation anywhere near £8,000, and the courts will treat the plaque issue as separate from the future disease issue, because there is no causal link between the two. It is a sign that one is at risk, but there is no causal link between the plaque and the eventual disease. If one cannot get any money for the risk of future disease, one will get money only for the plaques, and nothing in the Bill states what that compensation will be. Even allowing some money for anxiety, I would be surprised if, based on the Bill as drafted, people got more than £1,000. If so, the ratio of compensation to lawyers' fees would be 1:14, and we must do better than that; we cannot allow a lawyers' bonanza to develop in this area. That is why we must consider other solutions and look at the Scottish solution more carefully.

On the idea of better insurance arrangements, I must say that people who have claims against employers, where the employers are insured, can in theory, under the Third Parties (Rights Against Insurers) Act 1930, recover against the employer even when they have become insolvent. However, there are many practical problems in doing so, and the Law Commission has proposed a draft Bill that would clear away many of those practical problems. I gather that the measure—the draft Third Parties (Rights Against Insurers) Bill—will be brought forward this Session, and I really hope that it is, because it will help.

The Child Maintenance and Other Payments Act 2008 also helps, because, under that measure, people suffering from diffuse mesothelioma can get a compensation payment from the Government, and the Government can get the money back from the employer later. In both cases, however, there are gaps, and the two pieces of legislation do not cover the whole field. The 2008 Act covers only mesothelioma, not asbestosis, and the rights against insurers legislation does not cover cases where the employer illegally failed to insure, or failed to insure enough. That is why the suggestion from the hon. Member for Hendon, which I have also made in the past, is so important. There must be arrangements, first, to demand that when a plaque case comes up, the employer certifies that they are insured adequately for the purposes of the 1930 Act, because if they are not, there will be an obvious gap; and, secondly, if that does not work or the case involves a past event that cannot be corrected, there must be arrangements to provide for a fall-back liability fund, like the Motor Insurers Bureau fund, which is paid for by a levy on the industry. That is where I agree with my hon. Friend the Member for Rochdale (Paul Rowen). We need that arrangement to ensure that people can be compensated fully when they get mesothelioma or asbestosis without having to rely on the present, shaky arrangements or hoping that the employer is still legally in existence.

Turning to psychiatric damage cases, the hon. Member for Barnsley, West and Penistone (Mr. Clapham) rightly said that, in purely technical and legal terms, the pleural plaques case in the House of Lords was orthodox. In one area, however, it was not orthodox but very odd, indeed: namely, in the case of Grieves *v.* F. T. Everard,

to which the hon. Member for Paisley and Renfrewshire, North referred. Mr. Grieves developed clinical depression —a recognised medical condition—as a result of his diagnosis. In previous cases, the House of Lords said that all one had to prove to recover psychiatric injury damages was that some injury, whether physical or psychiatric, was foreseeable based on what the defendant did. Suddenly, based on the Grieves case, however, the illness had to be specifically psychiatric, and the House of Lords said—I do not think that even this is right—that psychiatric illness is not a foreseeable consequence of being diagnosed with pleural plaques.

On the facts, I do not understand that decision, and even on the law, it makes no sense. The argument, as other Members have said, was that either it is somehow the doctor's fault for telling someone that they have pleural plaques, although I do not think that that is right, because doctors have a duty to tell their patient their condition; or, worse than that, it is somehow the victim's fault for worrying about it, which is a Victorian point of view and is not right, either. It cannot be the case that it was nobody's fault, because, as Members rightly keep saying, the employer was negligent—in the wrong—in the first place by exposing the employee to asbestos. That aspect of the House of Lords case must therefore be reversed, so that it applies to all cases, not just to asbestos cases. It can be reversed in principle, not just in the one case. I recognise that there are some difficulties with the Scottish method of dealing with the problem, but I urge the Government to come forward with proposals that will work, that are practical and that have been suggested in this Chamber.

3.40 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): It is a pleasure to serve under your chairmanship, Mr. Williams. I congratulate the hon. Member for Paisley and Renfrewshire, North (Jim Sheridan), who has been an assiduous and tireless campaigner on this issue. He sponsored a debate in January last year, but I believe that this one is even better attended than that one, which shows the level of interest in the subject.

I agree with the hon. Member for Cambridge (David Howarth) that the vast majority of pleural plaques victims are in constituencies that historically contained heavy industries, but there a substantial number around the country. In my constituency, it is not just retired constituents who have developed the condition. It has also been picked up by employees in the packaging, house building, electronics assembly and warehousing industries. It has spread across the entire country.

As we have heard, pleural plaques are caused by asbestos passing through the lungs and the pleura that protect them, causing a hardening of the pleura. It is an incredibly unpleasant physical condition, because people live in the knowledge that it might at any time develop into something that is life threatening. The point was made today that the victims of pleural plaques were negligently exposed to asbestos. They would not have developed the condition if there had not been some negligence on the part of an employer. That point was made clearly by the hon. Member for Barnsley, West and Penistone (Mr. Clapham), and it was reinforced by the hon. Member for Cambridge.

While most of the victims mercifully do not go on to suffer life-threatening diseases, I know from talking to constituents that the psychological harm and stress are enormous. I do not understand how any court of law or insurance company can measure it. How does one quantify it? In many cases, families are torn apart, people lose the will to go on working and they suffer enormously. We heard from the hon. Member for Eccles (Ian Stewart) how appalling the suffering can be when full-blown symptoms develop.

The previous situation was based on a pragmatic compromise: the victims received what was not particularly generous compensation but a reasonable amount of money. For people in a vulnerable position, receiving between £5,000 and £7,000 could make a difference to their lives. The final award of up to £20,000 was not a life-changing sum, but it could bring some respite to families who were suffering a great deal. The compensation did not cost the insurance industry a lot of money because, as was made clear by the hon. Member for Paisley and Renfrewshire, North, the cost was carried by insurance companies which simply adjusted their premiums upwards. It was almost as if the insurance industry accepted that it had a wider moral and social obligation to a group of vulnerable people.

We had a reasonably acceptable state of affairs which, as several colleagues pointed out, was based on Church *v.* Ministry of Defence; Sykes *v.* Ministry of Defence; and Patterson *v.* Ministry of Defence. Those cases, which were heard in the 1980s, were based on the theory of aggregation. In other words, although it was accepted that pleural plaques themselves could not give rise to a claim, they could create a causable action when aggregated with the risk of anxiety. Then, as the hon. Member for Cambridge explained, we had the Gregg case, which encouraged the insurance industry to take various test cases—I believe that there were 10 in total—leading ultimately to the House of Lords decision in Johnston *v.* NEI International Combustion, and Rothwell *v.* Chemical and Insulating Company.

I agree with the hon. Member for Cambridge about the October 2007 House of Lords judgment, but we should not necessarily criticise the House of Lords. I agree with the hon. Members for Rochdale (Paul Rowen) and for Barnsley, West and Penistone, who questioned why the insurance industry felt that it had to take the test cases. After all, we are talking about a problem which ultimately will go away, because, mercifully, there is much less exposure in the modern industrial context. The problem was not going to get worse. It was a problem that the insurance industry could live with by adjusting the premiums, as it did.

Alison Seabeck (Plymouth, Devonport) (Lab): Before the hon. Gentleman carries on with the legal history, could he simply agree with me and most of the hon. Members in this Chamber that the law should be changed?

Mr. Bellingham: I shall come on to that.

John Battle: We must be clear about the facts and the fictions. The hon. Gentleman hits on an important point, because work was done by Professor Richard Doll some 10 years ago, as hon. Members know, which set out accurate projections that are proving to be true of the number of people who would become victims. He

[John Battle]

proved that there would be a peak, then the numbers would draw down. It is not as if a quantifiable measure cannot be put on the insurers' bill. That is why, for the life of me, I cannot understand why they had to panic and rush to the Lords to get that decision, other than to get a short-term windfall gain.

Mr. Bellingham: What a pity the right hon. Gentleman is no longer a Minister in what is now the Department for Business, Enterprise and Regulatory Reform. He would be gingering up other Ministers to demand a solution.

To be fair to the Ministry of Justice, it published the consultation paper, "Pleural Plaques", on 9 July. I would like to ask the Minister about the response to some of the key questions in that document. Was there any broad consensus on the two key options? Option 1 was to change the law; in other words, to go back to the status quo ante. It is staggering that the range of costs for doing so in the document is so wide. Can the Minister not be more specific and accurate on the costs? Presumably she has to hand a substantial amount of research.

I agree with the hon. Member for Cambridge that there is a solution. If we were to change the law and go back to the status quo ante, then build into the system a number of insurance safeguards and possibly tag on a levy on the industry, we could well have a way forward. That appeals more than the idea of some no-fault payment scheme, although it should be considered as well. Perhaps the Minister could tell us what the balance of support was between the two main options in the responses that were received.

I shall close now, because people do not want to hear from the official Opposition—they want to hear from the Government—but I will just say to the Minister that the shadow Ministry of Justice team has strong feelings about the issue. A solution must be found. We accept that there is a huge amount of anger and concern in the Commons, and we will work with the Minister to the best of our ability to find a solution to the problem.

3.47 pm

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): It is a pleasure to serve under your chairmanship, Mr. Williams. I am sure that the hon. Members for North-West Norfolk (Mr. Bellingham) and for Cambridge (David Howarth) will forgive me if I do not spend too much of my time responding to their contributions, important as they were, but turn specifically to those made by my hon. Friends.

First, as my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) said, this is the fourth debate on this subject. I congratulate him on securing it, and I hope to God that it will be the last one. The debates demonstrate the real importance that my hon. Friends and others attach to the issue. Secondly, I want to make a profound personal and departmental apology to my hon. Friends and to the victims of pleural plaques for not yet publishing the response to the consultation. I deeply regret that. It is very unfortunate, and all I can say is that, along with this debate and the question that my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham) put to the Prime Minister today, the focus is very much on getting the response out quickly.

Let me speak briefly about the responses to the consultation. There was a large number—larger than we expected—including many from my hon. Friends, among others, and they are quite complex. The issue is complex, and the hon. Member for Cambridge highlighted some of the complexities. I say to my hon. Friend the right hon. Member for Leeds, West (John Battle) and others that the Government are not hiding behind the insurers. We are determined that we get to a resolution quickly.

John Battle: I did not say that the Government are hiding behind the insurers, but I am worried that the Department officials actually say, "We're on the side of the insurers and not on the side of justice in this case."

Bridget Prentice: I do not think that Department officials say that, but even if they did, they do not make the policy—elected Members do, and we certainly would not be going down that line.

I say to my hon. Friend the Member for Barnsley, West and Penistone that I absolutely intend that something should happen well before the general election. I shall also keep in mind the fact that my hon. Friend the Member for Hendon (Mr. Dismore) has a number of private Member's Bills in the offing and, if it is not to be the draft Third Parties (Rights Against Insurers) Bill, which I will mention in a moment, one of his Bills is also hanging in the air if there is a role for legislation.

I say to the hon. Member for Cambridge that the draft Third Parties (Rights Against Insurers) Bill is second in line to go under the new procedure in the House of Lords, so I cannot guarantee that it will be dealt with in this session of Parliament. However, it is up there near the top, so that is another example showing that we are considering ways of moving this forward. The scrutiny of Karen Gillon's Bill in the Scottish Parliament highlighted some of the complexities involved. Although the Scottish Justice Committee welcomed the measures to enable people with pleural plaques to claim compensation, it is concerned about the Scottish Executive's financial memorandum. In a sense, that confirms that our decision on going out to consultation was the right one.

Mr. David Hamilton: My hon. Friend the Member for Blaydon (Mr. Anderson) said earlier that this would create a division, again, between Scotland and England—and Northern Ireland, for that matter. I agree that there are certain anomalies in the Bill as it stands and that it will be amended before it goes through. It is important to note that it receives all-party support—Tory, Liberal, Scottish National party—and was introduced by Labour. However, there is a second issue. After that Bill goes through, and the status quo stands, how will employers be dealt with in Scotland? Will they not be disadvantaged by heavier premiums and insurance than apply in England? That is another anomaly that would emerge. We need a UK solution to this issue.

Bridget Prentice: I could not agree more with hon. Friend. We need a UK solution. In past debates, we have raised the matter of what would happen to someone

who worked in Scotland but lived in England, and vice versa. We have all rehearsed those arguments on many occasions.

As hon. Members have mentioned, the consultation considered a range of options. We received some 220 responses, some of which came from people who had been diagnosed with pleural plaques. I read helpful, informative responses from medical professionals, including Dr. Rudd and Dr. Moore-Gillon, who gave evidence to the House of Lords in the Rothwell case. Those responses, along with the review that we asked the chief medical officer and the Industrial Injuries Advisory Council to undertake, demonstrated that in a number of areas there was consensus on some key points. That is useful, important and positive.

I agree with my hon. Friend the Member for Blaydon (Mr. Anderson), who said that the best way to do away with the compensation culture is to have better health and safety at work. He is right. Although to some extent I accept the logic of looking at things from a wider perspective, I say to the hon. Member for Rochdale (Paul Rowen) that, given the time that people have waited on the pleural plaques issue, I would prefer on this occasion to see something done in respect of this matter, then we can consider things in a wider scope on another occasion. My hon. Friend the Member for Barnsley, West and Penistone has been rightly praised for the work that he did in respect of the Child Maintenance and Other Payments Act 2008. In the first three months of the scheme, 225 payments have been made totalling more than £3 million. We expected the payments to be, on average, in the region of £10,000, but on average they are £18,000. Our target was to pay claims within six weeks but, in fact, the majority are now being cleared in less than a week. What my hon. Friend said on the subject is important and shows that if we put a scheme together that goes directly to the individuals we get a better, more efficient and faster scheme that does not just pay £14,000 to the lawyers.

David Howarth: How much money has been recovered directly from employers—from defendants—under the Act that the Minister mentioned? She has given the figure for the money out, but how much money has been brought in?

Bridget Prentice: Unfortunately, I do not have those figures, but if I can get hold of them I will certainly make them available to the relevant Committee.

My hon. Friend the Member for Jarrow (Mr. Hepburn), who has left to attend a Select Committee sitting, was right. The Newcastle *Evening Chronicle* has been running an effective campaign—I get more coverage in that newspaper than in my local papers—and, hopefully, one day, there will be something slightly more positive to mention than there is at the moment. It is important that those campaigns continue and that the pressure is kept on. My hon. Friend the Member for Eccles (Ian Stewart) made a passionate contribution to the debate. He is right: the victims are not just the people with the pleural plaques, but their families and the loved ones around them.

Rob Marris: Does my hon. Friend the Minister, as a Labour Member of Parliament in a Labour Government, accept the basic proposition that justice demands that the law, as interpreted by the House of Lords in its decision, be changed statutorily by the House of Commons for the whole of the United Kingdom?

Bridget Prentice: I think that I can probably agree with my hon. Friend on that subject. We need to find a way of ensuring that people get some recompense, because another unwelcome effect of the House of Lords judgment was that people diagnosed with pleural plaques were no longer able to establish the employer's liability of negligence at an early stage. That potentially creates difficulties, especially if people eventually get mesothelioma, or another asbestos-related disease, as that delay inevitably affects the speed with which they can obtain compensation.

Mr. Dismore: My hon. Friend the Minister has not said whether she agrees with the proposition that there should be an employers' liability insurance bureau and a compulsory insurance register for employers who may later go out of business. Perhaps she could say whether she agrees with those propositions, which are in my Bill and have generally been welcomed in this Chamber.

Bridget Prentice: That would be a constructive way forward and it is something that we would want to look at. I would not want to go any further than that on this occasion. [Hon. Members: "Go on!"] Perhaps in the next debate we can have that discussion.

Today, we heard the Prime Minister make a clear indication, in response to the question asked by my hon. Friend the Member for Barnsley, West and Penistone, that something will be coming forth soon from the Government. I want to reassure my hon. Friends and, indeed, all hon. Members that we are firmly committed to helping people who have suffered as a result of exposure to asbestos.

I say to my hon. Friend the Member for East Lothian (Anne Moffat) and others who mentioned our dear departed friend, John MacDougall, that the idea of a trust fund in his memory would be an appropriate way for us take this matter forward. I hope that the trust fund that the family is setting up will be successful. When my hon. Friend the Member for Paisley and Renfrewshire, North was thanking people at the beginning of the debate, it was a bit like the Oscars, but I hope that the award to him and to those he represents will be that we will treat people with pleural plaques and other asbestos-related diseases with the respect and support that they deserve.

Lobbying (Whitehall/Westminster)

3.59 pm

Mr. Gordon Prentice (Pendle) (Lab): Thank you, Mr. Williams for calling me, as my colleagues leave for the imminent vote. I am grateful to Mr. Speaker for granting this debate, and I shall put my cards on the table straight away.

I want a mandatory register of lobbyists, as do my friends on the Select Committee on Public Administration. We published a unanimous report, "Lobbying: Access and influence in Whitehall", on 5 January, before the terrible revelations in *The Sunday Times*. The last time Parliament reported on lobbying was way back in 1991—a lifetime ago, before mobile phones, e-mail and the internet.

4 pm

Sitting suspended for a Division in the House.

4.20 pm

On resuming—

Mr. Prentice: I am grateful that we are able to resume the debate, Mr. Williams. I will canter through my speech as quickly as I can.

Before we were interrupted, I was drawing attention to the Public Administration Committee report that was published on 5 January. It calls for a mandatory register of lobbyists. It was published before the dreadful revelations in *The Sunday Times* article, "Labour lords change laws for cash". It is worrying that people out there think that Parliament is a den of thieves. Revelations and allegations of sleaze are a spreading stain that contaminates Members of Parliament and peers alike. Something must be done.

The House of Lords Committee for Privileges is looking at the allegations. However, what I have heard with my own ears—not mediated by the media—is appalling, such as the comment that rules are meant to be bent. The Leader of the House of Lords, Baroness Royall, talked of the possibility of suspending or even expelling peers who are guilty of wrongdoing. She was right in saying that the revelations were "deeply shocking". Sam Macrory of *The House Magazine*—our internal journal—said:

"Cash for questions is one thing; cash for changing the law scrapes a new low in the annals of political scandal."

Why did the fake lobbyists target the Lords? In the same article, Sam Macrory quotes Professor Robert Hazell of the constitution unit at University college London:

"Since 1997 the government has suffered four legislative defeats in the House of Commons, and nearly 500 in the House of Lords".

I know colleagues who have been lobbied by bona fide organisations such as housing associations to press an amendment in the House of Commons. They have been told by Ministers that hell will freeze over before the Government will accept the amendment. The same amendment goes to the other end of the Palace and is accepted in the House of Lords. That is where legislation is changed. Lobbyists understand that. Professor Hazell goes on to say that

"It is no surprise that lobbyists and interest groups focus on the Lords: the prospects for getting legislation changed there are so much greater."

According to the *Financial Times*, more than 40 peers have given passes to people who work for lobbyists, PR firms and other organisations such as the National Farmers Union and the TUC. That list can be accessed at the website, FT.com/lobbyists.

My friends on the Public Administration Committee and I take the view that transparency is essential. The Freedom of Information Act 2000 has changed everything. It has changed the way in which we think about information and our rights to it. For Parliament and its procedures still to be shrouded in mystery is anomalous in this day and age. I think that we need a mandatory register, and so does Sir Christopher Kelly, the chairman of the Committee on Standards in Public Life, who is at the apex of the ethical pyramid. Yesterday, he told the Public Administration Committee that he agrees that there should be a mandatory register of lobbyists.

The report has its critics. I think that it is good, but it has not received universal acclaim. Lord Bell said:

"It is an incompetent report which contributes nothing—either in its analysis or in its recommendations—to help people who are concerned that the Government comes under undue influence."

At the other end of the spectrum, George Monbiot told *The Guardian* that our proposals were "timid and dated". I do not know which planet George is on at the moment, but it is not planet Earth. Our proposals are radical and quite revolutionary.

The report recommended that there should be changes to the ministerial code. The independent adviser on ministerial interests, Sir Philip Mawer, cannot initiate inquiries into ministerial conduct and must wait for a direction from the Prime Minister. Sir Christopher Kelly told the Select Committee, and stated in his annual report, that it is a serious weakness that the independent adviser cannot initiate inquiries. Until that is possible, newspapers will continue to run stories about members of the Cabinet meeting Russian oligarchs. Such stories will not go away.

The Prime Minister is committed to constitutional reform, so I would like to see him change the ministerial code and consider a mandatory register of lobbyists. I was given some encouragement today when I raised the matter at Prime Minister's Question Time. I get the sense—I am looking at the Minister as I say this—that we are pushing at an open door. The climate of opinion has changed. Lobbying is not always bad and can be very good. It is an essential part of our democracy. People want to influence decisions, and doing so can be malign or benign. My views are influenced all the time by people who lobby me. My views on the Human Fertilisation and Embryology Bill changed after I read material from the Royal College of Nursing, the British Medical Association and others. Lobbying can be positive, but those on both sides of the argument must have equal access. We are being lobbied on the third runway at Heathrow; we should hear the arguments against the third runway. We are lobbied on genetically modified foods. Is that a good thing? We should be lobbied on the alternative viewpoint. There should be a level playing field.

Paul Flynn (Newport, West) (Lab): What conclusion has my hon. Friend reached on the evidence that hon. Members, particularly ex-Ministers here and in the other place, seem to be acting for large sums of money as paid stooges to outside interests? Does he think that it should be one MP, one job?

Mr. Prentice: I thank my friend for that intervention. I believe that being a Member of Parliament is a full-time job. I shall return to that point later, because a large number of MPs, many of whom will retire from the House at the next election, have taken well remunerated posts. I do not mean £5,000 or £10,000, but £50,000 or £70,000—in one case as much as £110,000. Such sums completely dwarf the parliamentary salary.

What is the problem with lobbying? It is unregulated, it cannot be accounted for and it is largely out of sight. That is the view of the non-profit charity Spinwatch, which monitors public relations, spin and lobbying in society. It says—and I agree—that lobbying is secretive and that it leads no evidence trail. At the moment, insofar as there is regulation, it is conducted by the three main umbrella bodies. They have codes of practice, but sanctions are rarely employed. During the past decade, the Chartered Institute of Public Relations has formally reprimanded only two of its members; the Association of Professional Political Consultants last used its procedures in 1998—11 years ago; and the Public Relations Consultants Association has never received a formal complaint that required the involvement of its professional practices committee.

So there we go. It is not as if the industry is so squeaky clean that the absence of references to the Standards and Privileges Committees could tell us something. That is why the Public Administration Committee is calling for transparency and disclosure. Indeed, we go further: we want details of the person being lobbied and the minutes of meetings. Lobbying happens overseas. People here recoil in horror at the thought of senior civil servants' diaries being open to the media, the press and hon. Members, but it happens overseas. The Committee visited Brussels last year or the year before, and in June last year, the European Commission introduced a voluntary register of lobbyists. Later this year, probably in June or July, the Commission will decide whether to go for a mandatory register. In the United States, President Obama is red hot on transparency and is a great backer of the Honest Leadership and Open Government Act of 2007. Of course, there have been scandals in the US; people who are fraudulent or corrupt are inventive and will exploit loopholes, which must be closed. That is how to deal with the problem.

Our sister democracy in Canada has regulated lobbying by statute for more than 20 years. Its system focuses on improper access to decision makers. It therefore knows the identity of the lobbyists, on whose behalf they are lobbying, the issues on which are lobbying, and the targets of the lobbying. That is happening in Canada, but why do we need it here? Power is concentrated in the United Kingdom. We all remember the Drapergate affair. In 1998, Derek Draper worked for Lord Mandelson, who is now Secretary of State for Business, Enterprise and Regulatory Reform. I believe that Derek Draper is now a psychotherapist. In 1998, he famously said that there were only 17 people who exercised real power in the new Labour Government, that he knew them all and that he could introduce lobbyists to them all. After that, the Government acted, and properly so. They brought in new guidance—"Guidance for Civil Servants: Contact with Lobbyists"—which said that they should not do anything that would place them under an obligation to the lobbyist. That was good guidance, but it has not been updated since 1998.

What do we want, and do we want it now? We want a mandatory register of lobbying activity to be provided for by statute, we want it to be independently managed and enforced, and it should include information provided by lobbyists and those being lobbied. We want the names of the individuals carrying out the lobbying activity and the organisations that employ or hire them, and in the case of multi-client consultancies, we want the names of the clients. We want information about any public offices previously held by lobbyists—for example, if they were former MPs. Such information would come from their career history, and there is no great secret about that. We also want a list of the interests of decision makers in the public services—I think of Ministers, senior civil servants and senior public servants—and summaries of their career histories outside the public service. Finally, we want information about contacts between lobbyists and decision makers, especially diary records and minutes of meetings. That is what we want, and we want it now.

I turn now to the revolving door, which was mentioned by my friend the Member for Newport, West (Paul Flynn). Lobbying is about identifying and influencing those who exercise power and make decisions. Lobbyists buy access. The Government spend around £79 billion every year buying services from the private sector. Over the past 20 or 30 years, first under Margaret Thatcher and then under Tony Blair and the current Prime Minister, whole slabs of the public sector have been privatised. The private sector now has a foot in the door of the health service, and as I speak, the House is debating the Royal Mail and the Government's proposal to part-privatise it, with TNT, a Dutch company, being a preferred partner. A decision has not yet been made, but Lord Mandelson has said that TNT is in the frame. Just imagine what TNT would give for inside information on discussions within the Department for Business, Enterprise and Regulatory Reform about giving a private-sector company a chunk of Royal Mail.

What can we do to prevent that? We already have a sort of quarantine system. When Ministers and senior civil servants leave office, they have to notify the advisory committee on business appointments. If there is a connection between someone from the public services subsequently profiting from the knowledge and contacts he or she acquired, the committee is supposed to blow the whistle—but it is a very quiet whistle. Lord Warner came before the Select Committee. He used to be the Minister with responsibility for health service reform, and he now has seven or eight consultancies. They are all above board and have been declared. He told the Select Committee that the advisory committee on business appointments had told him:

> "The main thing…I could not do for the first year after being a Minister was to lobby Ministers, whatever that means".

We know from the Mayhew report that the system is not policed—that is a huge lacuna—and it needs a complete overhaul.

It is a huge problem, and it is impossible to condense it into 10 or 15 minutes, but I have done my best. I finish on this note. I have been talking to my colleagues in the Labour party, and they say if people outside knew what was happening and the money that was involved, they would recoil in horror. It is not advertised. About a year ago, some of my friends proposed changing the standing orders of the parliamentary Labour party so that if a

[Mr. Gordon Prentice]

Member of Parliament or Lord wanted to take a second job, perhaps in consultancy, they would be obliged to write to the party stating the time commitments, remuneration and how the job would advance the party's aims and objectives. That is what is required to drag lobbying into the daylight.

I hope that the Minister will respond positively to this new landscape. Things have changed in the past few weeks, and I hope that he will tell us that the Government are committed to introducing a mandatory register for lobbyists along the lines that I have set out.

4.40 pm

The Parliamentary Secretary, Cabinet Office (Mr. Tom Watson): I congratulate my hon. Friend the Member for Pendle (Mr. Prentice) on securing the debate; not for the first time he has made parliamentary history by changing the terms and conditions by which we conduct our debates in this Chamber. He has also shown his customary dogged determination for change, for which I commend him.

My hon. Friend wants a mandatory register for lobbyists. I do not know whether we will go down that route yet. The Public Administration Committee published its report on 5 January, and I am committed to responding formally on behalf of the Government by 5 March. He is right that the world has changed in the past month, and the Government accept some of the valid points raised in the report's analysis. I shall go through some of those points.

The report probably surprised everyone in the industry, and it has already had an effect. However, let me place the debate in the context of where we have come in the past 10 years, partly as a result of the work of the Select Committee. When considering the case for change, it is important to remember how far the Commons has come in the past 10 years. Lobbying became a concern after the famous "cash for questions" debacle in the 1990s when a compelling case was made that two Conservative MPs had been accepting cash for questions. On the back of that, the Government changed the way that things were done. Business appointment rules were extended to apply to former Ministers; we introduced an automatic waiting period of three months before Cabinet Ministers could take up posts; advisory committees were given the power to publish advice to former Ministers and civil servants where it was not followed; and Departments began maintaining records of gifts accepted by Ministers. We have now gone even further by publishing the annual list of gifts received by Ministers. Similarly, Departments began keeping records of hospitality accepted and the ministerial code now sets out the circumstances in which it is acceptable to receive hospitality. Furthermore, guidance is now available for civil servants accepting hospitality.

Interestingly, the Nolan Committee did not see the need for Ministers' financial interests to be recorded separately from interests declared as an MP, but now all Ministers notify their permanent secretary on appointment of the relevant private interests, and for the first time the Government will be publishing that information. The Government also accepted the recommendations in the 2000 report by the Committee on Standards in Public Life. It recommended that details of all ministerial and official meetings with external interests be properly recorded by Departments, and guidance to Departments now states how that should be done. The recommendation to issue guidance on consultation was accepted, and clear rules and guidance on how Governments should consult, including a Government code on consultation, are now in place.

The Committee also developed the seven principles of public life that now underpin the ministerial and civil service code and govern everything that we do as public servants. Of course, as my hon. Friend said, we must not forget that the Freedom of Information Act 2000 has had a huge impact on the way that the Government do business. I hope he acknowledges, therefore, that we have made great and incremental change over the past decade, which has made the system more transparent and led to a culture change in the way in which people go about their business in government.

I accept absolutely my hon. Friend's point that we can go further. He made some sensible recommendations for tightening the rules.

Hywel Williams (in the Chair): Order. I must terminate the debate. We now come to the debate on early voting.

Early Voting

4.45 pm

Mrs. Linda Riordan (Halifax) (Lab/Co-op): The recent election and inauguration of Barack Obama has been politically a wonderfully bright moment in these dark days of the global economic downturn. "Obama mania" gripped everyone on both sides of the Atlantic, and for once it was not media hype, but a real feeling that something historic was being witnessed. Now that things are settling down, and Obama is getting on with the job in hand, it is time for reflection here. In British politics, it does us no harm to cast our eyes across the Atlantic and to learn one or two things about the American way of doing things—they learned enough from us in the past.

One of the most striking factors about the recent election in the US, other than the huge amounts of enthusiasm and grass-roots campaigning pumped into "swing states" across the country, was the sheer number of people queuing up for hours on end, exercising their right to vote. As a reminder, in November, nearly 57 per cent. of America's voting age population flocked to the polls. If we compare that with previous elections—44 per cent. in 2004, 51 per cent. in 2000, and 44 per cent. in 1996—we find that last year saw quite a substantial increase.

In the UK, luckily, our turnout has sustained slightly higher levels. In 2005, just above 61 per cent. of the eligible population voted, but we have seen a fairly disturbing fall in numbers given that the figure was 71 per cent. in 1997. Furthermore, in comparison with the rest of Europe, we are still lagging significantly behind. In France, 84 per cent. of the electorate took part in the last contest.

I have recently come to the conclusion that ease of voting is one of the main factors determining whether people turn out. Members might consider, for instance, the events last week: thanks to the weather, no one could reach work, transport networks failed and traffic came to a halt on roads across the country. Imagine that we had the profound bad luck of that happening on election day. What would turnout levels be like then? I admit that it is highly unlikely that a snowstorm will hit the UK in May or June, but weather conditions are just one example of the numerous deterrents that could, and do, prevent people from fully partaking in the electoral process.

The only answer is for us to consider methods of improving turnout through making voting far easier. Academics have researched the implications of postal voting and of improving access to polls by, for example, increasing the number of possible voting locations, lowering the average time voters have to spend waiting in line, or requiring companies to give workers some time off on voting day. Some countries have even considered internet voting as a possible solution. However, the only method I regard as fully tried and tested, with sufficient evidence in its favour, is what I call "early voting".

The British electoral system remains very conservative. For years, we have voted on the same day of the week—Thursday—in the same way and at the same polling stations. The Americans did much the same thing, except that they voted on a Tuesday, until recently when they took the initiative and asked, "Why Tuesday?" Recently, in the UK, positive electoral innovations have taken place, such as the rise in the uptake of postal ballots. However, with turnout dropping, faith in the political system falling and people feeling more remote from their elected representatives, radical steps must be taken to re-enthuse people about voting.

On 7 January, Congressman Steve Israel introduced the Weekend Voting Act in the US Senate and the House. He said:

> "It is crazy to me that we're only allowing people to vote over a certain period of hours on one day. Other nations that have voter turnout allow their people to vote over several days."

Clearly, we are not one of the other nations, but he is right. France allows people to vote at the weekend, thus avoiding the need to take time off work. Some people might say that is common sense, but I will leave that for the Minister to decide.

The work of Congressman Israel has been spurred on by the organisation Why Tuesday. I encourage everyone to visit its website, whytuesday.org. Its motto is, "Fixing our voting system one question at a time." That is why I am here today—to begin getting such questions asked on our side of the Atlantic. I will turn the question: we should be asking, "Why Thursday?"

Turnout is already worryingly low in local elections. I suspect that it will not be high in this summer's European elections, and if it starts falling any lower at general elections, the alarm bell will start to ring. A lot can be done to encourage voter participation, increase turnout and restore the vital link between voters and the people for whom they are voting.

Ken Ritchie, the chief executive of the Electoral Reform Society, has investigated the matter of early voting in some depth. He says:

> "At a time of falling turnout, those who are planning to vote should be given every opportunity to do so. There are enough other reasons why people don't vote that we don't need to add to them by providing just one polling day on a Thursday.
>
> This is why ideas such as early voting, which in no way detract from the security of the ballot, should be introduced as part of efforts to promote participation. In many ways, this is a better idea than weekend voting as it provides even more flexibility for the voter…Early voting can also give opportunities to let people vote in more accessible places, such as shopping centres or at bus stations, etc. There may be some costs associated"—

I am sure that there will be—

> "with voting in polling stations over several days, but democracy is important and if a little extra money makes democracy better, let's go for it. Moreover, when we consider the amount that political parties are willing to spend on election campaigns, there should be no objections to spending more money on putting the voter first."

Mr. Andrew Pelling (Croydon, Central) (Ind): I am sorry to have missed the start of the hon. Lady's speech. I very much endorse what she says. In the case of Croydon, would it not be good to use the main railway station in east Croydon to increase participation? I was a candidate in the London Assembly elections, which had early voting. Such voting did not make a difference then, but things may be very different in general elections. The hon. Lady's American example might apply in places such as Croydon. Black and minority ethnic voters might be encouraged to increase their participation in elections.

Mrs. Riordan: We have to make voting as easy as possible. There have been pilot schemes, but they have not been rolled out. Chester council used a pilot scheme and there was an increase in voter turnout, and the council would have liked to roll out the scheme. I absolutely agree with the hon. Gentleman. We should use anything we can to increase voter participation.

How do we put the voter first? I recently tabled early-day motion 314 on early voting, which I encourage all hon. Members to support if they believe that allowing only one day for people to vote hinders the democratic process.

The evidence from across the pond is clear: turnout can be raised substantially by making voting easier or more attractive. In the US, there were record levels of early voting. More than 30 states in the US now allow early voting. Research has indicated that more voters are interested in casting their ballots earlier than ever before, and about 30 per cent. did exactly that in November's presidential elections. Consider what 30 per cent. of the electorate in our constituencies would mean to us. In short, it is time for a radical overhaul of our voting system.

This is not a narrow party political issue, and it has cross-party support. There is no evidence that such a system would lead to any one party increasing its share of the vote. No politician or party should be against a move that makes the franchise easier to use, and expanding democracy is not something that elected politicians should ever be against.

At a time when it is crucial to increase voter participation, we need to be a bit bolder in the reform of our system. Recent years have seen a wide range of pilot schemes, but they quickly fall from favour. It is time to drag our voting system into the 21st century—look at the way in which the American elections caught the public's imagination. We should understand why people took advantage of early voting and introduce it in our country.

I will finish by reading an e-mail that I received this morning following my interview on the "Today" programme:

> "I write to congratulate you on your remarks on the Today programme this morning about extending the voting period at general elections to one week prior to the actual polling day. This is probably the sanest remark yet made about getting more of the electorate to cast their vote in a proper and responsible manner."

4.56 pm

The Minister of State, Ministry of Justice (Mr. Michael Wills): I congratulate my hon. Friend the Member for Halifax (Mrs. Riordan) on securing this debate on such a fundamental issue. A healthy society depends on a healthy democracy, and healthy democracies depend on high levels of participation. It is very worrying that this country and other western democracies have seen a trend towards lower turnouts. All democratic politicians and citizens should be concerned about that. This Government take the matter very seriously. I am delighted that my hon. Friend is taking such a debate on.

The causes of this trend are complex. I have to say that part of the cause lies with us politicians. We are not exciting our electorate sufficiently to get them to turn out and vote for us. Much of the time, it is clear that part of the problem resides in the fact that voters do not see that there is enough in the election for them to vote for. We are not making them think that politics matters. That is something that we have to look to ourselves to address.

It is clear that when voters in other democracies feel that a fundamental issue is at stake in an election, they turn out to vote in very large numbers. We saw that in the recent presidential elections in France. Arguably, the extraordinary scenes that we saw in the United States after the wonderful election of President Obama are the result of the fact that American citizens felt that that election was profoundly important for the future of their country. It was not necessarily to do with the voting mechanisms themselves. Such matters are complex. My hon. Friend is right to urge us to investigate how we can make voting more accessible and straightforward.

The very act of voting is at the heart of the democratic process, so how do we make that easier? How do we identify the barriers to people voting and how do we make the process more accessible? It is axiomatic that all voters who are entitled to vote should be able to do so. That is why I shall introduce measures to improve the register. Approximately 3 million voters in this country are entitled to vote but are not able to do so because they are not on the register. We must do everything that we can to improve the quality of the electoral roll.

Early voting or, as we call it in this country, advance voting could offer voters a greater opportunity to vote in a supervised environment if they are unable to vote on polling day itself. The act of voting in a polling booth is important in itself: it offers greater guarantees of security in polling and militates against electoral fraud, of which we have unfortunately seen some examples in postal voting, which is another way of making voting more accessible. It also gives people a choice of publicly affirming the democratic act of voting, which is very important.

The vote was hard won for everyone in this country and the progress towards universal suffrage took many years. Blood was shed in this country and in others to achieve it, so it is very precious. In some ways, it is important that voting should remain fundamentally a public act and that we should affirm the principle of voting in a democracy in that way. Advance voting perhaps offers that in a way that other more accessible forms of voting do not, as neither postal voting nor proxy voting offer that advantage.

Over the past decade, the Government have explored a wide range of options and mechanisms to see how we can increase participation by making voting more accessible to voters, and part of that work has involved advance voting. We have run pilots that examined the impact of improving the opportunity and convenience for electors who choose to vote using traditional methods, but in advance. The choice of times and locations for advance voting can be a key factor in determining convenience, turnout and value for money. As both hon. Members who have spoken today have suggested, it is important that those polling stations are located in central and easily accessible locations such as train stations, shopping centres and public libraries for several days running up to the election.

The exact effect of such measures is open to debate. We piloted advance voting in local elections in England in 2000 and then again in 2002, 2006 and 2007 in a total of 26 pilots. Their aim was to determine whether advance voting increases turnout and convenience for voters.

Local authorities ran awareness campaigns highlighting the availability of advance voting and information was made available on polling cards, inserts in election packs, billboard advertising, local newspaper advertising and interviews on local radio stations. As much as possible was done to publicise the innovation.

According to research conducted by local authorities, it appeared that the majority of the electors who voted early could or would have voted on the normal election day if the advance voting option had not been available. In the pilots that followed, the effect on turnout was limited. In 2007, advance voting as a percentage of turnout amounted, for example, to just 0.5 per cent. in Gateshead and 0.7 per cent. in Sheffield. Only in Broxbourne was there a substantial take-up of advance voting, and even there the proportion was just 7 per cent.

Since 2002 the Electoral Commission has evaluated pilots to determine whether they are successful and made recommendations for the future. It has concluded that although advance voting does make the process of voting more convenient for some, it does not seem to have had a significant impact on turnout. The aim of the 2007 pilots was to facilitate voting among those who usually did not participate, targeting so-called opportunistic voters. However, the Electoral Commission has reported that there was relatively little success in achieving that aim. Feedback from election staff and evidence from local surveys suggests that the majority—around 74 per cent.—of users of advance voting would have voted in any case. Across the five pilot areas, turnout at the May 2007 elections was more or less consistent with turnout in previous comparable elections.

In 2007, we specifically wanted to test whether repeat access to advance voting in successive elections would lead to greater awareness among electors and greater uptake. That is obviously a consideration that we would have to take into account, because the cumulative effect could have been greater than a one-off pilot had suggested. Three local authorities that had previously trialled advance voting—Broxbourne, Gateshead and Sunderland—did so again in May 2007. Significantly, and disappointingly from the Government's point of view and, I am sure, that of my hon. Friend repeat piloting of advance voting in the same local authority did not seem to lead to a higher uptake.

The difficulty in measuring the impact that advance voting might have on turnout is that other factors are not taken into account, which is one reason why we should not dismiss the idea out of hand. I am certainly not going to dismiss it today. We do not know the impact of important local issues, which is difficult to measure, or what the impact of a national political issue would be, and it is hard to disentangle voters' motivations. Polling surveys and surveys of the sort that we conduct, although methodologically sound in their own terms, sometimes produce different answers according to the exact nature of the questions asked, as all politicians know.

Methodologically, this is a complicated area, but we have done our best to produce robust answers. Although the answers are disappointing for supporters of advance voting because they do not necessarily suggest that it has an impact, in this country at least, we are not dismissing the idea—I assure my hon. Friend of that. In everything that we do, we have to be extremely vigilant and not rule out anything that may increase levels of participation.

Mr. Pelling: Does the Minister accept that one of the complications in analysing whether early voting has successfully increased participation is that local authorities have sometimes chosen fairly obscure locations to trial it? I recall that, in the 2000 experiment, my local authority chose an unused part of the town hall as a venue, which might be one of the reasons why turnout did not significantly improve. Is the Minister saying that the Government's mind will still be open to the idea of pilots of early voting at the next general election?

Mr. Wills: I accept the first point that the hon. Gentleman makes: there are always local factors, especially in local elections, where turnout is particularly low. We accept absolutely that there are methodological problems in that, and that is why, in answer to his second question, we have an open mind. I am not committing to that at all, as there would be considerable problems in so doing.

We are taking a breath on further pilots for the time being, but we will publish our electoral strategy by the summer, which will set out a vision of how we want electoral policy to develop for the next 10 years or more and for at least two Parliaments. At the heart of that policy will be the overriding imperative for elections to be not only legitimate, but perceived to be so. Central to that legitimacy are precisely the concerns that my hon. Friend has voiced in this debate about participation and making voting accessible to every voter who wants to vote, targeting dedicated, routine and habitual voters and also opportunistic voters who will perhaps only vote if it is convenient.

With that quest in mind, in June 2008 the Ministry of Justice launched a consultation on whether turnout would be likely to increase if elections were moved from the traditional polling day of Thursday to one or both days of the weekend. My hon. Friend rightly drew attention to the conservative—with a lower case "c"—habits of election policy in this country. We have got into the habit of holding elections on Thursdays for no obvious reasons other than tradition. We also asked people what they thought about other forms of voting, including advance voting.

We have not yet completed our analysis of the responses, as we received nearly 1,000, but we will publish the report soon. I would like to share some of the findings today because they are informative. The consultation asked whether greater access to advance voting in polling stations should be made available alongside weekend voting. Although the question referred to advance voting in conjunction with weekend voting, the vast majority of respondents chose to address the issue on its own merits. Unfortunately, the results suggest that there is not a huge demand for advance voting.

Obviously, the consultation is not a statistically representative reflection of the views of the public as a whole—the views expressed were those of people with a particular interest, and the sample was self-selecting—but it is valuable evidence none the less and we should not ignore it. In all, 240 respondents gave their views on advance voting. Overall, 31 per cent. were in favour, because they felt that it would provide increased accessibility

[Mr. Wills]

and voter convenience, but a quarter of those were not strongly in favour. They argued that it should be introduced only on a limited basis and only if it proved to have a significant impact on turnout.

There was some support for making advance polling available at centrally located polling stations rather than at all of them—that relates to the points made by both hon. Members who have spoken. Some respondents suggested making advance voting available in non-traditional but well attended places such as train stations, town centres, supermarkets and shopping centres. However, about 60 per cent. overall were opposed. Many local authorities and electoral administrators noted that it would be likely to add significantly to the cost and complexity of running elections, as the cost of staff, premises and security would almost certainly increase depending on how many polling stations were open in advance of polling day and for how long. One would expect the local authorities responsible for funding to be deeply concerned about that, particularly at the moment.

Nearly a third of those opposed noted that it was already possible for those unable or unwilling to attend a polling station on election day to vote by post. However, that does not deal with the fundamental point that I made earlier about the importance for many people and for our democracy that one should be able to affirm one's vote in public in a polling booth. There are also security issues.

In considering any move towards advance voting, we would also need to consider the impact on the election timetable and party political election campaigning. If polling stations were open in advance, it would bring a profound change—maybe a welcome one—to the way that political parties approach election campaigning. They are used to doing things leading up to the key polling date on Thursday, so there would be problems for them too.

One potential electoral innovation that attracted support among respondents to the consultation was remote electronic voting. We have conducted trials in which it appeared to have a positive impact on turnout, although there were other issues from which we must learn lessons. Remote e-voting clearly has potential advantages. For example, we must make an extra effort, perhaps now more than ever, to ensure that our armed forces serving overseas can vote, and people with disabilities could certainly benefit from it.

However, there are issues of security and of public confidence in elections. Although we are increasingly becoming an online nation, many people are still uncomfortable with online operations, and we do not want a significant section of our electorate to be suspicious of the means of voting. One great advantage of voting in a polling station is that it is physical and can be seen, so it inherently still commands more confidence.

The Government recognise that we must ensure that our electoral processes put the elector at the heart of the system. I will publish a strategy and vision that will include our view on how best we can do so. Fundamentally, though, as my hon. Friend rightly said, the electoral system must be beyond partisan dispute, and all measures need to be developed on the basis of cross-party consensus. I believe that that consensus exists on these issues. I do not believe that the matter is a party one at all; I agree completely with her.

Although the evidence does not support my hon. Friend's proposition at the moment, we remain open-minded. I am delighted that she has engaged so vigorously with it. In the context, I can assure her of a wider electoral strategy. We will continue to explore whether advance voting should be part of that. In the shorter term, I understand that she and I have a date in the diary for about two weeks from now, when we can discuss these important issues further.

Question put and agreed to.

5.14 pm

Sitting adjourned.

Westminster Hall

Thursday 12 February 2009

[SIR NICHOLAS WINTERTON *in the Chair*]

Sustainable Railways

[Relevant documents: Tenth Report from the Transport Committee, Session 2007-08, "Delivering a sustainable railway: a 30-year strategy for the railways?", HC 219, and the Government's response, HC 1105, Session 2007-08.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Steve McCabe.)*

2.30 pm

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): The Committee's report "Delivering a sustainable railway: a 30-year strategy for the railways?" was published on 21 July 2008 and the Government published their response to it on 20 October. The White Paper considered in the report sets out the Government's general vision for the railways for the next 30 years, as well as their specific strategy for 2009-14, as set out in their high-level output statement. At new year 2008, Network Rail's overruns at Rugby, London Liverpool Street and Glasgow Shields junction left thousands of passengers stranded and became part of the Committee's consideration, together with the White Paper.

The Committee took wide-ranging evidence from witnesses, including passenger representatives, transport groups, individuals, professional bodies, trade unions, statutory bodies, Network Rail, regional organisations and the then Under-Secretary of State for Transport, my hon. Friend the Member for Glasgow, South (Mr. Harris). We warmly welcomed the long-term strategy for growth—the first such strategy for many years—which anticipates doubling freight and passenger traffic from today's figures.

We noted that the strategy did not address structural issues in relation to rail and we were concerned by some aspects of the White Paper, including a lack of vision in relation to the absence of plans for high-speed rail and electrification, and a lack of integration with regional policy and other transport modes. We were concerned, too, about the performance of Network Rail and we did not feel that capacity issues were sufficiently addressed. We made serious comments on the proposals for the future financing of rail and their implications for fares and franchises. Those debates are continuing. It is pleasing to note that, not only since our report, but since the Government response was published, a number of steps have been taken that meet our requests.

I am pleased that the Government announced on 15 January that they were to establish a company, High Speed 2, to develop proposals for new high-speed lines from London to Scotland and to link the west midlands with Heathrow and Crossrail. They also announced plans for electrification. It would be helpful if we were told today what the position is on those two matters. Are we talking about proposals or feasibility studies, or about specific actions that are to be taken—and, if so, when?

We raised serious issues about Network Rail's governance and its lack of cost control. The Office of Rail Regulation's report on the 2008 new year overruns concluded that Network Rail had been in breach of condition seven of its network licence and a record £14 million fine was imposed. A range of problems was identified relating to site and supply management, continuity of skills and communications. Public anger about what had happened was compounded when, shortly afterwards, Network Rail chiefs awarded themselves major bonuses, including a bonus of more than £300,000 for its chief executive.

During our inquiry we received further evidence of an efficiency gap. Studies that had been undertaken found that when Network Rail is compared with other European companies, there is an efficiency gap in relation to both maintenance and renewals. The gap on maintenance amounts to £263 million per annum, and on renewals to £846 million per annum. Efficiency is important in cost control and in securing value for money.

We are concerned that the Government rejected our call to look again at Network Rail's governance. That is strange and at odds with the decision subsequently taken by Network Rail members themselves, who have now commissioned a review of how Network Rail is run. At the time we wrote our report, Network Rail was in dispute with the ORR over its budget for the next control period. That matter has now been settled and the budget has been set at £28.5 billion. It is therefore particularly important that Network Rail secure value for money and that there be effective cost control. We want the Government to take a more active interest in how Network Rail operates.

The report considered capacity in the rail service. We welcomed the increased popularity of rail, but expressed concern that the 40 per cent. increase in patronage over the past decade had led to overcrowding and that, following the proposals in the White Paper, the problem was set to continue. The White Paper set out proposals to deal with capacity problems—1,300 extra carriages, platform lengthening, Thameslink and Crossrail for London and major upgrades at Birmingham New Street and Reading—but we did not feel that they would solve the problem.

We felt that there would not be sufficient new rolling stock and noted with concern that most of the new carriages were destined for London and the south-east, making us wonder what was going to happen to the north. We were worried that feast and famine were set to remain in procurement, and about the absence of a commitment to addressing pinch points in the north, particularly the Manchester hub. We would like to know exactly what is being planned in relation to those areas. The Government subsequently announced that a number of carriages are to be brought forward, but we want to know exactly what is proposed in that regard, where they will go and how they will deal with congestion.

David Lepper (Brighton, Pavilion) (Lab/Co-op): My hon. Friend has mentioned London and the south-east and the extra capacity coming there, including, for instance, on the London to Brighton line. Does she agree that the train operating companies have a responsibility to ensure that, where they have that extra capacity and are able to make timetable changes, they take into account the needs of the travellers? I have had complaints from residents in my constituency that, although

[David Lepper]

we now have more trains per hour on the London to Brighton line, regular commuters are disadvantaged because the new timetable adds perhaps half an hour a day to their commuting journey both ways from Brighton to London. There is a question of planning, even where the capacity becomes available.

Mrs. Ellman: I agree with my hon. Friend. It is always important to consider the different needs of the travelling public and to ensure that their needs are met.

Stephen Hammond (Wimbledon) (Con): Does the hon. Lady agree that, although the hon. Member for Brighton, Pavilion (David Lepper) has a point, it is difficult to know whether the extra half an hour added on to the train journey in his area has been caused by the train operating companies or by the timetables dictated to them by either Network Rail or the Government?

Mrs. Ellman: The hon. Gentleman makes important points and underlines the need for better integration of the rail service as a whole.

The report also concentrated on financing, which must be fundamental to the future success of our rail service. The Government propose a subsidy of £15 billion for the period from 2009 to 2014—a reduction on the previous period. The Committee expressed extreme concern that the sharp move away from operational subsidies would result in high fare increases. At the start of the new control period, half the Governmentsubsidy goes to franchise support. By the end of the period, it will be less than 25 per cent. As Greengauge21 told us, a change in the balance

"from roughly 50 per cent. passenger funding up to over 70 per cent."

over five years would be too radical and too fast.

We were also concerned to see that funding was based on a 34 per cent. growth in passenger revenue, with fares income predicted to rise from £6.9 billion in 2009-10 to £9 billion by 2013-14. The Committee gave a warning and I should like to quote from this section of the report as it is relevant to what is happening today, as well as to our concerns for the future. It states:

"We are deeply concerned that the rapid shift away from taxpayer contributions and towards passengers paying a significantly larger share of the cost...will be detrimental to passengers and the future of the railways alike...if a full-scale economic downturn were to develop, passenger numbers are unlikely to grow as fast as projected...We therefore recommend that the Government review the planned shift between taxpayers' subsidy and the fare box with a view to pacing this transition over a significantly longer period of time."

It is now reported that perhaps five franchises are on what the Department calls a red light list. We know from experience over the past month that many fares have risen by up to six or seven times the rate of inflation. Our fears are becoming reality already. Will my hon. Friend the Minister tell us when he replies to the debate whether the Government have assessed the rate of passenger growth compared with the projections? What attitude are the Government adopting towards the train operating companies that are perhaps seeking renegotiation of franchises or abandoning them? Will train services be cut? I raised that issue with my right hon. Friend the Prime Minister at the sitting of the Liaison Committee this morning and I was very pleased to hear an assurance that services would not be cut, but that raises other issues about what steps the Government will take.

This is not just fantasy and people expressing fears. It has been reported that Dr. Mike Mitchell of the Department for Transport told the Public Accounts Committee that perhaps up to five franchises were on the Department's red light list. This is a real issue and we need answers to it. All these issues are ongoing. In fact, the Transport Committee is currently conducting an inquiry on fares and franchising. We shall report in due course.

I am very pleased that the Government's response did not end with their formal reply on 20 October 2008. I welcome the new announcements that have been made since that time, many of which are in line with our recommendations. I certainly welcome today's announcement about new trains. I congratulate the Government on their growth plan and on their ongoing actions. However, we need to ensure that environmentally friendly rail travel can continue to grow through the recession and beyond. I hope that the Committee's report, "Delivering a sustainable railway: a 30-year strategy for the railways?", will be a contribution to securing that end.

2.44 pm

Dr. John Pugh (Southport) (LD): I seem to be in the unenviable position of being the only Back-Bench Member present apart from Government Back Benchers—I am ringed by a series of enthusiastic trainspotters. May I say first what a good report this is and what respect I have for the Chairman of the Committee, the hon. Member for Liverpool, Riverside (Mrs. Ellman)? She understates, in a very self-effacing way, her knowledge and command of the subject of railways. She knows the subject inside out. I served on a Committee with her some time ago and I was very impressed with her grasp of the subject and her ability. She does not resemble the previous Chairman, but she has many additional and important qualities. I share the same network as her, so I see the same problems on a regular basis. I also share her view about the lack of vision for the railway that exists, or has existed, in the Department for Transport.

Fundamentally, the report appears to be about capacity. There are clearly appreciable strains on the capacity of the railway system, with overcrowded trains and an inadequate service. Common sense tells us that we need new trains and new lines. Both relate to the theme of expansion, and expansion is extraordinarily difficult for the railway system. Procurement is a convoluted process. When I was serving on the Standing Committee that considered the Bill that became the Railways Act 2005, we considered umpteen clauses about how to close a railway line, but not a single clause about how to open one. When pressed about why that was so, the Minister dealing with the issue said that it was because everyone knows how to do it; it is fairly straightforward and uncontentious. In fact, it does not happen.

In my area, I suffer all the problems outlined in the report, which is why I was so keen to attend the debate. For example, the company that has the Northern franchise, which I brought to the attention of the Secretary of State in response to his statement earlier today, uses very old, possibly unsafe and certainly overcrowded

carriages. It is absolutely disgraceful that mums and other people who get on at Manchester and are heading to other towns in Lancashire and who have paid good money for a ticket have to stand for long periods in rather dirty and unpleasant trains. When I have discussed that with the TOC—Northern Rail—it has said that it would like to improve matters but that it is handicapped because it requires the consent of various bodies, including the Department for Transport, before it can do so.

When it comes to rail expansion, Lancashire is a strange place. We are probably now subdivided into three or four basic city regions. There is the Preston city region, the Merseyside city region and the Manchester city region. People are now looking at the connections between the city regions; for example, those that might exist between Preston and the surrounding towns and Liverpool. Naturally, they have looked at where the routes intersect and they have found that there are two completely separate rail networks, which funnily enough coincide in a little town called Burscough, where a curve was taken out by the good Dr. Beeching. Restoring that link makes eminent sense from all sorts of strategic points of view, but it has not been done because it is infernally hard to progress; there are different transport authorities, we need the consent of a variety of bodies and we need to construct something mysterious—it is never quite made clear—called a business case.

Progressing rail capacity is an extraordinarily complex business. We need to tick various boxes. We need to line up a series of ducks. We need a high-level output statement on our side. We need regional and sub-regional plans, all co-ordinated and pointing in the same direction. We need funding in place, which is always a bit of a swine, and we need to present something called a business case. However, if we go to the Department and say, "What should a business case look like? Please show me a business case so I can model one for you," it will say that it does not have many that it can point to, because very few people have made business cases for railways extensions in the past 20, 30, 40 or 50 years.

Political leadership and direction are clearly needed, but we do not always get them, particularly when we have railway schemes that intersect between two politically different conurbations. Furthermore, Network Rail needs to support the proposal, but its line when people talk about expansion is normally, "Well, we will do it if we are asked to do it," but the organisation does not take a particularly pioneering view, even though it can often see a good case for one. To get the whole thing ready is extraordinarily problematic.

Mr. Eric Martlew (Carlisle) (Lab): I attended a meeting earlier this week at which there was discussion of the reinstatement of a line from Lewes to Uckfield. The hon. Member for Lewes (Norman Baker) was very interested in that. The reality is that Network Rail was asked to draw up the business case, and surely that would be the way forward. It will do the business case for people and then they can present it.

Dr. Pugh: It would be nice if Network Rail was always so obliging. Merseytravel is helping with the business case for the Burscough curve that I mentioned. We pursued that option because Network Rail did not seem as enthusiastic about the proposal. It did not suit its strategic objectives to the same extent as for Merseyrail.

The same problems occur when new carriages are wanted. There is an enormously convoluted and complex process. When rolling stock leasing companies were founded, they were management buy-outs. They were soon taken over by the banks simply because that was a safe way of making money. The banks have since found even safer ways of making money. *[Laughter.]* In the case of Angel Trains, Royal Bank of Scotland has sold out to Santander.

On the journey back to Liverpool that the Committee Chairman and I make on a regular basis, there are Pendolinos in which 75 per cent. of the passengers are squashed into 25 per cent. of the train because half of it is first class. Such a degree of idiocy would not exist in any ordinary well-managed or well-structured business. There is little excess stock. When the Secretary of State was talking about new stock and rail earlier, I used the words of the Committee report to ask what we would get in the north, particularly for the Northern franchise. His answer was that there was a general refreshing of stock. That is the answer I have received for years. It did not console me and will not excite my constituents.

My next comment might divide me from other hon. Members in the Chamber. There is a different frame of reference when anything in London is considered. I say that as a veteran of the Crossrail Committee. For years we listened to objections and to descriptions of the complicated engineering behind constructing a line below the most expensive real estate in the world. Despite that, there seems to be a classic business case for it. The same could be said of the Thames Gateway.

Things seem to happen in London. That can be argued for on two grounds. First, there is demand. Due to the buoyancy of the City, there was a case for getting the bankers from Heathrow to Canary Wharf even quicker—I am sure that is crucial for the economic welfare of society. However, the fundamental reason why we make the case for London so frequently is that so many people go to London; there is demand. But why do they go London? Because it is so damned difficult to get anywhere else. Anybody who goes on a cross-country train in this country has a disastrous, long, convoluted experience that they are not willing to repeat.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I have a lot of sympathy for the points made by the hon. Gentleman. As the MP in the room with the most northern constituency, I too recognise the importance of improving rail links to London for the entire UK. Does the hon. Gentleman accept that the subject is a good example of the need for the nations of the UK to work together? The Barnett formula does not take account of expenditure on things such as Crossrail. Such things must be taken into account when people talk rather too rapidly about defects in the Barnett formula.

Dr. Pugh: I agree that we should look at things in the round. Our rail network is set up so that almost all lines go to London. To get to the most peculiar places,

[Dr. Pugh]

people must go into London and out again. That is not typical of other European countries and it is not at all sane.

Crossrail has £15 billion of funding, including £5 billion guaranteed by the Government. That is in a different league. Just think what constituencies in any other part of the UK could do with the small change from that. The tea money for the builders would accommodate various schemes up and down the country. The Olive Mount chord in Liverpool is a classic case, where the aim was to get freight off the docks quickly. We had to struggle to put that in place. I do not believe that would have happened in Tilbury. It did not require an enormous public subsidy, but it took a long time to do it.

I am sure that the Committee Chairman will agree with my views about some of the Liverpool stations. To be honest, the main nodal station—where I shall be this evening at about 10.30 if I manage to get the train back—is an appalling dump. However, the Office of the Rail Regulator and Network Rail both say that it is not a priority and that there is no funding, even though Liverpool is the capital of culture and that is the main intersection. I do not believe that situation would prevail were the station in London.

I accept that rail is expensive. Under the structure we have, it is more expensive than necessary. Despite large sums of money being paid, some companies are not in profit. I was surprised at the Committee Chairman's comments on what the train operating companies told the Public Accounts Committee about their financial situation because I sat on that Committee and we were sworn to secrecy on those very data. I did not think that information had seen the light of day, but clearly it has.

There is a hidden subsidy with rail travel. However, there is a hidden subsidy for private transport for things such as roads and lights. Private transport also has environmental costs and congestion brings further financial and commercial costs. If all those factors are added up, there is a case for subsidised, effective railways. There is common ground on that, but I would go further. We will not get the right mix or a result that satisfies many people in this country if a centralised, London-centric view is taken of the transport network. I am aware that some people in the Department for Transport will shake their heads wisely and sadly, thinking that I am naive and wrong. However, there is no evidence from the last 10, 20 or 30 years that people in the Department for Transport have got the railways right at all.

2.56 pm

Graham Stringer (Manchester, Blackley) (Lab): May I do something that I have never before done in this House, Sir Nicholas? I apologise to hon. Members that owing to a prior commitment, I will have to leave before the end of the debate.

When the Select Committee considered the White Paper and the Government response to the report, there were conflicting sets of statistics on the railways. One set was put out freely and regularly by the Government, because it makes a good case; they were less keen to publicise the other set.

The good story is very good indeed. Over the past 17 years, passenger journeys have risen by 52 per cent. and passenger miles by 47 per cent. to their highest numbers since 1945. Those who use the west coast main line will know that it has become more reliable and faster, and the trains are better. We have benefited from £8.5 billion-worth of investment. The public performance measures of 89.9 per cent. are the best since those measures were introduced. We hear statements about such things from Ministers regularly. Today, the Secretary of State announced investment in rolling stock for the west country and the east coast main line.

The other set of statistics shows that we have the highest fares in Europe at twice the level of German fares and four times that of Italian fares. Whether comparing standard fares, which used to be known as second-class fares, or first-class fares, the ratios are about the same. To put that in context, a first-class rail fare from Manchester to London would buy an air ticket to Singapore or any European capital. That is extraordinary. A standard second-class fare would buy a flight to most European capitals from Manchester airport. That puts into context the high level of fares. As my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) mentioned, they are still increasing above the rate of inflation. That is not surprising because it is Government policy to transfer the burden of transport from the taxpayer to the fare payer. Unless there is a change of policy, that will get worse.

I mentioned that the west coast main line is now excellent. I have not checked every route, but on the rest of the Northern rail system the timetables are slower than when Gladstone was MP for South Lancashire, which is part of Manchester. In some cases, routes are slower by factors of 30 or 40 per cent. It is easier, as suggested by the hon. Member for Southport (Dr. Pugh), and sometimes quicker, to get from Doncaster to London than from Doncaster to Manchester. That is an extraordinary state of affairs. Some statements indicate that that might change, but the White Paper makes no plans for electrification or high-speed rail.

The Committee feelings about the White Paper are best summed up by Brian Cook, a witness from London, who said that the proposals to cater for the increase in demand between now and 2014 would not relieve the overcrowding; the extra capacity would provide only for the extra passengers. We agreed. As my hon. Friend the Member for Liverpool, Riverside said, the Government's response, particularly for the period after 2014, for which they are trying to put some structure into their proposals, was overcautious and not integrated, and its ambitions were modest.

How and why were they modest? The Government will invest the money where there are overcrowding problems on trains. As I said to my hon. Friend the Minister yesterday at the Transport Committee sitting, that is a profoundly reactionary policy. It means that investment in transport will go only where investment has already been made. In this country, that means London and the south-east. Whether in aviation, roads, trains or light rail, investment in new transport links has a dynamic impact. That vision is what the Government missed in the White Paper, particularly for the period after 2014.

Paul Truswell (Pudsey) (Lab): Before my hon. Friend moves on from that point, does he accept that overcrowding in some parts of the country, such as West Yorkshire and my constituency, matches that found in the south-east? Some of us cannot follow him all the way down the route that he is taking.

Graham Stringer: I agree with my hon. Friend. In fact, the rate of increase in overcrowding on commuter trains into Leeds, Manchester and Birmingham has been growing at twice the rate in London. However, despite that fact, the investment will go to the south-east. The first 1,100 new carriages will end up in this region. That is why I say that the policy is reactionary. We should consider the hard-headed figures; what we used to call pounds, shillings and pence but is now usually billions of pounds. Every candidate in the London mayoral election boasted of the £40 billion that would be invested in the London system—Crossrail, Thameslink, the new links to the Olympics and the PPP scheme for the tube. The total being invested in transport in Newcastle, Liverpool, Manchester, Birmingham and Leeds would come to only a small percentage of that.

Dr. Pugh: To reinforce that point, a sane way of replacing carriages—we applaud the decision on the new carriages—would be to replace the oldest first: to look around the country, find out where the oldest ones were and take them off the rails as quickly as possible. That is clearly not the strategy, though, is it?

Graham Stringer: It is not. It would be a good strategy, as it would stimulate industry and the economy as well as improving the transport infrastructure.

One can imagine how aggravated we were—irritated is probably a more accurate word—when, after the final announcement was made in October 2007 of the investment in Thameslink, it was announced there would be another study into the Manchester hub. I have lost count of the number of studies there have been. I am not cynical about Ministers coming to Manchester to make an announcement about a study when the huge amounts of investment in Thameslink had been announced; nevertheless, it was a cynical move.

Previous studies on the Manchester hub have shown what the problem is. It is a question of taking a decision on how to deal with it. There are 11 lines coming into Manchester Piccadilly, and investment in extra capacity is needed, either by putting extra lines above platforms 13 and 14 or putting in extra curves. The capacity problem can be solved. It will be an expensive business, but it will cost only a fraction of the money invested in the south-east. We should be getting on with the job.

Jeremy Corbyn (Islington, North) (Lab): I agree with my hon. Friend that it is not a question of taking money from London and the south-east and putting it somewhere else. His case for there being proper investment in rail networks in the north-west and other parts of the country is well made and should be supported. It is not a question of taking from London but of putting money into the whole rail network. He was right to say that the argument made at the time of Beeching was that everything should be London-centric. That, among other factors, is where Beeching was wholly wrong.

Graham Stringer: My hon. Friend makes a good point, but he cannot help it if those from the north gaze rather enviously at the investment being made in the south-east.

I believe that we should get on with the Manchester hub. Although it is called the Manchester hub, to take those bottlenecks out of the system will help to deal with congestion in Yorkshire, Cumbria, Lancashire and the midlands. It will enhance the entire railway system.

I have some specific questions for my hon. Friend the Minister. I cannot make out from the high-level output specification whether the enhancements to Manchester Victoria station, and Salford Central and Salford Crescent stations, which form the simple part of the Manchester hub scheme, will take place in the specified period.

We heard a great deal about aged rolling stock from the hon. Member for Southport. When work starts on the Metrolink, on the Oldham and Rochdale line in north Manchester later this year, I seek a guarantee that there will be no loss of capacity or of carriages and rolling stock from the Greater Manchester area. We have been told that the Department for Transport has decided that even if the rolling stock on that route is not taken away but put on the Bolton line, other rolling stock would be taken away, yet Bolton MPs tell me that the commute from Bolton is shocking and that passengers cannot board the trains.

I refer again to the Transport Committee's discussion yesterday with my hon. Friend the Minister. That took us back to the debate on investment in the north and the south. I understood my hon. Friend to say that I was wrong when I spoke of a per capita expenditure on transport in London and the regions, so I checked London's figure against those for the Manchester area for 2007-08. London's figure was £667; Manchester's was £292; and for the north-east it was £244.

I accept—I wish I did not have to—that London is the capital city and that when it comes to education, health and transport, London has greater cost and that it will cost more to invest there. However, over the past 10 years, the gap in expenditure on transport in the regions and London has grown. As a Labour Government have brought overall expenditure up, in education and health it has risen at more or less the same rate, but in transport it has not. The gap has got wider.

We are now in many ways at a more interesting time in the history of railways than we have seen in the past 20 years. There are fantastic passenger figures, and the team of Ministers at the Department for Transport shows real imagination and vision, with talk of bringing in high-speed trains, which virtually every Secretary of State since we had a Labour Government has ruled out, and about electrification. That is to be welcomed. However, we are also hitting a recession, and I have some questions for my hon. Friend the Minister.

After the Public Accounts Committee hearings the Select Committee heard again from the train operating companies that the Department has given red lights to five train operating companies. I should like my hon. Friend to tell us, either at the end of the debate or in writing, what criteria are used for giving red, amber and green lights to the train operating companies. I should also like to know—as I am sure other hon. Members would—what action he will take if the companies fail in their franchises. They have been circulating papers around the train operating companies saying that for their failure they want to be released from their obligations on fares—to be able to put them up higher than they would under the RPI plus 1 formula, which I think is what is used. They want to cut carriages and they want to run the franchise on a completely different basis.

[Graham Stringer]

I do not know what my hon. Friend will say, but my advice to him is that if those franchises fail he should seriously think about putting in a publicly owned operator of last resort, so that within the rail system we can compare what a publicly owned train company would do, given that in providing a good service it would not have to make the excessive profits that some of the main transport companies have made. If he cannot do that, if the train operating companies default on their payments, and if he allows them to continue running those franchises—it is a question of billions of pounds, including a £1 billion payment expected from South West Trains and £1.25 billion, I think, expected from the eastern line franchise—the taxpayer, the public and the Government should get an equivalent stake in the equity of those companies for that failure, so that there is real public ownership.

Will my hon. Friend name the five companies that have been given a red light? It is claimed that that is commercially sensitive information, but the knowledge that there are five such companies is potentially damaging to all the train companies. It would be helpful, from the point of view of democratic accountability, as well as commercially, if we knew which companies were in trouble, and against which criteria.

Just under 10 years ago I took part in a debate in the House with Teddy Taylor, who was then the Member of Parliament for Rochford and Southend, East. We were arguing about the original privatisation of the railway. My contention was that the railways had been sold too cheaply and the public purse had been cheated. He argued that although that might be the case, the railways would cost the public sector nothing after 2000. There is about £25 billion of public debt on Network Rail's balance sheet. The privatisation has cost the public purse a great deal of money. We need to make two decisions: first, to acknowledge that the public sector would probably be better at running the railway; and secondly, that the governance of Network Rail, by which its board in effect chooses its shareholders, to whom it is accountable, should be changed. I can think of no other structure or organisation that is set up on that basis. The £20 billion of debt locked up there—which is our debt, as representatives of the taxpayers—should give us all the more control, as far as starting to have a publicly owned railway.

The report that we are debating is the second major report on the railways by the Committee in four years. The first was called "The Future of the Railway". Its conclusion was that the structure of the railway at the time was "not fit for purpose". There has been some slight change. Network Rail is better than Railtrack and the Strategic Rail Authority has gone; but there is nothing in the operation of the railways in their fragmented form that makes them fit for purpose now. More public sector control would make a better railway system.

Sir Nicholas Winterton (in the Chair): A lot of hon. Members want to speak, and I hope to include them all. There are also the Front-Bench spokesmen and on a major debate such as this I like to give the Minister a quarter of an hour to reply, so I hope that hon. Members will be disciplined in their remarks.

3.17 pm

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I shall certainly try to follow your injunction, Sir Nicholas. I congratulate the Select Committee on its report, which makes some very pointed comments, and the Department on the White Paper. It has many good points, and we will all welcome today's announcement, which shows a clear wish to start to deliver on the 30-year strategy.

Inevitably, in a debate such as this, it is tempting to concentrate on one's own constituency shopping list. That is not a habit that I intend to break entirely today; I shall come to my shopping list in a second. However, as many rail issues are devolved, I shall deal only with those that are dealt with UK-wide. That will also allow me to deal with some of the broader policy issues behind the report and the White Paper.

To take the local dimension, long-distance rail is particularly important for my seat of Edinburgh, and for many parts of Scotland. It is important for Edinburgh because of the essential role that a good long-distance rail service plays in the tourism industry. In the current climate, it is more important for tourists to be able to get good fast rail access from the south to Edinburgh and elsewhere in Scotland and the north. It is important for business and for the many people with private reasons for travel, including study or visiting their families. That is one reason why I reiterate my welcome for today's announcement about the new faster trains, which will benefit the east coast main line when they come into operation.

As I mentioned in my comments on the statement earlier today, the new rolling stock allows opportunities for faster journeys between Edinburgh and other places on the east coast main line and London. That is essential if we are to have the full advantage of the new rolling stock. Those of us who travel on the line know that average train times have increased, not decreased, over the past 20 years. With relatively small improvements in tracks and in the lay-out at key pinch points, the new rolling stock will allow for considerable improvements in train times, which will be important for existing travellers and in attracting travellers to rail from air and road travel.

For Edinburgh, and anywhere else north of London, the long-term prize will be the development of high-speed networks, which is why I welcome the commitment in the White Paper to that network and the recognition that building separate lines, rather than forcing very high-speed networks on to existing lines, is the way forward. Having said that, there are still things that we can do in the medium term to improve long-distance rail lines. We should not lose sight of those possibilities as well.

Mr. Martlew: In an intervention, my hon. Friend mentioned the Barnett formula. After a high-speed line reaches Carlisle and enters Scotland, whether on its way to Glasgow or Edinburgh, how is it funded? Are they UK funds or do they come from the Scottish Parliament?

Mark Lazarowicz: If I have time, I shall try to deal with that question, although I suspect that it is more for the Minister to answer—I am sure that he looks forward to doing so.

We need not only faster journey times, but more frequent and later journeys—for example, the last train from London to north of Newcastle leaves at 6 o'clock, which is not useful for many people, especially Members of Parliament. Faster journey times are important, but we should not have to wait for high-speed lines from London to Edinburgh, or to Carlisle on the way to Edinburgh—should that route be chosen.

Even without faster journeys, however, we can make full use of possible improvements in the rail system. For example, better use needs to be made of the trains themselves. My hon. Friend the Member for Manchester, Blackley (Graham Stringer) was right to compare UK fare levels with those in many continental European countries. Current UK fare levels with not result in the desired shift to the rail network. When that point is raised with Ministers, reference is made to the fact that if they are booked well in advance, very cheap train tickets for long journeys can be obtained, which is true. However, sometimes, particularly for journeys booked at short notice, it is much cheaper to fly than to travel by train. Bizarrely, trains will sometimes have many empty seats, even though tickets were being sold at the full price a few days before. At the very least, that suggests that the system for selling tickets is not flexible or efficient—compare that with some budget airlines where prices very much depend on the number of available seats. There is something wrong with the way that those train tickets are being sold, which needs to be addressed by the Government and those responsible for regulating the industry.

A point was made about the improvements on the west coast main line. The Government deserve credit for the £10 billion—I think—invested in bringing that line up to standard, which has already brought many benefits south and north of the line. My hon. Friend the Member for Manchester, Blackley mentioned local services such as Doncaster to Manchester. One of the difficulties with the west coast main line is that we do not make full use of the opportunity to provide improved and faster services on routes from Edinburgh—although this is true generally of central Scotland—along the west coast to places and cities in north-west England and the west midlands. It is true that services on the east coast main line are generally good and fast—although I would welcome further improvements—but on the west coast main line, despite many fast services from Glasgow southwards, few direct services from Edinburgh are provided. Where direct services are provided, times are unacceptable—it normally takes longer to get from Edinburgh to Birmingham than from Edinburgh to London, and it takes almost as long to get from Edinburgh to Manchester as from Edinburgh to London. It is not possible to get a direct train from Edinburgh to Liverpool: if unlucky, one might be sent on a 10 or 15-minute walk across Wigan to catch a connecting train. Very few train services run from Edinburgh to Leeds.

My story about Edinburgh could be told of other services from elsewhere in Scotland. As my hon. Friend pointed out, that represents a phenomenon that might apply to other parts of the country. Furthermore, such services, of course, compete with air services. For all sorts of reasons, it should not be attractive to anyone or necessary to undertake a journey from Edinburgh to Liverpool, Manchester, Leeds or Bradford by plane, yet many people have no alternative but to do so, because the rail services are not provided.

There is a gap in the focus of the Government and, to some extent, of members of the Select Committee. I wonder whether that relates to some of the points raised by my hon. Friend the Member for Carlisle (Mr. Martlew) about the way in which rail policy in England is integrated with cross-border services, which I believe remain a reserved responsibility of the UK Government. Rail in Scotland, including the sleeper services, is devolved, which I am in favour of. However, cross-border services throughout the UK are not given as much attention as they should in regulation by the UK Government. It is time for that attention to change.

I shall give one or two brief examples of how that attitude is reflected in the White Paper. Page 17 contains a map of England and Wales. It reads:

"England and Wales have a well-developed network of strategic roads and rail links".

However, it does not go north of the border, which to a degree reflects the focus of the report. Someone may rightly point out that other maps in the White Paper show the whole of the Great Britain and its rail services—but they would be proving my point. For example, page 61 contains a map showing inter-urban service loading levels over future years. The lines from Edinburgh to Liverpool and Manchester and Leeds do not even appear. That reflects the kind of thinking that lies, in some places, behind the report.

Page 21 of the White Paper states rightly:

"With certain exceptions...rail policy is a devolved matter in Scotland".

The next paragraph reads:

"The Government believes that the issues and trends raised in this strategy have important linkages with Scotland"

and that on them they should

"work closely with the devolved administrations".

That is true, but there is a danger in abdicating responsibility for Great Britain-wide services, when in fact there is a UK Government responsibility in such areas. I recognise much good in the White Paper. I am very enthusiastic about this morning's announcement, and I recognise what has been done on the west coast main line. However, we need to consider cross-border services, and services in the central belt to the central and northern England region. These are major conurbations, not just small centres of population and they need more attention in the rail strategy.

There may be a lack of focus because the two Administrations differ over the way in which they apportion responsibility for rail services. Services that run throughout Great Britain are the responsibility of the UK Government. Clearly, there must be co-operation between the Scottish and UK Governments. As someone who sees the benefits of a United Kingdom as opposed to those with a nationalist bent, I believe that we must address the issues across the UK. Will the Minister tell us how he will work with the Scottish Government to ensure that we address the UK-wide issues, the most important of which is how we can fund high-speed lines north of the border? I would have thought that because such a scheme is a UK-wide responsibility, it should be a UK-wide issue. Just as I was happy to see the funding for Crossrail provided from the UK purse, I hope that my colleagues further south will also be happy to see rail services throughout the UK also being funded from the UK purse.

3.31 pm

Jeremy Corbyn (Islington, North) (Lab): I welcome the debate and the discussions that we are having. Before I go into my own speech, I want to put on record the fact that many of us spent years under the previous Government opposing rail privatisation and continual rail cutbacks and closures. Since the Labour Government came into power in 1997, there has been a pro-rail strategy as a whole, which is sometimes all too easily forgotten. We should remember the miserable period of privatisation and what went on before that. This debate is important because it gives us the opportunity to look towards a better rail strategy for the future. In that sense, I welcome the work of the Select Committee and what it is trying to do.

A number of hon. Members—not from London—have spoken with great envy about investments in London. I can understand that, and I have sympathy with their position. The problem with the rail network goes back to its original development, which was essentially about building main lines from London to the rest of the UK. It was compounded by the enormous Beeching cuts in the 1960s. Essentially, Richard Beeching called for the preservation of the most viable sections of the railway, which were London, the south-east and the south coast commuter belt, and implied that the rest of the country should go hang itself. Later, scorched earth policies were developed within Departments, which included the extreme proposal to close all railways north of Birmingham, and we are still living with that. I hope that the Minister will give us some good news on the issue of major investments in essential railway hubs, such as Birmingham, Manchester and Newcastle, and in overall rail developments.

I have a couple of general points concerning the overall financial strategy for the railways. As I have said, I welcome investment in the rail network. It is important and has long been needed. Essentially, we are catching up on the levels of inveistment that have already happened in most western European economies. Germany, Belgium, the Netherlands and France have all invested far more in railways and have a far better rail system as a result. Nobody has adopted the model that we have in this country, which is one of pouring public money into the infrastructure and then franchising the rail operations out to particular companies, which then make large profits out of it. When they get into difficulties they come to us as the taxpayers' representatives to bail them out even more. I find it utterly astonishing that after having signed up for lucrative contracts, some of those companies have the brass neck to expect the public to bail them out during an economic downturn. As my hon. Friends said, now is the time to consider having public ownership of not just Network Rail but the franchises as they come up for renewal, so that we, as the public purse, get the benefits of them and are able better to control what they do.

On 27 January, the Secretary of State was sent a letter, which was signed by all three rail unions—ASLEF, the National Union of Rail, Maritime and Transport Workers and the Transport Salaried Staffs Association. The unions talked about the loss of jobs in the railways. They called for the creation of jobs through major infrastructure projects, which was mentioned in the Prime Minister's jobs summit. The letter says:

> "Against this background it is therefore astonishing that the rail industry, which is heavily dependent on taxpayers' subsidy and based on a number of contractual relationships with Government, is being allowed to announce widespread jobs losses and is making strategic decisions which will result in further job losses. It appears that in effect the Government is subsidising redundancies in almost every sector of the rail industry."

The letter then outlines a number of concerns. It says that

> "in the name of efficiency savings Network Rail are cutting the frequency of track inspections and routine signals maintenance."

The unions said that they were deeply concerned with the reduction in renewals work and the cumulative effect that that would have. They said:

> "We fear conditions are being created which could lead to another Hatfield, Potters Bar or Grayrigg."

They then ask why, if they are putting all this public money into the railway system, they are not getting a return on it.

Then there is the issue of the large increases in rail fares. The companies that are increasing fares to raise money for investment are also turning in quite astonishing profits. For example, Arriva's operating profit in the six months to June 2008 was £14.8 million, and its interim dividend was up 10 per cent. FirstGroup's profit in the six months up to September 2008 was £48 million, and its interim dividend was up 10 per cent., in which it paid out £55 million in dividends. Go-Ahead Group's operating profits in the 12 months to June 2008 was £77 million, and £48 million was paid out in dividends. National Express turned in £28 million profits in six months and paid out £40 million in dividends. Stagecoach turned in £31 million in profit and a 33 per cent. increase in dividends and £29 million was paid out in equity dividend at the time. Those are serious issues. If the rail companies are to be allowed to get away with putting up their fares to this level, we should be in a position to control what they do and the level of profit that they pay out, which is clearly not going into investment.

Stephen Hammond: The hon. Gentleman has read out the companies' operating profits and dividends. Will he tell us which franchises get a direct subsidy from the Government for operating? Does he not accept that the bulk of the subsidy from the Government goes into Network Rail?

Jeremy Corbyn: The bulk of the subsidy obviously goes into Network Rail, and a number of the franchisees get direct subsidies for particular services at particular times. My concern is that we are putting in a vast amount of public money for which we are not getting the best return.

Mr. Marllew: Is not the point that has been made spurious, to the extent that if the money did not go into Network Rail, the Government would charge the companies a lot more for running on the track?

Jeremy Corbyn: My hon. Friend is absolutely correct. He is thinking of the enormous public investment that has gone into west coast main line and east coast main line and all the other infrastructure developments. That should be seen not as dead money but a good investment in creating both jobs and work and a good transport infrastructure. If such transport infrastructures then

run profitably, the public should benefit from the profit, which is the whole issue about public investment and public development.

The report mentions the new north-south high speed line, which I strongly support. Although it will require a huge amount of investment, it should not stop in the midlands; it needs to go much further and include a link to Scotland because that will help to improve rail links throughout the country. I also want the Minister to address the issue of the reopening of various lines. The Scottish Parliament and the Welsh Assembly have a very good record of successfully reopening a number of branch lines, such as Bathgate and part of the Waverley line in Scotland and a number of links in south Wales. They are very welcome, and well done to them for doing it. In most cases, they have been successful. When campaigns in England to preserve and reopen lines have been successful, the lines have by and large been very profitable and brought a lot more people into rail usage. I remember the great campaigns to prevent the closure of lines in England that eventually became successful.

However, some short bits of line could be reopened to improve east-west freight and passenger usage, and thereby the development of an east-west corridor. Railfuture mounted a campaign for the reopening of various sections of the east-west line to provide a good link from the east coast to Oxford, and from there to the west country. That mainly requires the reopening of the disused Bletchley to Bicester link, which would not be particularly expensive. The track bed is there and, indeed, the line has never been closed. I hope that the Minister tells us that the idea is further forward and that there is a plan to develop an east-west link, and that he will not simply say that he is looking at the potential of another business case. Reopening the line will help to bypass London, improve cross-country rail links, and take a lot more freight off the roads and on to the railways where it ought to be. It would not be particularly difficult, and I hope that we get some good news about it.

I am a bit nervous about raising the issue of London's railway systems in this company, but I am prepared to be bold on this occasion. There seems to be some difficulties in the relationship between Network Rail and Transport for London on the development of London Overground. In some cases, much needed investment does not happen because it is not clear who is ultimately responsible for it. I hope the Minister will give us some good news on that.

On the operation of the franchise companies, First Capital Connect, which essentially runs commuter services in and out of London, has just announced that it is going to close a lot of ticket offices and take staff out of stations. It will cut opening hours altogether at 47 ticket offices and, according to the TSSA, reduce opening time by 500 hours between Monday and Friday. That means that my constituents who use Finsbury Park or Drayton Park stations, for example, will find that there is a shortage of ticket sellers—presumably, there will be less inspection too—so they will be totally reliant on machinery to buy tickets, and to enter and leave the station. Consequently, they will confront the very serious safety issue of unstaffed stations, particularly in the evenings. I recognise that staffing stations incurs a cost, but there are two very big costs incurred by not staffing stations: first, increased crime; secondly, fewer people will use the trains because they do not feel safe on them.

Stephen Hammond: I absolutely support what the hon. Gentleman is saying because I have exactly the same problem in my constituency. It might surprise him to hear that I was due to have my photo taken with TSSA officials last week at Haydons Road station because of the closing times there. I am sure that many people, including my constituents, welcomed Lord Adonis's intervention to stop South West Trains closing station ticket offices, but I am afraid that using the same criterion could be Trojan horse for more closures. Apparently, the criterion that has been given to South West Trains is that ticket offices must have more than 12 transactions per hour or he will allow them to close later in the year.

Jeremy Corbyn: I agree with the hon. Gentleman on that and hope that he can sign early-day motion 580 on First Capital Connect. Clearly, there needs to be a lot of pressure from constituency MPs on the company to protect those jobs and the safety of those stations. The loss of the staff positions and the associated danger is very serious.

I hope that First Capital Connect will also be more imaginative about station development. I have just received a letter from the company about the future of Drayton Park station. The station is almost within the curtilage of the Emirates stadium in my constituency but, apparently, there is no rational business case for the development of the station. It is closed on match days to ensure that no one can use it, which many people find slightly absurd, to put it mildly. The company needs a bit more imagination in its operations and how it wishes to develop its interests.

I shall make my final two points briefly because other hon. Members want to contribute to the debate. The first point is on the development and electrification of London Overground. Network Rail has just announced that it is putting £326 million into the upgrading of London Overground—I received a letter from the company yesterday. London Overground essentially runs services as an arm of TfL. I will welcome the improvements in the services, tracks, points and signalling and all that goes with it, and the development of a truly integrated transport system around London. However, I hope that the Minister will give me some good news on the electrification of the Barking to Gospel Oak section of the north London line, which I raised in an early-day motion and in meetings with him. That would mean that the trains could use the rest of the north London line, and make it possible to use the track as a freight bypass route. Freight bypass traffic cannot use that section of the line without changing locomotives from electric to diesel at either end of the section. That is a very inefficient way of running the railway. Investment in the electrification of that stretch of line would have enormous benefits. If the Minister cannot give me some good news on that today, I hope that he will write to me in future about it.

My second point is a constituency point, but it says something about the integration of transport in London. Various hon. Members have unkindly said that there could not be a dirty station in London because it would get sorted out straight away. Sadly, that argument simply does not apply: I live in Finsbury Park, and I use Finsbury Park station almost every day, and it is a mess. It is badly laid out and designed. It has been the subject of competing interests between bus companies, Railtrack,

[Jeremy Corbyn]

Network Rail, several rail franchises, TfL and London Underground. Nobody can agree what to do. Every time we get three ducks in a row, one falls off and another appears, so we never get agreement on undertaking the necessary overall improvements.

Sadly, one of the first things that the new Mayor of London did was to cancel the previous Mayor's plan to introduce step-free access for the whole station, which I think is outrageous. The station needs a full refurbishment. It needs lift access between the underground, street and main line levels. That would improve things and make the station safer. Plans have been developed endlessly, and some in TfL have worked very hard on them. I would be grateful if the Minister intervened. He could hand the whole station over to TfL to manage, administer and develop rather than endure the endless, futile argument between Network Rail and TfL, and make the station as decent and safe as it ought to be. It is a very busy suburban interchange station. We need to show that we are capable of running an effective integrated transport system in this country.

We have the potential for a brilliant rail system in this country. It needs investment, not for money to be taken out of it by franchise operations. That money should be invested in better services and better conditions on our railways.

3.48 pm

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): My background in further education taught me that it is always better to start with the positives before moving on to the negatives. It has to be acknowledged that the Labour Government have invested quite heavily in Sheffield's railway station. We now have one of the most wonderful station forecourts in the country, there are wonderful new public spaces in front of the station, and the old Victorian structures have been restored.

Every Sheffield MP is delighted that the city is potentially one of the three places where new trains will be built. Not many people realise that Sheffield has a grand history of producing railway components. My great-grandfather worked at Steel, Peech and Tozer, which specialised in railway components, as well as on the building of the great Bolivian railway during the first world war. We might reconnect with our great historical past if we win the contract and the right to build the new trains. Everybody in Sheffield is excited about that.

However, there are negatives to our current situation. I have three points to make in reference to the report. First, the ambition in the White Paper is far too modest, although I acknowledge that things might have moved on since then, and I would like to explore the matter further. Secondly, I would like to respond to the point made by my hon. Friend the Member for Manchester, Blackley (Graham Stringer) that, far too often, we are seen to respond to demand with just-in-time investments, ignoring the potential of new investment to reduce regional disparities.

Thirdly, we need to invest in a bold plan to develop infrastructure and support the spatial economic development of the whole country. I will press for quick decisions on that because, as the Minister will be aware, such things take decades to plan, develop and complete. The north and Scotland in particular cannot wait any longer for positive decisions on the future of our railways.

In terms of the ambition in the White Paper, the Government have announced since its publication the potential for High Speed 2, with investment in a new west coast line. Clearly, that is to be welcomed. I join the Chairman of the Transport Committee, my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), in pressing the Minister for clarity and direction on those plans and some idea of when a decision will be taken.

I press the case for adding a new trans-Pennine link to the first phase of High Speed 2. One already exists, and everybody here who knows me will know my views on building on existing rail routes to reopen the trans-Pennine link. We could do it easily. My hon. Friend the Member for Islington, North (Jeremy Corbyn) made the case for reopening old railway lines. It is relatively cheap and much less damaging environmentally than building new lines. The old Woodhead rail line from Sheffield to Manchester could easily fulfil the criteria. It must be remembered that it was not Beeching who closed the Woodhead rail route; it was the Tory Government in 1981.

Another issue is electrification. There are some tempting suggestions on the table to electrify the midland main line. I am quite open about the fact that Sheffield would be the main beneficiary. It is England's fourth largest city and only 165 miles from London, yet it still takes more than two and a quarter hours to get from Sheffield to London. Sheffield is still a major manufacturing centre and is important to the economy. The electrification of the midland main line and all that that would bring—not just for Sheffield but for Leicester, Nottingham, Derby and all the towns further on in the east midlands, such as Northampton, Kettering and so on—would be important for all of us. I know that First Great Western is pressing for electrification on its other lines too. I would like to see them all electrified, but I will of course press the case for the midland main line in particular. It would help to reduce the regional disparities to which my hon. Friend the Member for Manchester, Blackley referred.

Another point about the trans-Pennine link is that the Woodhead rail route is used at the moment by the National Grid Company. The two old Victorian tunnels, as I have said in previous debates, are used by National Grid to supply power to the north-west. It proposes to move its cables from the Victorian tunnels to the 1953 tunnel. If it does, there is a risk that we will lose the use of that line for ever for railways.

I am pleased that the Select Committee report makes it clear that we should not allow such current uses—excuse the pun—for old railway lines, as it shuts off for ever the possibility of reusing that old capacity. Will the Minister reiterate the commitment made by the previous Minister, my right hon. Friend the Member for Doncaster, Central (Ms Winterton), to ensure that the tunnels on the Woodhead rail route are properly maintained until a decision can be made on whether to reopen it? It is incredibly important for those of us who live in the north—not just in Sheffield but in Leeds, Manchester and Newcastle as well—because we would all benefit from a trans-Pennine link.

My second point concerns the tendency to be reactive when it comes to investment in the railways. We need to learn to be proactive in creating infrastructure to help

to drive sustainable economic growth. We as a Government have talked a lot recently about rebalancing the economy by moving away from the reliance on financial services that has brought us such disaster, expanding our manufacturing base for the future and exploiting the growth of new green technologies to ensure that we are more sustainably prosperous in future. However, we also need to consider rebalancing the economy in terms of a shift from the south-east and London to elsewhere.

It is critical to remember that the north has a population of 14.5 million, which is equivalent to a medium-sized European country such as Sweden. I have made this point in previous debates. The north has a large internal market with an economy worth more than £200 billion. It is a major economic player. The Northern Way, a group of regional development agencies, has pointed out that potential demand to move containers from the ports of the north and across the Pennines exceeds what the railway network can accommodate.

It has been said that Immingham alone carries 20 per cent. of the in and out freight traffic of the United Kingdom. When that is combined with Hull and Grimsby, anybody can recognise the importance of the Humber estuary to the country's economy and the economy of the north. From that perspective, the £30 billion gap in the economic capacity of the north compared with that of the south-east and London is fairly incredible. We need to do something about it.

Yet there has been a significant differential between investment in transport infrastructure in the north and in the south-east, as my hon. Friend the Member for Manchester, Blackley said. The Crossrail investment in projects is estimated at £175 million, in stark contrast with investment in northern rail projects such as the Manchester hub. At the moment, as he said, it amounts to Department for Transport officer time only. We are nowhere near to resolving the Manchester hub problem. I support what was said about that resolution being important to every single city and town in the north, not just Manchester. I reiterate the importance of resolving that problem immediately, or as soon as possible. It is also true that the age profile and relatively poor condition of rolling stock in the northern rail franchise has not attracted the same level of investment as in the south-east. Northern Rail has received no new carriages since 2004. Clearly, something needs to be done.

Professor David Begg, a respected academic in the transport field, has said on behalf of Northern Way that the north always underperforms when it comes to fighting and lobbying for the level of investment necessary. I apologise to my hon. Friend the Member for Islington, North, who represents a London seat, but High Speed 1 and Crossrail are both London-based, south-east-based and connected with France. When it comes to High Speed 2 and a Crossrail for the north—the trans-Pennine link for which I am fighting—Professor Begg would say that we in the north need to fight hard for it. That is what we are doing today. We need a level playing field in terms of investment in infrastructure for the south and north.

This is not just about closing the £30 billion gap between the north and south; it is also about ensuring that we connect the economy of the north more successfully. The agglomeration benefits of bringing the businesses of the north closer together and allowing them to benefit from more accessible, concrete transport connections cannot be overestimated. However, we can do that only if we have a coherent transport system that enables businesses to flourish beyond what tends to be their current limit of expansion, which is their city-region boundary. We have eight city-regions in the north, or we would have if they were given formal status. Businesses need to reach out beyond their city-region bases and to connect more widely. The rail transport network is an essential part of that process.

We need to develop a bold plan for railway infrastructure. As I said earlier, we also need to remember the importance of dealing with pinch points, electrification and High Speed 2. We need to connect Heathrow and the south-east to the midlands and the north. However, over and above all those considerations, we need to connect the north itself. We also need to think about high-speed rail capacity for the east coast main line.

The point has been made that, if we are to close the £30 billion gap between the north and the south, we need to think about a high-speed rail network that runs up and down the east and west of the country and that is also connected in the north. That is the vision of the Northern Way group and the vision that is right for the country. The immediate benefits of realising that vision would be worth £10 billion to the northern economy and there would also be benefits for the south-east. At the end of the day, London is still a major financial centre and to connect it to the north more successfully would create benefits for all.

Clearly the Government have a leading role to play in investing in our economic future. We talk about rebalancing the economy, about investing in skills and increasingly nowadays about investing in manufacturing, to ensure, as I said earlier, that we can exploit the low-carbon technologies that are developing and the opportunities that may arise with the development of a new generation of nuclear power plants. However controversial those plants may be, at the end of the day it is said that the UK could provide up to 80 per cent. of the components needed for them. We need to exploit digital technologies. However, if we are to do all those things, why on earth are we not investing in the transport infrastructure that would make it so much more likely that we can succeed in developing skills, manufacturing and our economic future?

The Government need to be bold. They were bold when they intervened to save the banks and when they stimulated the economy with their fiscal plans and their commitment to bringing forward public spending. However, what we are talking about today would be the big, bold investment that people in this country are longing for; it is the announcement that they want to hear. They want something to be positive about—an ambition to build the best integrated transport system in Europe. As far as I am concerned, nothing else will do.

Above anything else, including enhanced economic prosperity, I hope that such a system would achieve the modal shift from road to rail for which everybody in this country is now increasingly pressing. If we want to cut our carbon emissions while at the same time securing economic prosperity, we must make that modal shift from road to rail. It is no good building bypasses on the Woodhead in the Pennines as a way of simply encouraging more and more freight to go across mountain passes and on the M62. If we want to see the Humber estuary develop into one of the most successful port areas in the

[Ms Angela C. Smith]

country, importing and exporting freight, we must ensure that we have the rail capacity to enable us to exploit that increased movement of freight in and out of the country. It is absolutely critical that we do that. Otherwise, the system will not work; increasingly, the roads will clog up and we will never succeed in doing anything other than deterring economic investment, rather than increasing it. Socially, economically and environmentally, therefore, we must secure that modal shift from road to rail.

Let us give the people of this country the ambitious plans that we really need and the hope and the confidence that this Government can deliver strategically the support that the economy and our transport infrastructure need. It is not just about freight, but about getting people to work in the morning and getting them home at night.

I will finish by moving to a very local level. In Sheffield, there is only 15 per cent. capacity left on our roads. We need a better rail network. The journey between Sheffield and Manchester, and that between Sheffield and Leeds, are absolutely horrendous. As I said yesterday in the Select Committee, it takes an hour and a half to travel 40 miles from Sheffield to Manchester on the train—an hour and a half. In the 21st century, that is not good enough.

The Victorians knew how to solve that problem. They built the Woodhead railway. In 1981, the Tory Government closed it. Let us just hope that this Labour Government take us back to the Victorians and achieve what they achieved more than 100 years ago; I have faith in this Government's ability to do that.

4.5 pm

Mr. David Drew (Stroud) (Lab/Co-op): It is a delight to take part in this debate. Two colleagues also wish to take part, so I shall keep my remarks as brief as possible.

It is also a delight to follow my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith), who raised a plaintive cry for help from the Government. I do not come to seek help from the Government. I was able to talk to my hon. Friend the Minister yesterday—I shall refer to a particular case that we discussed. I think that the Government have already come to our aid, but I want to put on the record briefly how I think that that Government help can be delivered, to ensure that those of us from Gloucestershire go away from this debate on railway strategy somewhat happier than we were a few weeks ago.

I would just like to pay due regard to my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) and the excellent report that her Select Committee produced. It has given us every opportunity to say whatever we like about railways. Also, coming as it does hot on the heels of the Office of the Rail Regulator's rail strategy increased investment report, there is plenty of opportunity to say what we like and what we hope may happen in due course.

In passing, I draw my hon. Friend the Minister's attention to early-day motion 794, which is in my name and the names of a number of my hon. Friends. It refers to what my hon. Friend the Member for Islington, North (Jeremy Corbyn) was talking about earlier—some of the rail cuts in which Network Rail is indulging. Those of us who want to see the recession over as quickly as possible feel that that it is an adverse move on the part of Network Rail to be considering some reduction in expenditure, particularly in key areas such as maintenance and signalling. So I hope that my hon. Friend the Minister will have some good news about that, to put Network Rail back on the straight and narrow so that we do not give the wrong signals—no pun intended—and to ensure that we invest in this area and so that investment is not just of the longer-term variety but of the immediate variety too.

My hon. Friend the Member for Luton, North (Kelvin Hopkins) is not here, but if he were I am sure that he would have spent quite a lot of time talking about rail freight. As far as I am concerned, he is Parliament's greatest advocate of the need to invest in rail freight. He would want me to say that, although this debate is not principally about that issue, promoting the shift of freight from road to rail is something that this Government have really tried to do. However, anything that we could do to encourage that process should be happening at this important time, not least promoting the idea of a central freight line. I know that my hon. Friend has done lots of work on promoting that idea, and the Government, through Lord Adonis, the Minister with responsibility for railways, are increasingly taking it seriously. So, anything that my hon. Friend the Minister can do to steel Lord Adonis, to ensure that that central freight line is ever more likely to happen, would be a jolly good thing.

My hon. Friend the Minister knows about this already and I am sure that he has all the facts about it in front of him, but the particular issue that I want to refer to is the redoubling of the line from Swindon to Kemble, which is on the Cheltenham to Paddington line. The line from Swindon to Kemble is a relatively short piece of line that is single-track. There was some madness about the time of the Beeching cuts, I think. We had a cut and lost one of our lines. That line was supposed to go all the way through to Gloucester, if not Cheltenham, which would have left us somewhat bereft.

Thankfully, some wise person managed to stop that, so only the worst bit of track bed had to be dealt with by slewing two lines into one. We think that we are making progress on getting that reinstated. I attended a meeting on this issue three weeks ago, as did the hon. Member for Cotswold (Mr. Clifton-Brown), in whose constituency the line lies—of course, it also impacts on my constituency—and the hon. Member for Cheltenham (Martin Horwood), so there is genuinely cross-party feeling on this. My hon. Friend the Member for Gloucester (Mr. Dhanda) has also been a keen advocate for that work to be done. It will open up all sorts of opportunities, not least regarding multi-modal shift and congestion problems, because when one train is late, it causes further delays on single tracks because no other train can get on to that piece of railway.

On the three provisos, the Government have been true to their word in their press announcement this week. They will find £900,000 for the GRIP 4 rail evaluation—I always wonder where these things come from: GRIP stands for nothing more devious than Government rail investment programme—and they want the South West of England Development Agency, and allied bodies, to find £1.6 million for it. We hope that we have found the initial money to show that the project

stacks up in terms of value for money. We will also have to find the remaining £40 million to ensure that things are done. In the great scheme of things, and given that the investment should be paid back within three or four years, this is almost a no-brainer. We hope that the Chair of the Select Committee will make some noises on our behalf, but we think we are on to a winner. At our meeting, three weeks ago, Lord Adonis said that he thought the region had the money, so I hope that the Minister will have some nice things to say about how negotiations with the region are going.

It has been left to me to persuade First Great Western, if we get the track done at some point from 2010 onwards, to run some trains on it in addition to those it runs already, so that we will get a better service. My ideal would be a half-hourly service, one of which is a through train to London, but, first, let us just fill some of the gaps during the day and make sure that people are able to do what we want them to do—get on a train. I should like it to be a cheaper train than it is at the moment, but at least they would be able to get on a train. I should have liked this to be a pre-emptive move, before work on the north Cotswolds line began, but for some bizarre reason, that is an even worse line than the Swindon-Kemble, Cheltenham-London line, so it was given prominence over this work. None the less, if the team can be taken off the north Cotswolds line when it finishes in 2010 and moved on to this line, that would be good news, and we would accept that.

I hope that the Minister has listened to my pleading, which is the only bit of local lobbying I shall do today. That work is important, because it could be such a good example of the multi-modal issue and how people's travel patterns can be altered. More to the point, it will pay for itself. It is a little-known fact that Kemble, which is at one end of the line, sells more first-class rail tickets than any station outside the big inter-city stations. We know what the Cotswolds is like, so that should not come as a total surprise. We need to get on with that work.

A number of issues have been covered by my hon. Friends, and the hon. Member for Southport (Dr. Pugh) has covered much of what I wanted to discuss, so I shall not spend too long on those points. The key issue with the rail strategy is how to get a relationship between what the state invests, what the user has to pay from the pocket for fares, and what the rail companies are currently able to invest from their profits. My hon. Friend the Member for Islington, North mentioned some of the profits that those companies are making, which some of us think rather obscene. Given the current discussions about what the bankers have taken out of the financial system, it is interesting that the rail companies are not far behind. I should like there to be a movement back to the public sector, but I shall say more about that later.

The key point that I want to make about the current situation concerns the recession. The figures that have been calculated were predicated on a steady growth in passenger use. That growth might continue, because people might be even more inclined to use the railways given that, for all sorts of reasons, cars might become more expensive. There could be a downturn, and, as my hon. Friend the Member for Islington, North has said, the problem with the franchise system is that companies could say to the Government, "We are not making as much money as we thought we were, so we cannot invest in the improvements that we said we would invest in, and, by the way, you've got to give us some more money to keep existing services going." I hope that my hon. Friend the Minister will tell us how the Government intend to deal with that. That might be hypothetical now, but if it becomes reality, there will be serious problems in that there will be a decline in passenger use, fewer trains and the system will deteriorate.

As a member of the National Union of Rail, Maritime and Transport Workers rail group and the ASLEF group here, I am worried about jobs. We do not want any jobs to be lost, largely because we want to build a network. Anyone who knows anything about the rail industry will know that there has been a shortage of skilled work, particularly at the top end, in terms of engineers and people who are able to do the serious thinking about how to make services better and how to have more services. If we lose employees, that will endanger the system more than anything. I hope that we will get some clarity on how we will keep people employed. This is the green new deal writ large, but there is no clear way in which that could be taken forward other than by investing in railways and the people who work on them. Losing people from the railways will be entirely counter-productive.

My hon. Friend the Member for Islington, North mentioned the letter from the three rail unions, which many of us think very sensible. Of course it is a lobbying letter, making a number of points, but as my hon. Friend showed when he read parts of it out, it contained some ideas that many, if not all, Labour Members present think incredibly good. It shows a sign of faith from the unions that they want to keep to their side of the bargain by helping the Government and the companies—I shall say more about that in a moment—but we need some stability, and we do not want job losses or any contraction in the Government's investment programme. I shall leave that issue there.

Both my hon. Friends the Members for Manchester, Blackley (Graham Stringer) and for Islington, North have discussed accountability and structure. I should like to see a publicly owned railway, but I also recognise that there might be a stepping stone to that. The Select Committee's report refers to the unease between the current structure and accountability of Network Rail, which is a public company. It might be limited by guarantee and it might be a strange concoction, but we could find new ways in which it could meet the public good. Some of us would like there to be real accountability, and we could find ways of moving forward in that regard. As a Co-operative MP, I draw hon. Members' attention to the fact that the Co-operative party has produced a paper on how we could mutualise that organisation. I hope that paper is being considered seriously.

Mrs. Ellman: I endorse my hon. Friend's comments. A lot of good could be done with Network Rail, and its performance contrasts beneficially with the disgraceful performance of the privatised Railtrack.

Mr. Drew: I thank my hon. Friend for those comments, and I refer her to paragraph 61 of the report, and the comments of Christian Wolmar, for whom I have a lot of time, as do many others present. He knows an awful lot about the way in which railways operate.

[Mr. Drew]

Paragraph 61 contains his comments about the current membership structure being too weak, and the fact that if members do not like senior managers' plans, they can do nothing except say that they do not like them.

Mark Lazarowicz: I am grateful to my hon. co-operator of a Friend for giving way. Over the past few days, have we perhaps not seen some of the problems that arise when those who are meant to be the ultimate scrutiny mechanism for a board of directors are effectively dependent on the very directors whom they are meant to scrutinise?

Mr. Drew: I agree, which is why the co-operative mutual model has some merit. The model is not the answer to the industry, but it is at least a way in which the industry could be made more accountable and restructured. I hope that my hon. Friend the Minister hears what the co-operators from our party have said and that at least some serious investigation is done by the civil service into what might become of Network Rail, given that the Committee has criticised its current structure and said that there are people in the rail industry who feel uneasy about what it does.

Indeed, as I was saying, I have talked to several people who are the so-called members and they feel that their powers to hold the management to account are far too weak and do not sit easily in relation to that body, which is important and is taking the rail industry forward. I hope that my hon. Friend the Minister will say something about that. Other hon. Members want to speak, so that is all I have to say.

4.21 pm

Mr. Eric Martlew (Carlisle) (Lab): I wish to put on the record, Sir Nicholas, my thanks to you as co-chair of the all-party parliamentary group on the west coast main line. It has been a hard road and it has taken a long time, but I think you will agree that we now have a line of which we can be proud—although I am not sure whether you got the improvements to Macclesfield station, Sir Nicholas.

The Government were brave to bring out a 30-year plan—although I suspect we might have 15, 16 or 17 Secretaries of State before it reaches the end of its term. I am looking forward to reading the plan in 30 years' time—in fact, it will be in 28 years' time because it has been out for two years. However, it already looks dated in some ways. I looked at the report, which I think we published last August, and that also seems dated in some ways because at that time we were talking about electrification. I think oil would have then been about $150 a barrel and we were talking about $200. Of course, now it is probably $40 or $45. The argument in that respect was probably wrong.

We were also looking forward to railway expansion. Today, we have been talking about the franchising companies possibly handing their franchise back because there has been a reduction in the numbers. However, those are the future plans. We have to ignore such minor blips and concentrate on the 30-year plan because we will get out of the recession and oil prices will go up again.

The Government got it wrong in two cases: first, in relation to the electrification itself and, secondly, in relation to the high-speed line. To give the Government credit, they have put it right in both instances. Those of us who heard the Secretary of State's statement today will have noticed that he mentioned the electrification of the main line to the midlands—the Midland Mainline—and the First Great Western. Those were not included in the plan two years ago. In fact, doing so was frowned upon—the Government were not brave enough. Of course, there is also High Speed line 2. We are going to have High Speed 10 taken out at Companies House, but that was not in the document at all at the time—it was exactly the other way. When we saw St. Pancras station and High Speed 1 come in on budget and on time, we realised that that was the way forward. The Government have to be congratulated on putting those two things right.

I want to concentrate on a couple of issues today. I have heard many hon. Members talk about the high fares that we pay and then I heard them say, "But, we need extra improvements"—for example, in my or their constituency. I am not sure that we can both keep fares low and make improvements. The fact is that we have increased the public subsidy going into the railways from £1 billion to nearly £6 billion in the past 10 years. The idea that we will not have to pay a public subsidy, which was the promise given by the Conservatives, was, of course, nonsense. It is right to say that we can keep fares low and not increase subsidy. However, if we do that, what we cannot do is improve the railways. The reality is that if we keep fares low and do not increase the subsidy, we will have a declining railway, which happened for probably 30 years after the war. We cannot let that happen.

The other thing that we must not forget is that in my constituency, for example, where public transport is by bus, people will often not use a train from one year to the other, and parents will say that they are taking their children on the train for a treat. Are we really saying that people who never use trains should pay extra taxes for those who do? I am not sure what the answer is—although I am sure that the Minister will try to give us one. We have to be careful about saying that fares are too high. No one says that we should put more subsidy in, but that is what we mean. If we do not increase fares or increase the subsidy, we will have a declining railway.

Jeremy Corbyn: I am sure that my hon. Friend would agree that one way of looking at the matter is to consider the exorbitant profits being taken out by some of the train operating companies. Also, his argument about investment would apply to anything. People who do not have children pay taxes that help pay for education and so on. Surely, it is for the general good of everyone that we invest in a rail system?

Mr. Martlew: I understand that, but it is obviously easier for my hon. Friend to say that when we spend billions of pounds in London. My constituents have no option but to catch the bus. He is right about the money that is going into the private rail companies, and I will come to that in a moment.

We have to think carefully about the issue. It is all too easy to say, "Fares are too high; we should increase the subsidy." However, if we do not increase the subsidy, the effect will be a decline in the railway, which is what

happened over 30 years on the West Coast Railways. That is why it cost nearly £9 billion to put things right—although a lot of it was just renewal work. We have to come to a conclusion about how we are going to deal with the matter.

Dr. Pugh: Several hon. Members have talked throughout the debate about the railway model that we have, with the rolling stock companies, the train operating companies, Network Rail and so on, and that we need to make sure that the subsidy is greater than it needs to be—even given the level of investment. The hon. Gentleman just mentioned the west coast main line, but half of the problem was the fact that we had Railtrack.

Mr. Martlew: When Railtrack was going to upgrade the west coast main line, I think the bill was £13 billion. It was only as we brought it back out of the private sector that we got the figure down to a reasonable level. There is a quandary and a question in relation to that and I do not think that people are prepared to face up to that situation.

May I now talk about the skills shortages? If we are going to have a modern railway, we need the skills. If we look at what went wrong on the west coast main line in early January—apart from the aeroplane crash, which was unavoidable and tragic—it all boils down to bad workmanship. That was the problem. It was the contractors that were used at the time; it was the lack of skills; the lack of supervision by managers; and, probably more than anything else, it was the lack of project managers. We need to get those into the industry. Network Rail is doing quite a lot. It has an apprentice training system through which I think they train more than 600 apprentices a year. There is a residential course, but unfortunately, as far as I am concerned, it is on the south coast, which is a long way for my constituents to go. We also need graduates to come into the industry. Perhaps if they are not all going into the banks, some of those high-fliers will go into the rail industry, because they will have a future there. The other problem is that the TOCs are not taking on people to gain the skills to maintain the trains because they have a franchise.

On franchising, we have a 30-year plan, but one thing is for certain: the franchises will not last for 30 years. I come from a railway family. My grandfather was a railway man and my father was a railway man. I know that privatised railways do not work. That was why the railways came into the public sector in the first place —it was not because we were greedy; it was because they collapsed. The franchising system was introduced by the Conservatives and has given us the worst of all worlds.

A company can run a good franchise and treat its staff and customers well, but that counts for nothing, because, when it goes for the next franchise, it is a blind process—the Government do not know who puts in the bid. So, when a company comes to the end of its franchise, why should it bother? It gets no credit whatever.

I must be careful with my next point, because I got it wrong during a Select Committee sitting. I said that I liked virgins, and it caused a problem. However, I actually think that Virgin Trains does quite well.

Mr. Truswell: You've done it again.

Mr. Martlew: I know, but it is an easy way of getting in the paper.

There has been no greater critic of Virgin Trains than me over the years, and we have had our share of ups and downs with Mr. Branson, but it has done quite a decent job. It is coming to the end of its franchise, and, when I complained to it only the other day about the inefficient toilets on its trains, a representative said, "We're doing some work on that, but, by the time we finish, our franchise will be over and we may not get it again." The franchising system is a nonsense. It may be all right for McDonald's, but it does not work for the railways, so they should be taken back into public ownership.

The other easy thing for the franchise companies—we saw this with GNER—is that, if the franchise does not work, they do not have to ask the Government for more money, they just hand the keys back and say, "That's it, it's not working, we're stepping away." I advocate that we take the railways back into public ownership. Another option—I will not be popular for saying this—is to sell the business to the companies and then regulate them completely. We could have an "Oftran" and say, "You own the business, this is what you'll do." They would not be able to give it back, although they would be able to sell it. The franchise system does not work, but I am afraid that my Government are not brave enough to take the railways back, so we have to look at other options.

I am conscious that other Members wish to speak, and there are other things to say. The Government have been brave in bringing out their new document, and right in changing their mind on electrification and on high-speed lines, but serious consideration must be given to the balance between what we get from the fare box and from subsidies.

Finally, we must accept that the franchise system does not work and, therefore, do what I advocate. When the franchises come up for renewal, we should take them back into public ownership or consider giving the companies the responsibility for them. At the moment, they can get away with handing the keys back, and that cannot be good for the railways. It is certainly not good for the staff who work on them.

4.33 pm

Mr. John Grogan (Selby) (Lab): I have just five quick points.

First, I remind the House that there are only 316 days until Christmas, the period when the railway network shuts down for 58 hours. That issue comes before the House in the form of early-day motions every year, and we are the only nation in Europe which shuts its railway network down for that long a period. In many European nations, there are trains on Boxing day and on Christmas day, but I advocate that we look only at Boxing day. It seems unreasonable—for reasons of people travelling to meet their relatives, to go to the sales, football fixtures and, in some cases, to go to work—that there are no trains over that entire period. Although I am sure that we all love our relatives very dearly, 58 hours can be a long time. Some people also cannot leave London, for example, to go home to visit their relatives, because they have to be back at work first thing on 27 December, and there is no train to bring them back on Boxing day. Ministers have in the past given contradictory reasons:

[Mr. John Grogan]

on the one hand, they have said that Network Rail has to undertake engineering works; on the other hand, they have said that everybody deserves Christmas off. They are contradictory reasons. The railways are public services and, certainly, on Boxing day, they should be running. Lord Adonis has said that he will meet me to discuss that topic, and I was pleased that, last Christmas, the major Opposition party said that it backed Boxing day trains. I hope that the Government will do so soon, too.

Secondly, my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) was passionate and strident about the issue of high-speed rail, and she was right. It is a big issue in Yorkshire. I stress upon the Minister that, for us in Yorkshire, God's own county, it is as big as Crossrail and the Olympics combined. It is that big an issue and, again, both Opposition parties are now committed to high-speed rail to Yorkshire and the north of England. The Government are moving on the issue, too. Indeed, in this Labour Government, we have the most pro-rail Transport Ministers whom we have ever had, so I feel confident that, before too long—before next Christmas and certainly before the general election—we, too, will be unambiguously committed both to high-speed rail to Yorkshire and, I should like to think, to a high-speed trans-Pennine link. Lord Adonis has begun to think about that, and it would be a good step.

Thirdly, I am a comparative moderate. I am much more new Labour than some colleagues who have spoken, and I do listen to Ministers, so I shall not call for the nationalisation of the railways. The next time somebody hands in the keys, however, it would be a moderate move to introduce a public sector comparator. On the south-east railways a few years ago, something similar happened: the franchise was handed back and it was run very efficiently in the public sector; but, it was then put out again to a franchise. It would be a very moderate step, indeed if we had a public sector comparator for some railways, so that a value-for-money comparison could be made with private sector companies.

Mark Lazarowicz: My hon. Friend makes an important point, but does the situation not also highlight one of the problems with the current system? The franchising system is predicated, in theory, on competition, but apart from the board of franchises and the few open-access services that then cause more problems for the rest of the network, there are no competitor services on the franchised lines and, of course, there is hardly any competition in the industry at all, because three or four major operators have most of the franchises.

Mr. Grogan: I agree with my hon. Friend to an extent, but I disagree with him about open-access services. There are not many of them. There is Hull Trains, which serves Selby, coincidentally, and there is Grand Central, which serves York. They have innovated and linked places—largely to London, but, nevertheless, places that were not linked to the capital before. That is certainly the case with Selby and with Grand Central, a company that the Department for Transport resisted for many years. It has now linked various towns and cities in the north-east with London for the first time, so I would not be dogmatic about the issue. I would, however, like a public sector comparator, and, where proposals are made on open access, there is a duty to consider them.

Fourthly, rural railways have not been mentioned much during the debate. There are seven stations in my constituency and, for many rural communities, they are lifelines. One line that goes through my constituency, the Leeds to Goole line, was designated as a community railway line by Network Rail in 2005. The line had five services a day but, within three months, that went down to three, so the community designation did not make much of a positive difference. I commend the Government on what will make a positive difference, however: passenger transport authorities being able to expand into rural areas, a provision that we introduced in legislation last year. I should like the trains in Selby district to be placed under the auspices of an expanded West Yorkshire Passenger Transport Authority. That would be a very good move, and it would certainly help with integrating fares.

Finally, I shall have to disagree with some of my colleagues again. My good colleague, my hon. Friend the Member for Carlisle (Mr. Martlew), Carlisle, commended Virgin Trains, but the Government should insist that all train companies offer the same refund policy when things go wrong. However much investment we have in rail, whatever structure we have administering the rail companies, sometimes trains are late—sometimes very late indeed.

Virgin is about the worst for providing refunds. A train has to be delayed for an hour before it will give any refund at all. Merseytravel is equally bad. It gives only a 20 per cent. refund after an hour's delay. In contrast, TransPennine gives a full refund on a return ticket after an hour's delay, and a 50 per cent. refund after a 30-minute delay. National Express, which has increased punctuality on the east coast line, also has a decent refund policy. I urge the Minister to insist that all rail companies have a similar refund policy.

I hope that by the time those 316 days elapse, we will have more train services—not just a few in Scotland or a few to Heathrow and Gatwick—and we can celebrate Christmas 2009 by going to Boxing day football fixtures on the train.

4.41pm

Mark Hunter (Cheadle) (LD): It is a pleasure to serve under your chairmanship, Sir Nicholas. I thank the Chairman of the Transport Committee and the members of the Committee for all their work on what is generally recognised as an excellent report. Many members of the Committee have contributed to this useful debate. I welcome the Committee's recommendations and I hope that the Government will take them on board as soon as possible.

Much as I acknowledge and welcome the Government's announcement today on investment in new trains, I intend none the less in the few minutes available to me to restrict my comments to the findings of the Select Committee and the Government response, although the context is slightly different from what we perhaps anticipated.

One of the report's key criticisms of the White Paper is that it does not deliver what was previously promised. It is not a strategy for the next 30 years. The high-level

output statement covers only 2009 to 2014, and I agree with the Committee's recommendation for the Government

"to be bolder in its vision and to set out a proper long-term strategy".

As we heard, the rail network is almost full to capacity and passenger numbers are rising all the time. Surely the Minister would agree that what the Committee described as "just-in-time investments" is not enough.

I certainly agree with the Committee's concerns that the Government are not doing enough to integrate rail policy with other policy areas. Local and national transport networks have a profound effect on local economies, communities and the environment, and we believe that consideration of the broader socio-economic benefits and the full cost of carbon should be fully integrated into the policy-making process.

I was genuinely taken aback to read in the Government's response that, while they are considering the environmental performance of the existing railway, they will not develop proposals for increasing the contribution that railways can make towards improving the environment until the next high-level output statement. If Britain is to play any real role in tackling climate change, let alone the lead role that we all aspire to, we need to be more ambitious and look at how rail can help move us towards a carbon-free society. I therefore would be interested to know whether the Minister has considered bringing forward the next HLOS so that the UK can be more proactive on the issue.

On a more positive note, I am pleased that the Government have moved towards considering the high-speed rail option, albeit the move is seen by many as only an environmental sweetener for the plans for the third runway at Heathrow. Frankly, many of us would still say that they are not moving fast enough or with nearly enough conviction. The case for high-speed rail is clear and urgent. Some of us have been saying for a long time that it is necessary to cut journey times to Scotland and the north, to improve capacity and to encourage a modal shift from air travel in the UK.

I also welcome the Committee's recommendations on capacity. With a 40 per cent. increase in passenger miles travelled by rail since 1996, this is absolutely a key issue. We need more capacity on almost all of our lines, and the Government ought to be taking drastic action to increase capacity and reduce overcrowding. I acknowledge that a step in the right direction has been taken today, but, while I welcomed the announcement, I hesitate to celebrate prematurely, as the Government have ordered only one third of the long-promised 1,300 train carriages that were announced some time ago. New carriages on some lines are a good start, but more needs to be done.

Electrification, which we fully support, is key to increasing services and lowering emissions, and I am pleased that the Government are planning to electrify the Great Western and Midland Mainline services. They mentioned in their response that a review of electrification would be completed by 2008. Perhaps the Minister might confirm whether it is complete, when it will be published, and whether it will make a commitment to electrifying the entire mainline network.

I would like to expand still further on many of these points, but, in fairness to other colleagues who have yet to speak, I shall restrict my remarks to those.

4.45 pm

Stephen Hammond (Wimbledon) (Con): It is always a pleasure to see you in the Chair, Sir Nicholas. Like other hon. Members, I wish to extend my congratulations to the Chairman of the Select Committee and to her predecessor, the late Gwyneth Dunwoody, on the part that they played in chairing the Select Committee during examination of the White Paper and in producing the report.

I am sure I cannot be the only person who has been wondering why we are here today. The White Paper, "Delivering a sustainable railway", was announced in July 2007, the Select Committee report was published in July 2008, and the Government response was published in October 2008. It has taken a long time to get here. We had the statement today by the Secretary of State for Transport. I suspect it was made so that the Minister can talk a little more about it this afternoon and avoid some of the issues that have been raised. It was noticeable again this morning that the Secretary of State failed to answer any of the difficult and detailed questions about the number of extra carriages. We will come to them later, but let us now turn to the White Paper itself.

As many other hon. Members have noted, it is unfortunate, to say the least, for the Government that, less than two years after its publication, the so-called 30-year strategy is basically out of date and has fallen apart. It is no wonder that the Select Committee concluded that the Government should seek to develop a genuine 30-year strategy. At the time the document was produced, it was rightly lambasted by several industry experts as over-hyped and visionless. Several people said that within the high-level output statement itself there were many good things, but, like so much from this Government, the good is recycled and the new is bad.

The HLOS and the 30-year statement talked about three things: Birmingham New street and Reading—in reality, a re-announcement; £100 million for all new station improvements outside London; and, again, the much-vaunted 1,300 carriages. In fact, in that document we went from 1,300 new to 1,300 extra carriages, and we should not forget that previous Secretaries of State announced them as well.So when the Select Committee concluded that

"the level of ambition in the White Paper is too modest...we urge the Government to be bolder",

that it was

"disappointing that the White Paper dodged the decision",

that

"hesitation...will mean years of avoidable misery",

and that

"the White Paper dismisses electrification too easily",

it clearly agrees with the view of many in the railway industry that, in reality, the document was nothing more than an expensive waste of paper and ink.

Now, two years on, in the short period since the publication of the document, the White Paper's dismissal of high-speed rail and electrification has been deemed obsolete by the new Minister of State and a Government U-turn. The new Minister has reversed the catastrophic opposition to high-speed rail. It is a shame that, so far, those plans are uncosted and we do not know where they are going to start or where they will go to. One hopes that they will not have the fantasy train to accompany Heathrow's fantasy plane.

[Stephen Hammond]

The analysis in the White Paper of the procurement system has been blown out of the water by the Competition Commission; its refusal to reform Network Rail demonstrates that the Government are not concerned with the serious criticisms of the governance issues relating to Network Rail; and its fares policy has been criticised by a number of hon. Members this afternoon. So it is not surprising that the words of the Select Committee—

Mr. Martlew: Can the hon. Gentleman take this opportunity to give us the Opposition's fares policy?

Stephen Hammond: I shall come to that later. I am sure that you will be waiting earnestly and excitedly to hear it.

Sir Nicholas Winterton (in the Chair): I am not waiting: the hon. Member for Carlisle is waiting. The word "you" is not appropriate.

Stephen Hammond: I am disappointed that even Sir Nicholas is not waiting. But I take it that the hon. Gentleman may be waiting.

The Select Committee report was rightly critical of the engineering overrun of new year 2008, describing "serious deficiencies" in respect of control. Of course, the debate in the House and comments in the report said that engineering overruns were quite unacceptable. That is true. It was brought out during the debate in the House that a number of those delays were absolutely avoidable and predictable, because Network Rail was warned as far in advance as 12 December 2007 that there were going to be problems, but they carried on despite the problems that would lead to the overrun.

To be fair, that was 2007-08 and Network Rail has certainly made some improvements since then, and the Government cannot be blamed for the operational problems of Network Rail. However, it is right that the Government can be blamed because they set up Network Rail, which, structurally, is not accountable to passengers and is not given strong enough incentives to respond to what passengers actually want. All too often, Network Rail believes that its customer is the Government or the Office of Rail Regulation.

Ms Angela C. Smith: Does the hon. Gentleman not consider Network Rail to be a vast improvement on its predecessor, Railtrack?

Stephen Hammond: At the moment we are discussing the governance issues of Network Rail, so let us continue to do so.

What should be obvious to Network Rail is that its real customers are the passengers and the train operators and freight companies it serves and it should not believe that its real customer is the Department for Transport. But neither the passengers nor the freight companies have an effective means of holding Network Rail to account, due to the way that the company was set up. The only body to which the company management is required to account consists of the members, which it appoints. That is hardly a model of corporate governance. Indeed, the Select Committee's report concluded:

"If Network Rail's members cannot, or will not ...they are not a body worth having."

I agree. I welcome the Select Committee's critique of Network Rail. I urge Committee members to read the rail review document issued by my party yesterday. We have listened to that criticism carefully; we intend to reform the governance of Network Rail.

The Network Rail company needs a supervisory body. To comply with European legislation the members of that board will be from outside the rail industry and will comprise passenger representatives and independent members with a strong background in business and dealing with corporate governance issues. The remainder of the members will represent passenger, freight and open access operators and supply. The supervisory board will have an independent chairman. The management board should and will be accountable to the supervisory board for performance. So stakeholders in the industry would have a greater power over Network Rail's priorities, meaning that we should see an improvement in performance, with a focus on service quality, value for money and passenger concerns, and an improvement in respect of tackling overcrowding and producing better co-ordination and integration with track and train.

The Committee is right. The governance structure is not adequate and it needs to change. The Committee also correctly highlighted the problem of communication, particularly, as we have already mentioned, in respect of the events of early January 2008. Having listened to the Committee's criticism of Network Rail, it seems appropriate that changes should be made.

The Conservative party believes that the ORR should look at the licences. We would work with it to amend the licences issued by the regulator so that they place a much stronger obligation on Network Rail to keep the passenger and freight operators informed of issues affecting the efficient running of the services, such as the progress of engineering works and the likelihood of overruns. The key problem with the 2008 overruns, in terms of the way that Network Rail interfaced with the passenger, was that very short notice was given to the operators to change their service. For example, at Liverpool Street, where there was chaos, National Express was given less than three hours' notice that that station would not re-open after the new year break. We will strengthen and extend the duties imposed on Network Rail to co-operate with the train and freight operators and place a clear and explicit duty on it to co-operate with the train operators on passenger satisfaction, capacity improvements, overcrowding, growing passenger numbers and planning major upgrade projects.

It is right that Network Rail's monopoly on capacity enhancement needs to be challenged, for only in that way can we ensure that the public purse is getting value for money.

The Select Committee correctly highlighted a number of issues to do with the way that Network Rail contracts out its engineering works and the associated problems with value for money. Making small-scale enhancement projects available to and contestable by other operators, including the train operators, local authorities and community rail projects, would improve efficiency and help provide an important benchmark for Network Rail's performance.

It was absolutely right that the White Paper highlighted safety as a key concern. Safety must always be the key priority—it must be a top priority—but nothing in the plans that would allow small-scale capacity projects to be contestable would affect the safety of the network. It is true that tragedies on the rail network are not the exclusive preserve of either the private or the public sector.

I credit the Government with getting one thing right in its 30-year strategy: correctly identifying that the capacity shortage on the network should be the top priority. However, again, the Select Committee was quite damning:

"We are concerned that the Government is failing to take the concerns of the industry seriously…We recommend that the"

Department for Transport

"revise its method for predicting developments in rail patronage…The Government's approach to increasing capacity…is over-cautious."

Hon. Members have given all sorts of examples of that from their constituencies. One example that directly affects my constituency is the inability of the Government to bring back into operation the five Eurostar platforms at Waterloo. They were told about those in November 2004 and, still, five years later not one of those is back in use. The Committee might say "over-cautious", but that certainly is not the word used by commuters.

I should like to touch on three other areas where progress could be made in terms of capacity. I agree with a number of hon. Members who have mentioned the need to protect disused lines. The Select Committee correctly highlighted the question of disused rail lines. I have written to the previous two Secretaries of State about this matter to ask them to agree to a moratorium on the usage of disused lines so that they could be re-opened, but I have had no response to either of my letters. I think that in paragraph 23 of the Select Committee's conclusions, which says that the responses from the Government are "less than convincing", the Committee is being rather kind to the ministerial team. We need to ensure that there is a moratorium on disused lines so that they could be used for rail openings, if that becomes appropriate.

When the Select Committee report was published it was correct to conclude that, at that stage, the Government had absolutely no interest in high-speed rail. Indeed, the then Secretary of State described high-speed rail as being risky and expensive and said that it would not help passenger demand. How things have changed. Although we may not agree exactly on the route, there now appears to be a cross-party consensus building on the need for high-speed rail. That would not only have huge impacts in terms of economic benefits for the north of England, but would rebuild capacity for both freight and passengers on the west coast main line.

It is clear also that one should welcome today's statement from the Government about new carriages. Paragraph 25 of the Select Committee's conclusions welcomes the new carriages—wouldn't we all?—but has the statement today taken us any further forward? The Secretary of State failed to confirm exactly when any of those new carriages would come into operation. As I understand it, the 2013 phase will be only a testing phase. There will be no benefit from any of the new carriages until beyond 2015. Will the Minister say exactly when he expects the rolling stock announced today to come on board?

Finally, as the ORR and others noted in their evidence to the Select Committee, it is not the place of Government to develop detailed strategies.

Mr. Martlew: I am a bit worried because the hon. Gentleman has said "finally". He did promise that he would tell us about the Conservative fare strategy.

Sir Nicholas Winterton (in the Chair): Order. I have to say to the hon. Member for Carlisle (Mr. Martlew) that I am rather pleased that the hon. Member for Wimbledon (Stephen Hammond) has not gone down that track, because the subject of the debate is the Select Committee report, not the Opposition's transport policy.

Stephen Hammond: I hear your strictures, Sir Nicholas, but I hope that you will allow me just a little latitude in a few moments' time.

Mr. Martlew: He was only trying to help.

Stephen Hammond: I know he was. A number of the problems that we can see today have been attributed to the fact that timetables, franchise specifications and all the rolling stock plans are being written in Marsham street, not by those in the industry, who know what is going on and what the passengers need from transport when travelling. The facts speak for themselves. The Competition Commission has issued its draft findings on the rolling stock industry. There is a scathing report coming through on the way in which the Government have mismanaged the procurement processes. Franchises are so tightly specified that there is no room for any innovation. As long as the interests of the taxpayer are being safeguarded, rail professionals should be taking operational decisions and the Government should be left with strategic decisions.

The hon. Member for Carlisle (Mr. Martlew) made a point about fares policy, but I have listened to your strictures, Sir Nicholas. Of course, we will inherit from the Government whom he supports control period 4; that is where we shall have to start from if we get into power.

I would be interested to hear from the Minister exactly what the Government's intentions are, given the comments by the Select Committee in paragraph 34 of its conclusions. It showed foresight in saying that

"if a full-scale economic downturn were to develop, passenger numbers are unlikely to grow…as projected".

The Government specified the franchises. The Government specified underlying revenue assumptions. The Government specified underlying new passenger economic assumptions. I have asked the Minister in a question to give me those assumptions. I hope that either by written response or by oral response, we will hear that today. I have also written to the Minister about the process of red lighting and I have been told that that is all too commercially sensitive—but it is hugely important. Are the Government telling us that they are not prepared to allow hon. Members to know what their plans are in the case of an economic downturn in which the underlying economic assumptions and the underlying revenue numbers that they set for franchisees are not met? What are the Minister's ambitions? What are the Government's intentions? Does the Minister want to become the controller of the railways? We shall wait to hear with bated breath.

[Stephen Hammond]

We are today discussing the publication of the White Paper. The transformation of the economic climate is not the only thing that has happened since. Crossrail has been approved. The Government have done a U-turn on electrification and high-speed rail. There have been more failures on the part of Network Rail; I am referring to Christmas 2007-08. The Competition Commission findings have gone against the Government. Fares have increased. The so-called 30-year strategy document has simply not stood the test of time. It will not stand the test of 30 years; it has not stood the test of two years. It was a missed opportunity to introduce credible and workable solutions, which has been highlighted in the Select Committee's report.

Mr. Truswell: The hon. Gentleman is incredibly generous in giving way. I hope that I am not sailing too close to the wind when I say that his response is basically stating what he feels should be done to implement the recommendations of the report that we are discussing today. To implement the recommendations along the lines that he has suggested, would he, if he was catapulted across the Floor of the House, make more money available to rail? If he cannot give that commitment, will he at least give a commitment that rail would not be subjected to the sorts of cuts that the hon. Member for Tatton (Mr. Osborne) and the right hon. Member for Witney (Mr. Cameron) suggest need to be made across all Departments?

Stephen Hammond: The hon. Gentleman has been listening far too much to his party's propaganda. I will reiterate what I said a moment ago: we will inherit CP4; that is the position from which we shall have to start.

The so-called 30-year document will not stand the test of time—it has not even stood the test of two years. It was, as the Select Committee said, a missed opportunity.

5.6 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I welcome your chairmanship this afternoon, Sir Nicholas. This has been a very interesting debate. It has featured substantial contributions from many hon. Members on both sides of the Chamber—but particularly on the Government Benches—who have committed themselves to debating what is critical to our transport infrastructure. I congratulate the Select Committee, under the chairmanship of my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), on producing the report. Let me assure her and members of the Committee that it is an important contribution to the debate on our network. I have listened with interest to all the requests that have come in for various schemes. I will seek, before the conclusion of the debate, to respond to some of the requests relating to specific parts of the network. However, I want first to respond to the report and to what hon. Members have raised in the debate.

I seriously believe that the 2007 rail White Paper is the most positive statement about the growth of Britain's railways for 50 years. It sets out firm, costed plans for investment for the next five years, alongside long-term consideration about meeting the challenges 30 years ahead. People have said that we have had a lack of ambition; indeed, the report indicated that. That is not reflected in what has happened since the report was produced and, indeed, over the past decade. Passenger numbers have grown by about 40 per cent. in the past 10 years. The Government are investing £15 billion between 2009 and 2014 to increase capacity for up to 183 million passengers a year. For the long term, our aim is a rail network that can carry double the current number of passengers.

Between now and 2014, 1,300 extra carriages will come into service. Hon. Members referred to that. Those carriages will go to the areas with the worst overcrowding problems. About 900 of them will be for London and the south-east; 423 of those additional carriages have already been ordered and the new control period has not yet started.

This is a sign of the Government's determination to press on with investment. Of the 423 carriages that have been ordered, 92 are scheduled for Southern, 217 for London Midland, eight for Chiltern and 106 for Virgin west coast. An invitation to tender is currently out for another 320. Rather than sitting and not getting on with the job, that shows that we are getting on with the job of moving forward.

I recognise the points that have been made because I was before the Select Committee only yesterday. There were discussions about regional investment. It must be recognised that we have to invest immediately where there are serious crowding issues today. I will come to the longer-term plan shortly.

Stephen Hammond: May I ensure that I heard the Minister correctly? Did he say that the 1,300 carriages will be in operation by 2014 or that they will be ordered by 2014?

Paul Clark: I said clearly that they will come into service between now and 2014. Those decisions have been taken on the basis of capacity studies through the regional planning process and the Network Rail route utilisation system. In addition, the Secretary of State made an announcement today about the new express trains. Those will bring benefits across the country of faster journeys and further investment. As was recognised by my hon. Friend the Member for Sheffield, Hillsborough (Ms Smith), that programme could bring jobs and security in her constituency and across the country.

Because we are far sighted, we are investing about £5.5 billion in the Thameslink scheme, which will deliver frequency and capacity across London services, bringing more than 1,400 more seats to some of the most congested routes. That will give commuters to the east and west of London direct access to the heart of the capital and 1.5 million more people will be within an hour of London's business centres.

Dr. Pugh: The hon. Member for Sheffield, Hillsborough (Ms Smith) raised the point about rebalancing the economy eloquently. The Minister seems to be saying that the Government are intent on facilitating more and more people in doing more and more business in London. Is that not an unsustainable objective?

Paul Clark: I also said that I will move on to the longer-term programme. As part of that we must link towns and cities closer together so that people can travel

between them for business, pleasure and other reasons far more quickly and effectively than is possible today, hence the investment that we have put in to a number of schemes. You would not wish me to speak about road schemes, hard-shoulder running and so on, Sir Nicholas. There is a range of schemes that aim to create a better, more efficient grid, and 14 strategic rail corridors are the priorities in bringing together the towns and cities of our nation so that the balance can be redressed.

Improvements to stations across the network are also under way. The White Paper announced that £150 million will be earmarked to improve about 150 intermediate stations in England and Wales over the next five years. The national stations improvement programme will bring about a noticeable and lasting improvement in the environment of stations, which will benefit passengers. Local delivery groups jointly chaired by Network Rail and the relevant train operator have been set up to focus on the operator's portfolio of stations and identify candidate stations for funding.

The issue of performance has also been raised. The performance of passenger services continues to improve, as was recognised by a number of hon. Members. Rail punctuality and reliability is at the highest level since the current measure was established seven years ago. That has been achieved through substantial investment and improved joint working across the rail industry. At the same time, we have seen a 40 per cent. increase in the number of passengers utilising rail services. In the last year, 90.8 per cent. of passenger trains arrived on time. The Government have specified that there should be an improvement in reliability to 92.6 per cent. by 2014 as part of our challenging vision. In addition, we are specifying a 25 per cent. reduction in delays of more than 35 minutes.

Improvements due to the development of the west coast main line have been recognised. The £8.9 billion modernisation programme, which was delivered on schedule, has resulted in an improved timetable. The standard London to Birmingham journey time is down to 82 minutes. When I visited Birmingham for discussions with the chamber of commerce and various industry and business representatives, they commented on the difference that that is already making to their lives, businesses and commerciality. The fastest services to Manchester take just over two hours and to Glasgow just over four. The shuttle service every 20 minutes to Birmingham and Manchester is a further step change.

The report—and some Members—referred to the disruption experienced by passengers and freight customers on the west coast main line in early January. That is primarily a matter for Network Rail to address. It is working closely with the Office of Rail Regulation and passenger and freight train operators. Network Rail is investigating the causes of the disruptions. I understand that to date the findings show that the causes are not related to each other or to the recent engineering and enhancement on the route. The report will be published shortly.

The Transport Committee report deals in some detail with the engineering works of new year 2008. Despite the comments of some hon. Members, it is important to be clear that Network Rail is an independent private sector company. It is accountable for its performance against its business plan and to the independent Office of Rail Regulation for its performance against its licence. The ORR ensures that Network Rail complies with its licence conditions and it takes enforcement action in the event of a breach. Hon. Members will be aware that the ORR imposed a £14 million fine on Network Rail in response to the new year 2008 overruns.

From the contributions this afternoon and the work in the Department, I understand that since new year 2008, Network Rail has made progress in improving its procedures for the management and delivery of engineering works. My hon. Friend the Member for Carlisle (Mr. Martlew) recognised that there had been improvements.

The Chairman of the Select Committee raised the issue of regulation and whether Network Rail has improved. We believe that the communication between operating companies has improved. The works undertaken since new year 2008 on the bank holidays in May and August and over Christmas and the new year have run on time and without incident. As I have said, it is for the Office of Rail Regulation to ensure that Network Rail complies with its licence conditions.

A number of hon. Members referred to what might happen as a result of the current economic downturn. A prolonged economic downturn is bound to affect passenger numbers, but because of previous growth and investment in the rail industry we believe that it will remain competitive in these challenging circumstances. However, under the current regulatory system, the risks and rewards in the rail industry are shared between the train operators and the Government. Most franchises are set up in such a way as to ensure that operators are supported during periods of economic downturn and, in turn, that they share their profits with the Government in times of strong economic growth.

At the end of the day, in terms of investment, structure and charges, it is right that the balance be met from only two sources, one being the taxpayer and the other being the fare payer. Those who suggest that all fares should be substantially reduced without saying categorically where the money would come from to subsidise the fare package are therefore being uncharitable. I am aware that the issue has been raised recently as a result of the fare changes introduced earlier this year.

Jeremy Corbyn: The Minister must be concerned that a number of train operating companies are considering cutting staff, and that Network Rail may cut maintenance and safety work. Surely that is of great concern, particularly as the companies are paying out large dividends to their shareholders.

Paul Clark: Of course I am concerned. Indeed, maintenance and the achievements that have been arrived at on many of the networks, with greater reliability and better performance, have been the result of investment in maintenance services that did not exist in the past. I know that is the case in my neck of the woods.

Various stories have circulated about train operators, but I am not in a position to name those that might be on a red light, as was suggested. However, a monitoring system operates between the Department for Transport and the train operating companies to ensure that franchise agreements are being met and that critical indicators on performance and safety are being met, exactly along the lines that hon. Members would recognise.

Mr. Martlew: I do not want to touch on the companies that are asking for extra money, but am I not correct in saying that for a small penalty they can hand the keys back to the Government if they start to lose money?

Paul Clark: The franchises are set up so that they do not penalise the travelling public, as happened in the south-east when Connex gave back the keys. In that case, of course, we asked the company to do so because the service was not being met. Costs are obviously involved, but the company has to provide a bond at the start of the franchise that would cover the costs of the administrative process involved in handing back the keys.

Stephen Hammond: Will the Minister place in the Library a copy of the criteria under which a red light is indicated?

Paul Clark: The hon. Gentleman will be aware that such information would be commercially sensitive. It would therefore be difficult to do as he asks.

The question of electrification was raised. In the White Paper, the Government said that we were keeping the case for further electrification under review. We are doing just that. Electrification makes sense on busier routes, where the high capital cost of installing electrification can be offset by the ongoing savings of running electric trains. That is why our initial focus has been on Midland Mainline and Great Western. On 15 January, my right hon. Friend the Secretary of State announced that a decision on electrification would be made later this year. Indeed, as part of that process, Network Rail is due to publish its findings in March.

Mrs. Ellman: I am pleased to hear that there will be progress on electrification, but will my hon. Friend indicate the exact process by which it will happen, and which schemes will go ahead first?

Paul Clark: In order to ensure the best route utilisation, a process is ongoing to assess where the heaviest demand exists. That will be part of the process. In addition, there will be technical requirements on feasibility and, following on from that, the cost.

High-speed lines have been mentioned by many hon. Members. I take on board what was said by my hon. Friend the Member for Sheffield, Hillsborough about the electrification of the trans-Pennine route, and I recognise the passion with which she spoke. We announced that we will be taking forward High Speed 2, a dedicated rail link. We shall study the options for new lines. Last October, we formed the national network strategy group, which is chaired by my noble Friend, Lord Adonis; it is making progress and will report. Indications are that London to the west midlands will be in the initial stages; but, as my right hon. Friend the Secretary of State has indicated, such high-speed routes could link other towns and cities—and major conurbations in the north, which are equally important.

Dr. Pugh: To a certain extent, the way in which the Minister has responded to the debate shows a colonial mindset in the Department for Transport. We are asked to look at a picture in which London is getting 800 trains and the rest of the country is getting 400. The Minister responds by pointing out how easy it is, and how much quicker, to get to London; but he does not say how quickly one can get around a region, how easily freight can be moved or how easy it will be to communicate between regional centres. The Department for Transport does not seem to be getting the point.

Paul Clark: We have said how easy it will be to get to London; equally, it will be quicker to reach Manchester, Birmingham and Sheffield or wherever. I recognise what has been said about the links between the cities; that is why we have the 14 strategic corridors.

I will write to my hon. Friend the Member for Manchester, Blackley (Graham Stringer) about Manchester Victoria and the Salford stations. I am delighted that my hon. Friend the Member for Stroud (Mr. Drew) has welcomed the development of the Swindon and Kemble line. The subject of ticket offices was raised by the hon. Member for Wimbledon (Stephen Hammond). He will be aware of the ticketing settlement agreement, which takes account of a number of factors.

Stephen Hammond: Will the Minister give way?

Paul Clark: No, I will not give way. As for the reopening of lines, which was mentioned by my hon. Friend the Member for Islington, North (Jeremy Corbyn), there are various mechanisms for that.

5.30 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).